



---

# ANNUAL REPORT 2014-15

---

**BOARD OF DIRECTORS**

Shri. Kapil Wadhawan : Chairman- Non Executive Director  
DIN No:00028528  
Shri. Anoop Kumar Pabby: Non Executive Director  
DIN No:01175230  
Shri. Mahendra Kumar Chouhan: Non Executive -Independent Director  
DIN No:00187253

**KEY MANAGERIAL PERSONNEL**

Shri. Neeraj Saxena:Chief Executive Officer  
Shri. Koustubh Shaha:Chief Financial Officer  
Shri. Ranabir Sanyal: Company Secretary

**REGISTERED AND CORPORATE OFFICE**

Gr. Floor, Madhava Building, Bandra Kurla Complex,  
Near Family Court, Bandra East, Mumbai - 400 051  
T: +91 22 7111 2233 ;F: +91 22 7111 2234  
E: [response@avanse.com](mailto:response@avanse.com); <http://www.avanse.com/>

**AUDITORS**

T. R. Chadha & Co. , Chartered Accountants ,  
1, Smruti, Ground Floor, M V Panloskar Road,  
Nr. Hanuman Cross Road No.2, Vile Parle (E),  
Mumbai – 400 057  
Ph: +91 22 26121428, F: +91 22 26100092  
Email id : mumbai@trchadha.com;Website: [www.trchadha.com](http://www.trchadha.com)

**BANKERS**

Axis Bank Limited  
Bank of India  
Bank of Maharashtra  
Indusind Bank Limited  
State Bank of India  
Union Bank of India  
Vijaya Bank  
Yes Bank Limited  
South Indian Bank Limited

**REGISTRAR AND TRANSFER AGENTS**

Link Intime India Pvt. Ltd- Equity  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400078.  
Tel: 022-25963838, Fax : 022 25946979  
Email id : [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)  
Website: <http://linkintime.co.in>

System Support Services  
209, Shivai Industrial Estate,  
89, Andheri-Kurla Road,  
(Next to Logitech Park, Above McDonalds),  
Sakinaka, Andheri (E),  
MUMBAI (Bombay) - 400072.  
**Tel : 91-22-28500835 Fax : 91-22-28501438**

## NOTICE

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the members of Avanse Financial Services Limited will be held at Ground Floor, Madhava Building, Near Family Court, BKC, Bandra (East), Mumbai – 400051 on Monday, September 07, 2015 at 11.00 a.m. to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2015 and the Profit and Loss Account for the year ended on that date, the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Anoop Pabby, (DIN No. 01175230) who retires by rotation and is eligible for re-appointment
3. To appoint M/s. T. R. Chadha & Co., Chartered Accountants, (FRN No. 06711N), as statutory auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration

### Special Business

#### 4. To Consider and Approve Borrowing Limits:

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

**"RESOLVED THAT** pursuant to provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 approval of the members of the company be and is hereby given to the Board of Directors and/or Management Committee duly delegated to that effect, for borrowing from time to time any sum or sums of moneys through various instruments / facilities such as Bank Term Loans, Cash Credit facilities, Working Capital Limits, Non Convertible Debentures, Subordinated Debts, Secured/Unsecured Bonds, Commercial Papers, Inter Corporate Deposits, External Commercial Borrowings or any other such instruments, on such terms & conditions and with or without security as the Board/Management Committee may deem fit including money's already borrowed from banks in the ordinary course of business in excess of the paid-up capital and free reserves, provided that the total amount of such borrowings shall not at any time exceed the aggregate limit of Rs.2,000 Crores (Rupees Two Thousand Crores only) and further authorize the Board/ Management Committee to sub-delegate its powers to any one director or Mr. Neeraj Saxena - Chief Executive Officer or Mr. Koustubh Shaha – Chief Financial Officer of the Company to sign and execute various document and do the needful in this regard."

Avanse Financial Services Ltd.  
Registered & Corporate Office:  
Gr. Floor, Madhava Building,  
Bandra Kurla Complex, Near Family Court,  
Bandra(E), Mumbai – 400051

T +91 22 7111 2233  
F +91 22 7111 2234  
www.avanse.com

A DHFL Group Company

ASPIRE WITHOUT BOUNDARIES



**5. To consider and approve the mortgage, lease or dispose of properties/undertaking and delegation of powers:**

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

**"RESOLVED THAT** pursuant to provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 approval of the members of the company be and is hereby given to the Board of Directors and/or Management Committee duly delegated to that effect to mortgage both movable (including securitization of Loans and Advances) and immovable assets, lease or dispose off any or all properties/undertaking of the company as and when required upto the limit of Rs. 2,000 Crores (Rupees Two Thousand Crores only) and further authorize the Board/ Management Committee to sub-delegate its powers to any one director or Mr. Neeraj Saxena - Chief Executive Officer or Mr. Koustubh Shaha – Chief Financial Officer of the Company to sign and execute various document and do the needful in this regard."

**6. To consider and approve Issue of Securities on Private Placement Basis:**

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

**"RESOLVED THAT** consent of the Company be and is hereby accorded in terms of Section 42 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there under (including any statutory modification(s) or re-enactment(s) thereof and subject to consent and such other approvals, permissions and sanctions as may be necessary, to the Board of Directors of the Company to issue securities to raise funds, for a period a one year commencing from September 01, 2015 and ending on August 31, 2016, for the purpose of lending, including but not limited to educational loans for students and infrastructure and/ or working capital loans to educational institutions, , by way of Secured / Unsecured Non-Convertible Debentures (NCD) and/ or , Commercial Papers (CP) upto an amount of ₹ 500 crores to Scheduled Commercial Banks; NBFC's, Financial Institutions, Insurance Companies, Primary/State/ District/Central Co-operative Banks (subject to permission from RBI), Regional Rural Banks, Mutual Funds, Companies, Bodies Corporate authorized to invest in Debentures subject to their Investment guidelines, Trust and any other investor category eligible to invest subject to current applicable rules, act, laws, etc. (the subscriber) on Private Placement Basis, inter alia, from time to time, in one or more combination, as may be deemed appropriate by the Board. Such issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, at such rate of interest, that may range between 6.50% to 14.50% as may be decided by and deemed appropriate by the Board as per applicable laws and depending upon the prevailing yields, systemic liquidity, tenure and market conditions including the discretion to determine the categories and combination of investors to whom the offer, issue and allotment shall be made also considering other relevant factors and wherever necessary in consultation with lead manager(s), financial advisor(s), underwriter(s), legal advisor(s) and / or any other agency, as the Board may in its absolute discretion deem fit and appropriate at any given point of time, at the prevailing market/negotiated price and tenure as may be decided by the Board of Directors of the Company.



**RESOLVED FURTHER THAT** such issue and allotment of aforesaid NCD / CP, on private placement basis, as/lf earlier approved by the Board of Directors within the limits and terms as mentioned in the aforesaid resolution, be and is hereby ratified.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution the Board of Directors of the Company be and are hereby authorized, to approve, decide, vary or modify the terms and conditions applicable to the issue of aforesaid Securities and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary, desirable or expedient for any offer, issue, allotment of the aforesaid Securities to resolve and settle all questions and difficulties that may arise in the proposed offer, issue and allotment of the aforesaid Securities, and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to delegate such powers to any Committee as it may deem necessary or appropriate in relation to allotment of aforesaid Securities issued on private placement basis."

By Order of the Board of Directors

For Avanse Financial Services Limited



Ranabir Sanyal

Company Secretary and  
Manager Compliance

Place:-Mumbai

Dated:-12.08.2015

**Notes:**

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

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

- 2 Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing such a representative to attend and vote on their behalf at the meeting.
- 3 The relevant Explanatory Statement pursuant to Section 102 (1) of the Companies Act 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

By Order of the Board of Directors

For Avanse Financial Services Limited



Ranabir Sanyal

Company Secretary and  
Manager Compliance

Place:-Mumbai

Dated:- 12.08.2015



**Annexure to the Notice**

**Explanatory Statement pursuant to Section 102 of the Companies Act 2013.**

**Re: Item No. 4 & 5**

As per the provisions of 180(1)(a) and 180(1)(c) of the Companies Act 2013 approval of the members by special resolution is required for leasing , disposing off assets of whole or substantial part of undertaking, borrowing amount in excess of the paid up capital and free reserves. The members had given the approval upto Rs 500 crores at the EOGM dated December 23, 2013. As on June 30, 2015 the total borrowings of the company is Rs 215.54 crores, Due to increase in the volume of business the previous authorization of Rs 500 crores is insufficient to meet the expected requirement of debt funds, hence the approval of members is sought for a revised limit of Rs 2,000 crores.

The Board recommends the resolution for approval by the members.

None of the Directors and Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution.

**Re: Item No. 6**

The Company proposes to issue Secured / Unsecured Non-Convertible Debentures and / or Commercial Paper (herein after referred as **SECURITIES**) on private placement basis for raising funds, with the approval of the Shareholders of the Company.

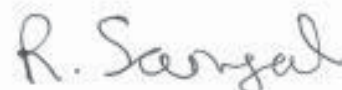
As per Rule 14(2) of Companies (Prospectus and Allotment of Securities) Amendment Rules, 2014 prior approval of shareholder via special resolution is required to be passed for allotment of securities once a year in which the securities are issued.

The members had given the approval upto Rs 200 crores at the EOGM dated April 22, 2015. As on June 30, 2015 the total borrowings of the company via Commercial Paper is Rs 49.29 crores, Due to increase in the volume of business the previous authorization of Rs 200 crores is insufficient to meet the expected requirement of funds via NCD/ CP, hence the approval of members is sought for a revised limit of Rs 500 crores.

The Board of Directors recommends the resolution for approval of the Members.

None of the Promoters, Directors, Managers and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, in the above referred Resolution.

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



Ranabir Sanyal  
Company Secretary and  
Manager Compliance

Place:-Mumbai

Dated:- 12.08.2015

## FORM OF PROXY

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

CIN	U67120MH1992PLC068060
Name of Company	<b>AVANSE FINANCIAL SERVICES LIMITED</b> (Previously known as Avanse Financial Services Private Limited and Abhivruddhi Holdings Private Limited)
Registered Office	Ground Floor, Madhava Building, Bandra Kurla Complex, Near Family Court, Bandra East, Mumbai 400051 Website: <a href="http://www.avanse.com">http://www.avanse.com</a>

Name of the Member/s	
Registered Address	
E-mail Id	
Folio No./ Client Id	
DP Id.	

I / We, being the member/s of \_\_\_\_\_ No. of Equity Shares of the above named Company hereby appoint :

1	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him

2	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him



3	Name	
	Address	
	E-mail Id	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company, to be held on the \_\_\_ \_\_\_ 2015 at \_\_\_ a.m. at the Registered Office of the Company at Ground Floor, Madhava Building, Bandra Kurla Complex, Near Family Court, Bandra East, Mumbai 400051 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
1	To receive, consider and adopt the audited Balance Sheet as at March 31, 2015 and the Profit and Loss Account for the year ended on that date, the Directors' Report and the Auditors' Report thereon.
2	To appoint a Director in place of Mr. Anoop Pabby, ( DIN No. 01175230) who retires by rotation and is eligible for re-appointment.
3	To appoint M/s. T. R. Chadha & Co., Chartered Accountants, (FRN No. 06711N), as statutory auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
4	To Consider and Approve Borrowing Limits
5	To consider and approve the mortgage, lease or dispose of properties/undertaking and delegation of powers
6	To consider and approve Issue of Securities on Private Placement Basis

Signed this .....day of ..... 2015

Signature of the Shareholder:.....

Signature of the Proxy holder:.....

**Note : The proxy form must be returned so as to reach the registered office of the company not less than 48 hours before the aforesaid meeting.**

<p>Affix a Revenue Stamp of Re. 1/-</p>
-----------------------------------------------------

## Directors' Report

To,  
The Members,

Your Directors have pleasure in presenting their Twenty Second Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2015.

### 1. FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY/ STATEMENT OF COMPANY AFFAIRS

#### FINANCIAL RESULTS

Rs. In Lacs

	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
Gross Income	1,978.07	596.64
Profit Before Depreciation and Tax	(466.92)	(458.52)
Depreciation	28.63	11.66
Profit Before Tax	(495.55)	(470.18)
Provision for Tax	-	-
Profit / Loss After Tax	(495.55)	(470.18)

#### CREDIT RATING

The Company's short-term borrowing program from CRISIL Limited was accorded the highest rating of "A1+". Further, the rating for long-term borrowings has been upgraded by CARE Limited from "AA (SO)" to "AA+ (SO)". A1+ indicates highest-credit-quality rating and AA+ (SO) indicates that Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

#### FINANCE

During the FY 2014-15, your Company witnessed strong growth in balance sheet size and met its funding requirement through the following sources.

##### A) Bank Term Loans

This year was the first year of the company to borrow funds from banks. During the year your company received sanctions for term loans of Rs.240 crores from nine banks,



of which the company availed loans of Rs.160 crores. The outstanding bank term loans as on 31<sup>st</sup> March 2015 were Rs.157.50 crores. In order to enhance transparency, your company successfully formed a consortium of lending banks, with all nine banks forming part of the consortium. As a first step towards diversifying the funding, your Company borrowed Rs.25 crores through issuance of Commercial Paper to Mutual Fund. As on 31<sup>st</sup> March 2015 the total outstanding balance of Commercial Paper was Rs.25 crores. Your Company has started diversifying its funding sources and intends to create a pool of lenders comprising of Banks, Mutual Funds, Insurance Companies and PF / Pension Funds.

Your Company with its strong treasury philosophies and practices is well geared to meet the challenges of a dynamic interest rate and liquidity environment in future.

### CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of your Company as on 31st March 2015 was at 37.94% (Tier I – 37.69%)

### 2. DIVIDEND

As the company is in the initial phase of its operations and has incurred losses the board of directors do not recommend any dividend.

### 3. RESERVES

As the company is in the initial phase of its operations and has incurred losses the board of directors do not recommend any amount to be carried to reserves.

### 4. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/ STATE OF THE COMPANY'S AFFAIR

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### Company Business

Your Company is primarily into providing Education Loans to Students and providing Infrastructure Loans to Educational Institutions.

Financial Year 2014-15 was the second full year of operations of your company as an Education Loan focused NBFC. During the financial year the Loans and Advances increased substantially from Rs.4,994.54 lacs to Rs.23,964.68 lacs. The Company incurred a loss of Rs.495.55 lacs during the financial year as compared to a loss of Rs.470.18 lacs in the previous financial year.

Your Company was conceived with the aim to fulfil the gnawing need for education finance at reasonable terms, thus enabling every student to pursue their right to an education of their choice and achieve their career goals. We understand the strength and potential of a young India and strive to be the wind beneath their wings, by providing education finance on the best terms possible.



Education for any person is not only a tool to enhance his understanding and knowledge of everything present and happening around him but is also an avenue for ensuring an all-round growth and development of his or her personality in all respects

We firmly believe that education infrastructure is an important 'enabler' in the delivery of a better quality of education. For us, the definition of 'enabler' extends to anything that an Institution may need to deliver this more effectively, i.e., from enhancement or extension of existing set up, to tools & equipment, to software & systems, and more. It is this belief that led Avanse to introduce Education Infrastructure Loans, to cater to the needs of people involved in the area of education or training

### Opportunity and Threat

India is one of the largest higher education markets in the world, with 25.9 million students enrolled in more than 45,000 degree and diploma institutions in the country. It has witnessed particularly high growth in the last decade, with enrolment of students increasing at a CAGR of 10.8% and institutions at a CAGR of 9%. However India's GER at ~22.50% lags still behind that of developed countries such as the US, Switzerland, Japan and the UK as well as the developing countries such as China, Brazil, Malaysia and the Philippines.

Over the last two decades, India has remarkably transformed its higher education landscape. It has created widespread access to high-quality university education for students of all levels. With well-planned expansion and a student-centric learning-driven model of education, India has not only bettered its enrolment numbers but has dramatically enhanced its learning outcomes.

Having said that, Students in India fail to get into the best colleges and Universities due to the high competition and irrational cut-offs. Most of these students try foreign shores to get a degree. The Indian students are warmly welcomed by the foreign universities as they are class apart in terms of hard work and brilliance. With increasing number of students going abroad for higher studies, India has become a major supplier to the international education market.

As students are becoming more aware about the overseas education opportunities, the major study abroad destinations also keep on changing over a period of time. A decade back, the list of favourite study abroad destinations for Indian students were only countries such as UK, USA and Australia. But today, with the changing trend, the students are experimenting not only with new countries like Germany, Canada, Singapore, New Zealand and Russia and but also with varied courses to get a degree.

The cost of higher education has increased significantly in recent years. However, the education loan penetration in India is very low: education loans have been hard to come by due to an acute lack of specialized players in the market with domain expertise and the outlook and outreach of existing players, among a host of other reasons.

Public sector banks account for over 90% of educations loans disbursed till date. But with growing demand for higher education expected in metro as well as mid-sized and smaller cities, alternative financing channels are urgently required. The Private sector can play a significant role in improving access to quality education, especially in an emerging market like India. As such, growth opportunities in this sector are significant.



Being a new entrant the company may face challenges of establishing itself as a formidable player in the initial years. As there are few private sector players offering education loans as a product, it would take a lot of efforts to create awareness about the same in general public. Any severe downturn in the overall economy may have an impact on job prospects of the students, in turn hampering the repayment of our loans extended.

#### **5. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There was no change in the nature of business of your company during the financial year 14-15

#### **6. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the company.

#### **7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

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

#### **8. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.**

The Company has adopted an internal control system commensurate with its size, nature of operations, reporting(s) and compliance with applicable laws and regulations. The company has appointed an Internal Auditor.

#### **9. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

Your Company does not have any Subsidiary/Joint Ventures/Associate Company i.e. Company in which it owns 20% or more shareholding.

#### **10. DEPOSITS**

Your Company has not accepted any deposits from the public during the year and in the past. Hence there are no unclaimed or unpaid amounts lying in the accounts of the company.

#### **11. STATUTORY AUDITORS**

M/s T. R. Chadha & Co, Statutory Auditors of the Company held office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a certificate from them confirming that such appointment if made will be in compliance of Section 139 & 141 of the Companies Act, 2013 read with Companies (Audit and Auditors ) Rules 2014



## **12. SHARE CAPITAL**

**Rights Issue:** During the financial year 2014 -15 the company offered 2, 15, 76,914 shares to the existing equity shareholders on rights basis in a proportion of 132 shares for every 100 shares held, at Rs 46 per share i.e. at a premium of Rs 36 per share. Out of the above, 88,61,164 shares were subscribed by the existing shareholders. Consequently the company allotted 88,61,164 shares for Rs 40,76,13,544/- as fully paid up ranking pari- passu with the existing shares.

## **13. EXTRACT OF THE ANNUAL RETURN**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at March 31, 2015, in the prescribed form MGT 9, forms part of this report and is annexed as "Annexure - 1".

## **14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **A) Conservation Of Energy, Technology Absorption**

Energy Conservation Measures is not applicable to the present activities of the Company

#### **INFORMATION TECHNOLOGY**

During the year under review, your promoter Company, Dewan Housing Finance Corporation Limited (DHFL) has initiated a technology transformation program (Tech2.0) in association with IBM to support the group companies growth, improve operational efficiency and optimize costs through the use of technology. This program is expected to establish a scalable and flexible technology landscape, improve customer centricity, enable faster decision making through automation and analytics, thereby taking the technology platform to a new level. Your Company aims to align its technology landscape to evolving business needs, which would support the Company in its growth targets. Under Tech2.0, your Company plans to replace its legacy systems and business application platforms with proven commercial-off-the-shelf products, which would provide best fit solutions to the business functions.

#### **Technology Absorption**

Your Company actively pursues a culture of technology adoption, leveraging on the advancements in technology to serve customers better, manage process efficiently and economically and strengthen control systems. The Company has maintained a technology friendly environment for its employees to work in. In keeping with the current trends in the areas of digital marketing and social media, the Company has effectively used these avenues in positioning itself in the market place and gain better Customer engagement. The current technology transformation program has been initiated to bring the Company's technology platform to a new level. The program aims to identify and implement best-fit solutions in such areas as



- (i) Collaboration and employee communication portal to provide for internal communication, knowledge sharing and collaboration between employees;
- (ii) Customer relationship management, in particular in marketing, sales and customer service, to achieve higher customer satisfaction and enhanced marketing and sales effectiveness;
- (iii) Digital channels to provide for effective interaction between the Company and its customers and business partners/agents, which will include development of an agent portal. Apart from that, your company has planned to develop Online Application Form, whereby customer can apply loan online which will help us to improve data accuracy and faster processing of loan;
- (iv) Financial accounting ERP to establish unified accounting, financial management and accounting MIS at the Company;
- (v) Imaging, workflow and DMS to facilitate the centralization of data capture and validation of the Company's loan, project finance;
- (vi) Loan origination and management;
- (vii) Collection management
- (viii) Business systems (enterprise) integration; and
- (ix) Business intelligence and advanced analytics to build a platform and an operational data store to generate systematic, consistent and near real-time MIS reports and dashboards.

**B) Foreign Exchange Earnings and Outgo:** For the year ended March 31, 2015 there has been no foreign exchange earnings and Outgo

## **15. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As the company is in the initial phase of its operations and has incurred losses hence the provisions of Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the company.

## **16. DIRECTORS:**

**A) Changes in Directors and Key Managerial Personnel:** In accordance with the provisions of Section 152 of the Companies Act, 2013 Mr. Anoop Pabby, Non- Executive Director of your Company retires by rotation and being eligible; offers himself for reappointment at the ensuing Annual General Meeting.

Mr. Mahendra Kumar Chouhan who was appointed as Independent Director of the company at the Annual General Meeting dated September 19, 2014 has given declarations that he meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Based on the confirmations received, none of the Directors are disqualified for being appointed/ reappointed as directors in terms of Section 164 the Companies Act, 2013.



Mr. Neeraj Saxena , C.E.O. ; Mr. Koustubh Shaha , C.F.O. and Mr. Ranabir Sanyal , C.S. who were employees even before the commencement of Companies Act, 2013, were designated as Key Managerial Personnel, as per the provisions of Companies Act, 2013.

**B) Formal Annual Evaluation:** The paid up capital of the Company has crossed 25 crores at the end of March 31, 2015. Hence formal annual evaluation of the board, committees and individual directors would take place for the period April 01, 2015 to March 31, 2016 after the end of the financial year 2015-16.

### **17. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

The Company holds at least four Board meetings in a year, one in each quarter, inter-alia, to review the financial results of the Company. The Company also holds additional Board Meetings to address its specific requirements, as and when required. Annual calendar of meetings of the Board are finalised well before the beginning of the financial year after seeking concurrence of all the Directors.

During the financial year 2014-15, 5 Board Meetings were convened and held on April 25, 2014, July 21, 2014, October 20, 2014, January 14, 2015 and March 10, 2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The attendance of the respective Directors there at are as follows:

Sr. No.	Name of the Director	No. of meetings attended
1	Mr. Kapil Wadhawan	5
2	Mr. Mahendra Kumar Chouhan	5
3	Mr. Anoop Pabby	3

### **18. AUDIT COMMITTEE**

The members of the Audit Committee are Mr. Kapil Wadhawan, Mr. Mahendra Kumar Chouhan and Mr. Anoop Pabby. The Audit Committee has been constituted and functions in accordance with the provisions of Section 177 of the Companies Act, 2013 ("Act") read with Companies (Meeting of Board and its Powers) Rules, 2014. The Company Secretary acts as the secretary to the Committee. The Committee met 4 times during the financial year under review. The Audit Committee met prior to the finalization of the accounts for the year ended March 31, 2015.

### **19. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 the Company has adopted a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Policies. It also provides for adequate safeguards against victimisation of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases.



## **20. NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE**

The members of the Nomination Remuneration and Compensation Committee are Mr. Kapil Wadhawan, Mr. Mahendra Kumar Chouhan and Mr. Anoop Pabby. The Committee has been constituted and functions in accordance with the provisions of Section 178 of the Companies Act 2013 read with Rule 6 Companies (Meeting of Board and its Powers) Rules 2014. The Company Secretary acts as the secretary to the Committee. The Committee met 2 times during the financial year under review.

### **Nomination (including Boards' Diversity) Remuneration & Evaluation Policy (NRE Policy)**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Nomination (including Boards' Diversity), Remuneration & Evaluation Policy, which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, alongwith the criteria for determination of remuneration of Directors, KMPs and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013.

The details of the policy are given in Annexure 2

## **21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The company has not made loans guarantees or investments under section 186 of the Companies Act 2013 during the financial year 2014-15

## **22. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

Transactions entered with related parties as defined under the Companies Act, 2013 during the financial year 2014-15 were mainly in the ordinary course of business and on an arm's length basis.

Prior approval of the Audit Committee is obtained by the Company before entering into any related party transaction as per the applicable provisions of Companies Act. As per the provisions of Section 188 of the Companies Act 2013, approval of the Board of Directors and shareholders wherever applicable is also obtained for entering into Related Party Transactions by the Company. The details of the contracts are given in Form No. AOC -2 as Annexure 3

## **23. HUMAN RESOURCES**

Your company believes that employees are the backbone for creating a successful organization. It strives to create a favourable work environment that encourages innovation and meritocracy.

The thrust on achieving higher growth coupled with optimal utilization of manpower is the primary focus. The management of your Company believes in rewarding employees through compensation & benefits that are market competitive and differentiated based on individual, team & business performance.



The Board of Directors believe in creating long term association by rewarding sustained high performance over years through robust processes to ensure fairness, consistency and transparency.

**Sexual Harassment:** As a part of HR Policy and for, Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace, your company has adopted the Sexual Harassment Policy of DHFL and any complaints in this regard will be referred to the Group Internal Complaints Committee (ICC) which has been constituted there under. The primary objective of the said Policy is to protect the women employees from sexual harassment at the place of work and also provide for punishment in case of false and malicious representations.

During the financial year 2014-15, no complaint was received by the ICC.

#### **24. MANAGERIAL REMUNERATION:**

A) Details of every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age (Yrs)	Designation	Gross remuneration (Rs.)	Qualification	Experience (Yrs.)	Date of joining	Previous employment
Neeraj Saxena	39Yrs	Chief Executive Officer	72,78,856	B. Sc.; PGDBM	15	1 <sup>st</sup> July 2013	DHFL

B) There is no director who is a Managing Director or Whole-time Director of the Company, who is in receipt of any commission from the company or commission from any Holding Company or Subsidiary Company of such Company.

#### **25. RISK MANAGEMENT POLICY**

Recently your company has adopted the Risk Management Policy commensurate to its scale of operations.

#### **26. ASSET LIABILITY MANAGEMENT COMMITTEE**

The Asset Liability Management Committee (ALCO) lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Board. The Company has duly implemented the RBI's Asset Liability Management Guidelines.

**27. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors would like to inform that the audited accounts containing the Financial Statements for the year ended March 31, 2015 are in conformity with the requirements of the Companies Act, 2013 and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These Financial Statements are audited by M/s. T. R. Chadha & Co., Chartered Accountants, Statutory Auditors of the Company.

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

A) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

(B) the directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2015 and of the profit of the Company for that period;

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

(D) the directors have prepared the annual financial statements on a going concern basis; and

(E) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**28. COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN HIS REPORT:**


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

**29. ACKNOWLEDGEMENTS**

Your Directors wish to place on record their gratitude to the Company's Customers, Bankers and other Lenders, Members for their continued support and faith reposed in the Company. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels. The Directors would also like to thank Reserve Bank of India, National Securities Depository Limited, Central Depository Services (India) Limited and the Credit Rating Agencies for their co-operation.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: 21/07/2015

  
**Mr. Kapil Wadhawan**  
Chairman



Annexure 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U67120MH1992PLC068060
2	Registration Date	07-08-1992
3	Name of the Company	AVANSE FINANCIAL SERVICES LIMITED
4	Category/Sub-category of the Company	Public Company Limited by Shares Registered with RBI as NBFC
5	Address of the Registered office & contact details	Gr. Floor, Madhava Building, Bandra Kurla Complex, Near Family Court, Bandra East, Mumbai - 400 051 T: +91 22 7111 2233 F: +91 22 7111 2234 E: investorrelations@avanse.com
6	Whether listed company	Unlisted
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Registrar & Transfer Agents (For Equity Shares ) Link Intime India Private Ltd. C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400078. Tel. No.: +91 22-25946970-78 Fax No.: +91 22-25946969 e-mail: rnt.helpdesk @linkintime.co.in (For Debt Instruments) System Support Services, 209, Shivam Industrial Estate, Andheri - Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 Tel. No.: +91 22-28500835 Fax No.: +91 22-28501438 e-mail: sysss72@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Providing Loans to Students for pursuing Education	64920	89%
2	Providing Loans to Educational and Education related Institutes for Infrastructure and Working Capital Requirements	64910	11%



### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any Holding , subsidiary or Associate companies i.e. Companies in which it holds 20% or more stake.

### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF		16,46,752	16,46,752	10.07%	45,472		45,472	0.18%	-97.24%
b) Central Govt			-	0.00%			-	0.00%	0.00%
c) State Govt(s)			-	0.00%			-	0.00%	0.00%
d) Bodies Corp.	62,54,062	51,76,106	1,14,30,168	69.93%	2,18,91,816		2,18,91,816	86.85%	91.53%
e) Banks / FI			-	0.00%			-	0.00%	0.00%
f) Any other			-	0.00%			-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	<b>62,54,062</b>	<b>68,22,858</b>	<b>1,30,76,920</b>	<b>80.00%</b>	<b>2,19,37,288</b>	<b>-</b>	<b>2,19,37,288</b>	<b>87.03%</b>	<b>67.76%</b>
(2) Foreign									
a) NRI Individuals			-	0.00%			-	0.00%	0.00%
b) Other Individuals			-	0.00%			-	0.00%	0.00%
c) Bodies Corp.			-	0.00%			-	0.00%	0.00%
d) Any other			-	0.00%			-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL (A)</b>	<b>62,54,062</b>	<b>68,22,858</b>	<b>1,30,76,920</b>	<b>80.00%</b>	<b>2,19,37,288</b>	<b>-</b>	<b>2,19,37,288</b>	<b>87.03%</b>	<b>67.76%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds			-	0.00%			-	0.00%	0.00%
b) Banks / FI			-	0.00%			-	0.00%	0.00%
c) Central Govt			-	0.00%			-	0.00%	0.00%
d) State			-	0.00%			-	0.00%	0.00%

Govt(s)									
e) Venture Capital Funds			-	0.00%			-	0.00%	0.00%
f) Insurance Companies			-	0.00%			-	0.00%	0.00%
g) FIs	32,69,230		32,69,230	20.00%	32,69,230		32,69,230	12.97%	0.00%
h) Foreign Venture Capital Funds			-	0.00%			-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	<b>32,69,230</b>	<b>-</b>	<b>32,69,230</b>	<b>20.00%</b>	<b>32,69,230</b>	<b>-</b>	<b>32,69,230</b>	<b>12.97%</b>	<b>0.00%</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian			-	0.00%			-	0.00%	0.00%
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh			-	0.00%		796	796	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh			-	0.00%			-	0.00%	0.00%
c) Others (specify)									
Non Resident Indians			-	0.00%			-	0.00%	0.00%
Overseas Corporate Bodies			-	0.00%			-	0.00%	0.00%
Foreign Nationals			-	0.00%			-	0.00%	0.00%
Clearing Members			-	0.00%			-	0.00%	0.00%
Trusts			-	0.00%			-	0.00%	0.00%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
<b>Sub-total (B)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>796</b>	<b>796</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Public (B)</b>	<b>32,69,230</b>	<b>-</b>	<b>32,69,230</b>	<b>20.00%</b>	<b>32,69,230</b>	<b>796</b>	<b>32,70,026</b>	<b>12.97%</b>	<b>0.02%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>			-	0.00%				0.00%	0.00%



Grand Total (A+B+C)	95,23,292	68,22,858	1,63,46,150	100.00%	2,52,06,518	796	2,52,07,314	100.00%	54.21%
---------------------	-----------	-----------	-------------	---------	-------------	-----	-------------	---------	--------

### (ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledge d/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dewan Housing Finance Corporation Ltd	79,27,883	48.50%	0	1,21,97,522	48.39%	0	53.86%
2	Wadhawan Global Capital Private Limited	-	0.00%	0	95,32,954	37.82%	0	0.00%
3	Wadhawan Holdings Pvt Ltd	13,33,084	8.16%	0	76,754	0.30%	0	-94.24%
4	Wadhawan Consolidated Holdings Pvt. Ltd.	10,78,230	6.60%	0	42,293	0.17%	0	-96.08%
5	Wadhawan Retail Ventures Pvt. Ltd.	10,90,971	6.67%	0	42,293	0.17%	0	-96.12%
6	Shri Kapil Wadhawan	8,23,376	5.04%	0	22,736	0.09%	0	-97.24%
7	Shri Dheeraj Wadhawan	8,23,376	5.04%	0	22,736	0.09%	0	-97.24%

### (iii) Change in Promoters' Shareholding

SN	Particulars	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	Dewan Housing Finance Corporation Ltd	Note 1 below	79,27,883	48.50%	1,21,97,522	48.39%
2	Wadhawan Global Capital Private Limited	-do-		0.00%	95,32,954	37.82%
3	Wadhawan Holdings Pvt Ltd	-do-	13,33,084	8.16%	76,754	0.30%
4	Wadhawan Consolidated Holdings Pvt. Ltd.	-do-	10,78,230	6.60%	42,293	0.17%
5	Wadhawan Retail Ventures Pvt. Ltd.	-do-	10,90,971	6.67%	42,293	0.17%
6	Shri Kapil Wadhawan	-do-	8,23,376	5.04%	22,736	0.09%

7	Shri Dheeraj Wadhawan	-do-	8,23,376	5.04%	22,736	0.09%
	<b>Total</b>		1,30,76,920	80%	2,19,37,288	87.03%

Note 1: The Change in above promoters holding took place due to a) transfer of shares amongst promoters to another promoter entity i.e. Wadhawan Global Capital Private Limited, b) Transfer of 100 shares to 4 independent persons and c) rights issue of shares to existing shareholders

**(iv) Shareholding Pattern of top ten Shareholders**

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

SN	Name of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Shareholding at the beginning of the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Sonpal Jain	Note 1 below	0	0.00%	232	0.00%
2	Mr. Mohit Chaturvedi	-do-	0	0.00%	232	0.00%
3	Mr. Ajay Vazirani	-do-	0	0.00%	232	0.00%
4	Mr. Hemant Bhatia	-do-	0	0.00%	100	0.00%

The change in above shareholding is due to transfer of 100 shares to four independent persons by Shri Kapil Wadhawan and Shri Dheeraj Wadhawan and rights issue during the year.

**V. Shareholding of Directors and Key Managerial Personnel:**

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

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount				-
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
<b>Total (i+ii+iii)</b>				



Change in Indebtedness during the financial year				
* Addition	15,750.00	2,459.97	-	18,209.97
* Reduction				-
Net Change	15,750.00	2,459.97	-	18,209.97
Indebtedness at the end of the financial year				
i) Principal Amount	15,750.00	2,459.97	-	18,209.97
ii) Interest due but not paid	67.86	-	-	67.86
iii) Interest accrued but not due	5.27	24.02	-	29.29
Total (i+ii+iii)	15,823.13	2,483.99	-	18,307.12

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

##### A. Remuneration to Managing Director, Whole-time Directors

S N.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
The Company does not have any MD , WTD			

##### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors Total Amount(Rs/Lac)
1	Independent Directors	Mr. Mahendra Kumar Chauhan
	Fee for attending board committee meetings	20,000/-
	Commission	0
	Others, please specify	0

Total (1)	20,000/-
-----------	----------

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD					
SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Mr. Neeraj Saxena	Mr. Koustubh Shaha	Mr. Ranabir Sanyal	(Rs/Lac)
1	Name				
2	Designation	CEO	CFO	CS	
3	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72,78,856	33,75,612	9,35,182	1,15,89,650
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	72,78,856	33,75,612	9,35,182	1,15,89,650



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
No Penalty / Punishment/ Compounding fees has been imposed					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
No Penalty / Punishment/ Compounding fees has been imposed					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					
No Penalty / Punishment/ Compounding fees has been imposed					

For and on behalf of the Board of Directors



Kapil Wadhawan  
Chairman

Place: Mumbai  
Date: 21.07.2015

## Annexure 2

The Company has formulated a Nomination (including Board Diversity), Remuneration and Evaluation policy (NRE policy) as per the provisions of Companies Act, 2013 which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and such persons who may be appointed as Senior Management Personnel of the Company and also lays down the criteria for determining the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees. The NRE Policy of the Company, inter-alia, provides for the following attributes for appointment and components of remuneration for the Directors, Key Managerial Personnel (KMP) and employees of the Company and the evaluation process:

### **1.1 Appointment Criteria of the Whole Time Director/Executive Director/ Manager/ C.E.O.**

- The Whole Time Director/Executive Director/ Manager/ C.E.O. shall be appointed as per the applicable provisions of Companies Act, 2013 and rules made there under.
- The person to be appointed will be assessed against a range of criteria which includes but not be limited to qualifications, skills, industry experience, background and other attributes required for the said position.
- The Whole Time Director/Executive Director / Manager/ C.E.O. shall have all the powers and authorities as prescribed by the Board of Directors and as provided in the Articles of Association and applicable provisions of Companies Act, 2013. The Whole Time Director/Executive Director/ Manager/ C.E.O. will be in overall charge of the business, administration and other affairs of the Company subject to the superintendence, control and directions of the Board of Directors and he shall guide, control and supervise the employees of the Company, their functions, the business carried on by the Company and all administrative matters.

### **1.2 Independence Criteria for the Board**

- An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—
  - a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;



- c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
  - (iv) is a Chief Executive or director, by whatever name called, of any non profit organization that receives twenty-five per cent, or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company;
  - (v) is a material supplier, service provider or customer or a lessor or lessee of the Company.
- f) who is not less than 21 years of age.
- g) who possesses such other qualifications as may be prescribed.

### 1.3 Board Diversity

- The Company is committed to promote diversity on the Board and recognizes the importance and benefits of having a diverse Board.
- The Company believes that diversity on the Board through varied skills, experience and background, industry experience, gender, knowledge and other distinguishing qualities of the members of the Board shall enhance the overall effectiveness of the Board and bring in valuable contribution to its business strategies, plans and future growth aspects.
- The Company shall endeavor to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for its operations.

### 1.4 Nomination Process

- The Nomination , Remuneration and Compensation Committee shall be responsible to review the structure, composition and diversity of the Board and make recommendations to the Board on any proposed changes/ new appointments to complement the Company's objectives and strategies.
- The Committee shall ensure that the Board has appropriate skills, professional knowledge, characteristics and experience in diverse fields like finance, banking, insurance, economics, corporate laws, administration, etc. required as a whole and by its executive directors, non-executive directors and independent directors in their individual capacity.
- .The Committee shall while identifying and selecting suitable candidates for fresh appointment/ re-appointment/ filling up casual vacancy shall inter-alia consider the following criteria:
  - consider educational and professional background and personal achievements;
  - consider individuals who are appropriately qualified, based on their talents, experience, functional expertise and personal skills, character and qualities;
  - consider criteria that promotes diversity, including gender, age and relevant background;



- engage qualified independent external advisors, if required, to assist the Committee in conducting its search for candidates that meet the criteria as laid down herein with regard to the skills, experience and diversity.
- Upon receiving the consent to act as a Director, the profile of the person proposed to be appointed as a Director, shall be placed before the Board for its consideration and approval.
- As per the provisions of Companies Act, 2013 appointment of Directors by the Board shall be placed before the shareholders for their approval. The Company shall issue a formal appointment letter to the Independent Directors confirming their appointment under the signatures of the Chairman of the Company.

### **1.5 Outside Directorships**

- The Directors shall have the liberty to accept other board appointments so long as the appointment is not in conflict with the Company's business and does not materially interfere with the performance as a Director of the Company.
- Any change(s) in the nature or the number of directorships held shall be intimated to the Company within thirty days of such change.
- The Directors may hold office as a director, including any alternate directorship, in not more than twenty companies at the same time subject to a maximum directorships in ten public companies.

### **1.6 Familiarization Programme**

- The Company shall familiarize its Directors with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, its business model, strategies, growth model.etc.
- The Company's shall make periodic presentations/reports providing business, strategic, regulatory updates.

### **1.7 Other Points**

- In compliance with the other applicable laws and other relevant regulations as may be issued by the Ministry of Corporate Affairs, SEBI or RBI Independent Directors shall also be required to adhere to the Code for Independent Directors under Schedule IV of the Companies Act, 2013.

## A. For the Employees

### 1.8 Key Managerial Personnel (KMP) and Senior Management Personnel

- Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, provides for appointment of whole-time Key Managerial Personnel ("KMP") by listed entities / every other public company having paid up share capital of Rs. 10 Crores or more and such personnel shall be appointed by means of resolution of the Board containing the terms and conditions of the such appointment.
- As per Companies Act, 2013, KMP shall include Whole Time Director/CEO, Chief Financial Officer, Company Secretary of the Company.
- The KMP and Senior Management Personnel should comprise of individuals with appropriate mix of skills, experience and personal attributes. The said employees should be adept and understand the business and the environment in which the Company operates and perform towards the achievement of Company objectives and goals.
- For the appointment of KMP and Senior Management Personnel, the following criteria's shall be considered:
  - assessing the appointee against a range of criteria which includes but not limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the respective position,
  - the extent to which the appointee is likely to contribute to the overall effectiveness of the organization, work constructively with the existing team and enhance the efficiencies of the Company;
  - Personal specifications like degree holder in relevant disciplines; experience of management in a diverse organization; excellent interpersonal, communication and representational skills; demonstrable leadership skills, commitment to high standards of ethics, personal integrity and probity, commitment to the promotion of equal opportunities and skills must also be considered.
- The Committee shall be duly informed on the appointments at the Senior Management Personnel level and above.



## 1.9 Other Employees

- The Company shall recruit individuals with high level of integrity and having qualification, skills and experience relevant to the Company's requirements for the specific position for which such individual is interviewed.

## 2. REMUNERATION CRITERIA FOR THE BOARD AND THE EMPLOYEES

---

### A. For the Board

#### 2.1 Whole time Director/Executive Director /C.E.O./ Manager:

##### a) Base Compensation (fixed salaries)

- Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

##### b) Variable salary:

- The Company may structure any portion of remuneration link to rewards on the achievement of Company's and individual performance, fulfillment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable shall be determined by the Committee/Board, based on performance against pre-determined financial and non-financial metrics.
- As per Section 197 of the Companies Act, 2013, the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company may with the approval of the shareholders authorize the payment of remuneration upto five percent of the net profits of the Company to its any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.

- The Company with the approval of the Shareholders and Central Government may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013
- The Whole-time Director/Executive Director shall not be entitled to sitting fees as per the provisions of Companies Act, 2013.
- The Whole-time Director/Executive Director/C.E.O. / Manager shall be governed by HR policies as applicable to the other employees of the Company.

## 2.2 Non - Executive Director and Independent Director.

- The Non-executive and Independent Directors of the Company may be paid sitting fees for attending the meetings of the Board or Committees thereof.
- The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.
- All fees / compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require prior approval of shareholders in general meeting, however, the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.
- The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, in any financial year and in aggregate. However, Independent Directors shall not be entitled to any stock options of the Company.
- The reimbursement of expenses for attending the Board and other Committee meetings including travelling, boarding and lodging expenses, may be paid.
- Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.



### **2.3 Stock Options**

- The Executive Director (incase of a Promoter Director), any director holding directly or indirectly more than 10% of the outstanding equity shares of the company and the Independent Directors shall not be entitled to any stock options.

### **B. For the Employees**

#### **2.4 Key Managerial Personnel (KMP) and Senior Management Personnel**

- The remuneration of the Senior Management and Key Managerial Personnel is determined,after considering the following key factors:
  - a. The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate directors/executives and should be in line with the industry practice aimed at promoting the short term and long term interests and performance of the company.
  - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - c. Remuneration will involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- The remuneration for the Key Managerial Personnel(s) at the time of the appointment shall be approved by the Board and any subsequent increments and performance bonus shall be approved by the Chairman of the Company as per the HR policy of the Company and shall be placed before the Board.

#### **2.5 Other Employees including Senior Management Personnel**

- The remuneration of employees in general is based upon the industry position, business performance, and macro-economic conditions and also benchmarked to companies in the Finance sector. The reports generated through recognized HR consultancies, industrial reports etc form basis for appropriate benchmarking.
- The statutory payments such as provident fund, gratuity and superannuation benefits etc. shall be made in accordance with the applicable laws.

### 3. EVALUATION CRITERIA OF THE BOARD AND THE EMPLOYEES

---

#### A. Evaluation criteria for the Board

##### 3.1 Executive Director

- The evaluation of the Executive Director shall be carried out basis the present performance (financial/non-financial) and the achievements of the said Director against various key performance parameters at the end of every financial year. On the basis of the future growth aspects / business plans of the Company the performance parameters of the Executive Director shall be set for the subsequent year(s).
- The performance of the Chairperson/Executive Director of the company shall be reviewed by the Independent Directors, taking into account the views of other executive directors and non-executive directors;

##### 3.2 Independent Director

- The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation should be carried out as per Schedule IV (Code for Independent Directors) of the Companies Act 2013.
- While evaluating the Independent Director, the contribution made by the Director in the decision taken at the board level and its impact on the performance of the Company shall be considered. The time devoted including the attendance of the Independent Director at various Committee/Board Meetings shall also be considered while evaluating an Independent Director.
- On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of an Independent Director.

##### 3.3 Board's Performance

- The Board shall evaluate its effectiveness on a continuing basis. Meaningful Board evaluation requires an assessment of the functioning of the entire Board/Committees, contribution of individual directors therein and suggesting together the improvements areas, if any. The Independent Directors shall assess the quality, quantity and timeliness of the flow of information between the management and the Board that is necessary to enable the Board to discharge its duties reasonably and effectively.



- The Independent Directors shall hold at least one separate meeting in a financial year to review the performance of non-independent directors and the Board as a whole.
- In determining the re-election of a director, the Board shall consider the performance review carried out by the Independent Directors, Director's past attendance at meetings and participation in and contributions to the activities of the Board.

#### **B. Other Employees**

- The performance of the employees is evaluated on annual basis as per Company's performance evaluation/annual appraisal processes. The performance objectives of all employees are determined and aligned with the overall goals / objectives of the Company.
- The performance rating and the overall organization performance, appropriate benchmarking and applicable policies determine the career progression/ incentives/ annual bonus payout.

#### **4. SUCCESSION PLAN**

---

- The Company believes that a planned programme of recruitment and retirement amongst Board Members and the Senior Management Personnel is of significant importance.
- It is an important part of the Board's work to ensure that there is adequate management development and succession planning particularly at the top levels. Succession planning involves an assessment of the challenges and opportunities facing the Company, and an evaluation of the skills and expertise that will be needed in the future.
- The annual appraisal assessment process for all the employees including the Senior Management Personnel has succession planning and employee progression as one of the key attributes. The process is institutionalized in the Company HR framework and by design, it is the responsibility of the superiors to identify the succession path and suggest the training and development of skill necessary for the Company's executives or suggest new recruitment wherever gaps exist.

- The organization hierarchy consists of Junior Management/Middle Management/Senior Management levels. During the annual appraisal process and various strategic meetings, evaluation is done by the top management for identifying employees who can occupy the positions for succession into different roles at different levels within the organization.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 21.07.2015



Mr. Kapil Wadhawan

Chairman



**Annexure 3**

**Form No. AOC-2**

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

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

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

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

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

The company has entered into only one contract of material nature which falls within the provisions of Section 188 of the Companies Act 2013. The details of the same are as follows:

(a)	Name(s) of the related party and nature of relationship	Dewan Housing Finance Corporation Limited (DHFL). Chairman of our Company and Chairman and Managing Director of DHFL and promoter carrying shareholding interest
(b)	Nature of contracts/ arrangements/ transactions	Syndication Agreement:
(c)	Duration of the contracts / arrangements/ transactions	From September 24, 2014 till September 23, 2015
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	The Company has entered/ proposes to enter into syndication agreement with DHFL to collectively participate in providing loans to the borrowers and shall have security interest in proportion to share of lending. The amount of loans to be syndicated, annually, shall be upto Rs. 50 crore. Syndication arrangements between the companies are on arms length basis, and do not constitute any financial support or lending or borrowing from each other as this is a joint effort for expanding their respective business activities.
(e)	Date(s) of approval by the Board, if any:	Audit Committee and Board approved the Contract on July 21, 2014. Subsequently the shareholders had given their approval on September 19, 2014.
(f)	Amount paid as advances, if any	N.A.

For and on behalf of the Board of Directors



Mr. Kapil Wadhawan  
Chairman

Place: Mumbai  
Date: 21/07/2015





**T. R. CHADHA & CO.**  
**CHARTERED ACCOUNTANTS**  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Avanse Financial Services Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Avanse Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Head Office : B-30 Connaught Place, Kuthiala Building, New Delhi – 110 001  
Tele: 43259900 Fax: 43259930, Email: delhi@trchadha.com

Other Branches at: ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU ❖ GURGAON





**T. R. CHADHA & CO.**  
**CHARTERED ACCOUNTANTS**  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, its loss and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure a statement on the matters specified in paragraph 3 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.



Head Office : B-30 Connaught Place, Kuthiala Building, New Delhi – 110 001  
Tele: 43259900 Fax: 43259930, Email: delhi@trchadha.com

Other Branches at: ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU ❖ GURGAON






**T. R. CHADHA & CO.**  
**CHARTERED ACCOUNTANTS**  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com

- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- f. 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, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

Place: Mumbai  
Date: 24<sup>th</sup> April 2015

For T. R. Chadha & Co.  
Chartered Accountants  
Firm Regn. No: 006711N

  
Kashyap Vaidya  
Partner  
Membership Number 37623



Head Office : B-30 Connaught Place, Kuthiala Building, New Delhi – 110 001  
Tele: 43259900 Fax: 43259930, Email: delhi@trchadha.com

Other Branches at: ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU ❖ GURGAON





**T. R. CHADHA & CO.**  
**CHARTERED ACCOUNTANTS**  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai - 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com

**Avanse Financial Services Limited**  
**Annexure to Independent Auditors' Report for the period ended March 2015**  
**(Referred to in Paragraph 1 under the Heading of "Report on Other Legal and**  
**Regulatory Requirements" of our Report of even date)**

**(i) Fixed Assets**

- a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year, which in our opinion is reasonable. No material discrepancies were noted on such verification.

**(ii) Inventories**

The Company is a service company, providing educational loans. Accordingly, it does not hold any physical inventories. Thus paragraph 3 (ii) of the order is not applicable.

**(iii) Loans given / taken**

The Company has not granted any loan to Secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act.

**(iv) Internal Control**

According to the information and explanations given to us and in our opinion, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for purchase of fixed assets and for sales of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system. However, the same needs to be strengthened.

**(v) Public Deposit**

During the year, the Company has not accepted any deposits from the public, therefore, Thus paragraph 3 (v) of the order is not applicable.



Head Office : B-30 Connaught Place, Kuthiala Building, New Delhi - 110 001  
Tele: 43259900 Fax: 43259930, Email: delhi@trchadha.com

Other Branches at: ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU ❖ GURGAON



**T. R. CHADHA & CO.**  
**CHARTERED ACCOUNTANTS**  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai - 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com

---

**(vi) Cost Records**

In our opinion and according to information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, for the services provided by the company.

**(vii) Statutory Dues**

- a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing its undisputed statutory dues including Provident Fund, investor education and protection fund, Employees State insurance, Income Tax, Service tax and any other Statutory dues with the appropriate authorities. There is no undisputed dues payable, outstanding as on 31st March, 2015.
- b) According to the information and explanations given to us, there are no amounts in respect of income tax, service tax etc. that have not been deposited with the appropriate authorities on account of any dispute.
- c) There was no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.

**(viii)** The Company does not have accumulated losses as at the end of the financial year greater than fifty per cent of its net worth but has incurred cash losses in the financial year as well as during the immediately preceding financial year.

**(ix)** The Company has not defaulted in repayment of dues to banks.

**(x)** The Company has not given any guarantee for loans taken by others from bank or financial institutions.

**(xi)** The term loans were applied for the purpose for which the loans were obtained during the year under audit.



---

**Head Office :** B-30 Connaught Place, Kuthiala Building, New Delhi - 110 001  
Tele: 43259900 Fax: 43259930, Email: delhi@trchadha.com

**Other Branches at:** ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU ❖ GURGAON

---





**T. R. CHADHA & CO.**  
**CHARTERED ACCOUNTANTS**  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai - 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com

---

- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For T. R. Chadha & Co.  
Chartered Accountants  
Firm Regn. No: 006711N

Kashyap Vaidya  
Partner  
Membership Number 37623

Place: Mumbai  
Date: 24<sup>th</sup> April 2015



---

Head Office : B-30 Connaught Place, Kuthiala Building, New Delhi - 110 001  
Tele: 43259900 Fax: 43259930, Email: delhi@trchadha.com

Other Branches at: ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU ❖ GURGAON

---



**T. R. CHADHA & CO.**  
**CHARTERED ACCOUNTANTS**  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email:mumbai@trchadha.com

**Auditor's report to the Board of Directors of Avanse Financial Services Ltd.**

As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, we state that:

1. The Company is engaged in the business of Non-Banking Financial Institution and has obtained the Certificate of Registration as provided in section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934) dated 5<sup>th</sup> February 2004 No. B.13.01704 from Reserve Bank of India.
2. The Company is entitled to continue to hold the Certificate of Registration in terms of Asset/ income pattern as on 31<sup>st</sup> March 2015.
3. The Board of Directors has during the year passed a Resolution for non-acceptance of any Public Deposits.
4. The Company has not accepted any "Public Deposit" in the financial year ended 31<sup>st</sup> March 2015.
5. According to information & Explanation given to us, the Company has complied with the Prudential Norms relating to Income recognition, Accounting Standards, Asset Classification and Provision for Bad & Doubtful Debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting & Holding) Companies Prudential Norms (Reserve Bank of India) Directions, 2007.
6. In respect of Systemically Important Non-deposit taking NBFCs as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
  - (i) The capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and such ratio is in compliance with the minimum CRAR prescribed by the Bank;
  - (ii) The company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period.

For T. R. Chadha & Co.  
Chartered Accountants  
Firm Regn. No: 006711N



**Kashyap Vaidya**  
Partner  
Membership Number 37623

Place: Mumbai  
Date: 24<sup>th</sup> April 2015

Head Office : B-30 Connaught Place, Kuthiala Building, New Delhi – 110 001  
Tele: 43259900 Fax: 43259930, Email: delhi@trchadha.com

Other Branches at: ❖ AHMEDABAD ❖ HYDERABAD ❖ PUNE ❖ CHENNAI ❖ BENGALURU ❖ GURGAON



AVANSE FINANCIAL SERVICES LIMITED  
BALANCE SHEET AS AT MARCH 31, 2015

	Note No.	As at March 31, 2015 Amt. in Rs	As at March 31, 2014 Amt. in Rs
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	2.01	252,073,140	163,461,500
(b) Reserves and Surplus	2.02	669,628,035	400,180,903
<b>2. Non - Current liabilities</b>			
(a) Long term borrowings	2.03	1,493,750,000	-
(b) Long term provisions	2.04	11,469,615	4,008,414
(b) Other Long Term liabilities	2.05	9,126,124	377,526
<b>3. Current liabilities</b>			
(a) Short term borrowings	2.06	245,996,750	-
(b) Trade Payables	2.07	1,014,851	2,247,021
(c) Other Current liabilities	2.08	116,631,080	10,470,479
(d) Short term provisions	2.09	601,227	14,004
<b>TOTAL</b>		<b>2,800,290,822</b>	<b>580,759,847</b>
<b>II. ASSETS</b>			
<b>1. Non-Current assets</b>			
(a) Fixed Assets	2.10		
(i) Tangible assets		5,052,837	4,827,325
(ii) Intangible assets		1,482,780	774,181
(b) Deferred tax assets (net)	2.11	-	-
(c) Long-term loans and advances	2.12	2,303,409,190	468,267,576
<b>2. Current assets</b>			
(c) Cash and cash equivalents	2.13	374,006,851	70,916,871
(d) Short Term Loans and Advances	2.14	110,251,633	34,780,770
(e) Other current assets	2.15	6,087,531	1,193,124
<b>TOTAL</b>		<b>2,800,290,822</b>	<b>580,759,847</b>

Significant Accounting Policies  
Notes to Accounts

1  
2

As per our report of even date

For T. R. Chadha & Co.  
Chartered Accountants  
Firm Regn. No. 06711N

*Kashyap Vaidya*  
Partner  
Membership No. : 37623

Place: Mumbai  
Date: 24/4/15



For and on behalf of the Board of Directors

*Kapil Wadhawan*  
Kapil Wadhawan  
Director

*Neeraj Saxena*  
Neeraj Saxena  
Chief Executive Officer

Place: Mumbai  
Date:

*Mahendra Chouhan*  
Mahendra Chouhan  
Director

*Koustubh Shaha*  
Koustubh Shaha  
Chief Financial Officer

*Anoop Pabby*  
Anoop Pabby  
Director

*R. Sanyal*  
Ranabir Sanyal  
Company Secretary



**AVANSE FINANCIAL SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

	Note No.	For the Year ended	For the Year ended
		March 31, 2015	March 31, 2014
		Amt. in Rs	Amt. in Rs
<b>Revenue</b>			
Revenue from Operations	2.16	182,402,430	27,772,759
Other Income	2.17	15,405,012	31,891,037
<b>I Total Revenue</b>		<b>197,807,442</b>	<b>59,663,796</b>
<b>Expenses</b>			
Employee benefits expense	2.18	74,945,663	48,005,169
Finance costs	2.19	73,856,783	269,984
Other operating expenses	2.20	90,954,464	55,991,261
Contingent provision against standard assets	2.21	4,742,535	1,248,636
Depreciation and Amortization expenses	2.10	2,862,769	1,166,367
<b>II Total Expenses</b>		<b>247,362,214</b>	<b>106,681,417</b>
<b>III Profit Before Tax (I - II)</b>		<b>(49,554,772)</b>	<b>(47,017,621)</b>
<b>Tax Expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>IV Total Tax Expense</b>		<b>-</b>	<b>-</b>
<b>V Profit/(loss) for the year from Continuing Operations (III-IV)</b>		<b>(49,554,772)</b>	<b>(47,017,621)</b>
<b>VI Earnings per equity share (face value of Rs. 10 each)</b>			
(1) Basic	2.22	(3.02)	(3.75)
(2) Diluted		(3.02)	(3.75)
Significant Accounting Policies	1		
Notes to Accounts	2		

as per our report of even date

For T. R. Chadha & Co.  
Chartered Accountants  
Firm Regn. No. 06711N

**Kashyap Vaidya**  
Partner  
Membership No. : 37623

Place : Mumbai  
Date : 24/4/15



For and on behalf of the Board of Directors

  
Kapil Wadhawan  
Director

  
Neeraj Saxena  
Chief Executive Officer

Place: Mumbai  
Date:

  
Mahendra Chouhan  
Director

  
Koustubh Shaha  
Chief Financial Officer

  
Anoop Pabby  
Director

  
Ranabir Sanyal  
Company Secretary





**AVANSE FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Amt. in Rs	Amt. in Rs
<b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(49,554,772)	(47,017,621)
<b>Adjustments to reconcile loss before tax to cash provided by operating activities</b>		
Depreciation from continuing operations	2,862,769	1,166,367
Provision for standard assets	4,742,535	1,248,636
Provision for expenses	20,991,668	8,127,865
Profit on sale of investments	(5,347,524)	(14,607,448)
Excess provision written back	(352,613)	-
Interest accrued and due on borrowings	6,785,927	-
Interest accrued but not due on borrowings	2,929,404	-
Interest accrued but not due on loans and advances	(3,862,194)	(457,246)
<b>Operating Profit before working capital changes</b>	<b>(20,865,800)</b>	<b>(51,539,447)</b>
Movement in working capital:		
Decrease / (Increase) in long term loans and advances	(1,835,141,614)	(460,884,613)
Decrease / (Increase) in short term loans and advances	(75,470,863)	(33,092,624)
(Decrease) / Increase in short term borrowings	245,996,750	-
Decrease / (Increase) in Trade receivables	-	13,013
(Decrease) / Increase in Long term borrowings	1,493,750,000	-
Decrease / (Increase) in Other Current Assets	(1,032,213)	(899,793)
Increase / (Decrease) in Trade Payables	(1,232,170)	(70,718)
Increase / (Decrease) in Other Long Term Liabilities	8,748,598	377,526
Increase / (Decrease) in Long Term Provisions	2,718,966	2,759,778
Increase / (Decrease) in Short Term Provisions	587,223	14,004
Increase / (Decrease) in Other current liabilities	75,867,215	2,261,685
<b>Cash generated from operations during the year</b>	<b>(106,074,208)</b>	<b>(539,919,951)</b>
Taxes paid	-	-
<b>Net Cash Flow from Operating Activities</b>	<b>(106,074,208)</b>	<b>(539,919,951)</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,868,189)	(4,895,289)
Asset written off	71,309	-
Purchase of current investments	(1,351,500,000)	(2,299,267,164)
Redemption of current investments	1,356,847,524	2,323,694,612
<b>Net cash Flow from Investing Activities</b>	<b>1,550,644</b>	<b>19,712,159</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital	88,611,640	128,949,720
Share premium	119,001,904	373,954,188
<b>Net cash flow from financing activities</b>	<b>407,613,544</b>	<b>502,903,908</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>303,089,980</b>	<b>17,303,884</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>	<b>70,916,871</b>	<b>88,220,755</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>	<b>374,006,851</b>	<b>70,916,871</b>

Cash and cash equivalents at the end of the year comprise of

Cash on Hand	6,397	51,057
Balances with Banks in Current Accounts	374,000,454	70,865,814

Note: the above Cash Flow Statement has been prepared under the Indirect method set out in AS - 3 issued by the Central Govt under the Companies (Accounts) Rules 2014.

As per our report of even date

For T. R. Chadha & Co,  
Chartered Accountants,  
Firm Regn. No. 06711N

Kashyap Valiya  
Partner  
Member

Place:  
Date:



For and on behalf of the Board of Directors

Kapil Wadhawan  
Director

Neeraj Saxena  
Chief Executive Officer

Place: Mumbai  
Date:

Mahendra Chouhan  
Director

Koustubh Shaha  
Chief Financial Officer

Anoop Pabby  
Director

R. Sanyal  
Company Secretary



## Avanse Financial Services Ltd

Schedules annexed to and forming part of the Balance sheet as at March 31, 2015 and Statement of Profit and Loss for the year ended March 31, 2015.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.01 Corporate Information

Avanse Financial Services Limited (the 'Company') is a RBI registered Non-Deposit Accepting NBFC. The main object of the Company is to originate, provide and service loans to Indian students pursuing education and provide ancillary services in relation to the said business activity. The Company was initially known as Abhivruddhi Holdings Pvt Ltd. With effect from 12th Dec 2012, the company's name was changed to "Avanse Financial Services Pvt. Ltd. " and later the name was changed to "Avanse Financial Services Limited" after obtaining necessary approval from the Registrar of Companies.

#### 1.02 Basis for preparation of accounts

The financial statements of the Company have been prepared and presented in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013 in so far as these are not inconsistent with Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (prudential norms) issued by the Reserve Bank of India (RBI.)

#### 1.03 Presentation and disclosure of financial statement

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Act. The company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

#### 1.04 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. Management believes that the estimates used in preparation of the financials statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### 1.05 Revenue recognition

##### i. Income on Loan transactions

Repayment of education loans is by way of Equated Monthly Instalments (EMI) comprising principal and interest. Interest is recognized on accrual basis except in case of Non Performing Assets (NPA) where interest is accounted on realization. Pending commencement of EMI, monthly interest is payable by the customer in the form of Pre Equated Monthly Instalments (PEMI) .

##### ii. Income from Current and Long-term Investments

Income from sale of shares of corporate bodies and units of mutual funds is accounted at the time of effecting the sales.



Handwritten signatures and initials, including a checkmark and the name "Mys d".





### iii. Income from Services

Processing and other fee income is recognized on accrual basis, if there are no uncertainties with regard to realization of the same.

### iv. Income on Fixed Deposits

Interest income on Fixed deposits/margin money, is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### v. Commission Income

Income from Commission includes sharing of margin with the Authorized Dealers on the foreign exchange business, income on sourcing of fixed deposits / home loan to customers to Associate Companies from the Company's agreements references and is recognized in accordance with the terms of the relevant agreements.

## 1.06 Investments

Investments intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

Current Investments are carried at lower of cost and fair value determined on an individual investment basis.

Long term investments are stated at cost. Provision is made for diminution, other than temporary, in the value of investments.

## 1.07 Fixed Assets

### i. Tangible:

Fixed Assets are stated at Cost of acquisition less accumulated depreciation / amortization and Impairment loss, if any.

### ii. Intangible:

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses if any.

## 1.08 Depreciation

### a) Tangible Assets

Depreciation is provided for on straight line basis over the estimated useful life of the fixed asset as assessed by the management or as per schedule II to the Companies Act, 2013, whichever is lower. The same are as under:

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

### b) Intangible Assets

Intangible assets are amortized over their estimated useful life as under:

Software is amortized over the period of three years on straight-line method.

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

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

## 1.09 Borrowing Costs

Borrowing Costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of cost of the asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.



*Handwritten signature*



#### 1.10 Income Tax

Provision for current income tax is made on the taxable income using the applicable tax rates and tax laws.

Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognized using the tax rates and tax laws that have been enacted or substantially enacted. Deferred tax assets are not recognized unless there is reasonable evidence with respect to the reversal of the same in future years. Deferred tax assets arising from the timing differences on account of carry forward of losses and unabsorbed depreciation are recognized to the extent there are virtual certainties that they would be realized in future. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The company reviews the same at each balance sheet date and writes down the carrying amount of Mat Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

#### 1.11 Earning Per Share

The earnings per share has been computed in accordance with Accounting Standards (AS – 20) on, "Earnings Per Share" and is also shown in the Statement of Profit & Loss.

#### 1.12 Employee benefits

##### i) Provident Fund

The company's contribution paid/payable during the year towards Provident Fund is charged to statement of profit and loss every year.

##### ii) Gratuity & Compensated Absences

The Company's liability towards gratuity and compensated absences is determined on the basis of actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognized immediately in the Statement of Profit and Loss as an income or expense.

#### 1.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, cheques on hand, remittances in transit.

#### 1.14 Leases

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

#### 1.15 Provisions

Provisions include provisions for non-performing assets and contingencies. Provisions for non-performing assets comprising of education loans are made based on prudential norms issued by Reserve Bank of India.

Provisions for contingencies is made in respect of Standard Assets comprising of Education Loans based on the Guidelines issued by Reserve Bank of India.

*Handwritten signatures and initials*





2.01 SHARE CAPITAL

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
<b>AUTHORISED SHARES</b>		
60,000,000 (60,000,000) Equity Shares of Rs.10 each	600,000,000	600,000,000
	600,000,000	600,000,000
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP SHARES</b>		
2,52,07,314 (1,63,46,150) Equity Shares of Rs.10 each	252,073,140	163,461,500
<b>TOTAL ISSUED, SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL</b>	252,073,140	163,461,500

2.01 (a). Reconciliation of number of shares outstanding at the beginning and at the end of reporting period

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Opening Share<sup>0</sup></b>		
Equity Face Value Rs. 10 fully paid up	16,346,150	3,451,178
<b>Issued during the year</b>		
<b>Equity</b>		
a) Subscription	8,861,164	12,894,972
<b>Closing Shares as on March 31, 2014</b>		
Equity Face Value Rs. 10 fully paid up	25,207,314	16,346,150

2.01 (b). Rights, Preferences and Restrictions

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.01 (c). List of Shareholders holding more than 5% shares

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Dewan Housing Finance Corporation Ltd	12,197,522	48.39	7,927,883	48.50
Wadhawan Global Capital Private Limited	9,532,954	37.82	5,059,493	30.95
International Finance Corporation Limited	3,269,230	12.97	3,269,230	20.00

*K. B. S. R. Chaudhary*



2.02 RESERVES AND SURPLUS

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
<b>General Reserve</b>	14,000	14,000
Add: Amount transferred from surplus balance in statement of profit and loss	-	-
Less: Amount utilized during the year	-	-
	<b>14,000</b>	<b>14,000</b>
<b>Securities Premium Account</b>	453,992,460	80,038,272
Opening balance	319,001,904	373,954,188
Add: Premium received on shares issued during the year	-	-
Closing Balance	<b>772,984,364</b>	<b>453,992,460</b>
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Balance as per the last financial statement	(53,825,557)	(6,807,936)
Less: Net Loss for the year	(49,554,772)	(47,017,621)
Less: Appropriations	-	-
Transfer to Special Reserve	-	-
Total Appropriations	-	-
<b>Net Surplus/(Deficit) in the statement of profit and loss</b>	<b>(103,380,329)</b>	<b>(53,825,557)</b>
<b>Total reserves and surplus</b>	<b>669,628,035</b>	<b>400,180,903</b>

2.03 LONG TERM BORROWINGS

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Term loan from banks (Refer note below)	1,493,750,000	-
<b>Total</b>	<b>1,493,750,000</b>	<b>-</b>

Maturity profile of loans From Banks	Amount outstanding		Repayment terms
	As at March 31, 2015	As at March 31, 2014	
Term Loans	225,000,000	-	Rs 22,50,00,000 is repayable in quarterly installments of Rs 1,25,00,000 commencing from May 2015. Repayment of Rs 2,50,00,000 has been
Term Loans	50,000,000	-	Rs 5,00,00,000 is repayable in quarterly installments of Rs 25,00,000 commencing from October 2016.
Term Loans	250,000,000	-	Rs 25,00,00,000 is repayable in quarterly installments of Rs 1,25,00,000 commencing from November 2016.
Term Loans	250,000,000	-	Rs 25,00,00,000 is repayable in quarterly installments of Rs 1,25,00,000 commencing from January 2017.
Term Loans	100,000,000	-	Rs 10,00,00,000 is repayable in quarterly installments of Rs 50,00,000 commencing from June 2016.
Term Loans	150,000,000	-	Rs 15,00,00,000 is repayable in quarterly installments of Rs 75,00,000 commencing from April 2017.
Term Loans	250,000,000	-	Rs 25,00,00,000 is repayable in quarterly installments of Rs 1,56,25,000 commencing from November 2015.
Term Loans	100,000,000	-	Rs 10,00,00,000 is repayable in quarterly installments of Rs 50,00,000 commencing from May 2017.
Term Loans	50,000,000	-	Rs 5,00,00,000 is repayable in quarterly installments of Rs 25,00,000 commencing from May 2017.
Term Loans	150,000,000	-	Rs 15,00,00,000 is repayable in quarterly installments of Rs 75,00,000 commencing from March 2017.

Maturity profile of term loans from	2015-16	2016-17	2017-18	2018-19
Banks	81,750,000	182,500,000	332,500,000	2,500,000
Secured				

Secured by first charge by way of hypothecation of education loan receivables of the Company's underlying portfolio of education loans.



Handwritten signatures and initials.



## 2.04 LONG TERM PROVISIONS

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
<b>Provision for employee benefits</b>		
(a) Gratuity	1,574,121	952,802
(b) Compensated absences (Refer Note 2.24)	3,904,323	1,806,976
<b>Others</b>		
Contingent provisions against standard assets	5,991,171	1,245,636
<b>Total</b>	<b>11,469,615</b>	<b>4,008,414</b>

## 2.05 OTHER LONG TERM LIABILITIES

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Instalments on education loans received in advance (Including interest received in advance Rs.82,63,903/-) (Previous year 3,77,526/-)	9,126,124	177,526
<b>Total</b>	<b>9,126,124</b>	<b>177,526</b>

## 2.06 SHORT TERM BORROWINGS

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Commercial papers-Unsecured	245,996,750	-
<b>Total</b>	<b>245,996,750</b>	<b>-</b>

## 2.07 TRADE PAYABLES

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
Trade payables other than acceptances (a) Payable to vendors for expenses	1,014,851	2,247,021
<b>Total</b>	<b>1,014,851</b>	<b>2,247,021</b>

## 2.08 OTHER CURRENT LIABILITIES

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
Current maturities of long term borrowings Term loans from banks - Unsecured	81,250,000	-
Interest accrued and due on borrowing	6,785,927	-
Interest accrued but not due on borrowing	2,929,404	-
Instalments on education loans received in advance (Including interest received in advance Rs.21,95,907/-) (Previous Year 7,98,937)	2,571,003	798,937
Statutory Remittances (contributions to PF, Profession tax etc)	2,164,078	1,543,677
Provision for expenses	20,930,668	8,127,865
<b>Total</b>	<b>116,631,080</b>	<b>10,470,479</b>



9/12/15 R.V. (M) d



2.09 SHORT TERM PROVISIONS

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Provision for employee benefits		
Gratuity	88,325	4,572
Compensated absences	512,902	9,432
<b>Total</b>	<b>601,227</b>	<b>14,004</b>

2.11 DEFERRED TAX ASSETS (NET)

The component of Deferred Tax Assets (net) is as under:

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
<b>Deferred Tax Liability</b>		
Depreciation	-	127,577
<b>Total Deferred tax liability (Gross) (A)</b>	<b>-</b>	<b>127,577</b>
<b>Deferred Tax Asset</b>		
Depreciation	35,283	-
Provision of standard assets	1,616,258	409,120
Impact of expenditure charged to statement of profit and loss in the current year but allowed for tax purpose on payment basis	5,720,280	2,100,358
Deferred tax assets on account of carry forward business loss (refer footnote)	19,927,564	13,076,569
<b>Total Deferred tax asset (Gross) (B)</b>	<b>27,299,386</b>	<b>15,582,047</b>
In absence of reasonable certainty regarding availability of sufficient future taxable income, the recognition of Deferred Tax Asset has been restricted to the extent of closing Deferred tax liability		
<b>Closing Deferred Tax Asset (Net)</b>	<b>-</b>	<b>-</b>

2.12 LONG-TERM LOANS AND ADVANCES

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
<b>Secured, considered Good</b>		
Education Loan	1,514,695,935	319,397,806
Secured by		
(a) Immovable property		
(b) Fixed Deposits		
(c) Life Insurance Policies		
<b>Unsecured, considered Good</b>		
Education Loan	772,671,345	346,221,818
Security Deposits	4,236,820	1,363,620
Taxes paid	2,254,802	1,284,332
Prepaid expenses	9,550,288	-
<b>Total</b>	<b>2,303,409,190</b>	<b>468,267,576</b>





## 2.13 CASH AND CASH EQUIVALENTS

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
Cash and cash equivalent		
(a) Cash on hand	6,397	59,057
(b) Balances with banks		
In Fixed Deposits	1,000,000	
In Current accounts	373,000,454	70,857,814
<b>Total</b>	<b>374,006,851</b>	<b>70,916,871</b>

## 2.14 SHORT TERM LOANS AND ADVANCES

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Secured, considered Good		
Education Loan	46,448,244	13,917,930
Secured by		
(a) Immovable property		
(b) Fixed Deposits		
(c) Life Insurance Policies		
(b) Unsecured, considered Good		
Education Loan	58,333,502	19,459,668
Others		
(i) Loan and advance to employees		58,838
(ii) Other loans and advances	1,893,896	320,497
Service tax input credit receivable	403,873	447,636
Prepaid Expenses	3,172,138	576,221
<b>Total</b>	<b>110,251,633</b>	<b>34,780,770</b>

## 2.15 OTHER CURRENT ASSETS

PARTICULARS	As at March 31, 2015	As at March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Interest accrued but not due	4,339,440	457,246
(b) Commission Receivable	1,768,091	755,878
<b>Total</b>	<b>6,087,531</b>	<b>1,193,124</b>



✓ *[Handwritten signature]*



## 2.10 FIXED ASSETS

Particulars	Gross Block				Accumulated depreciation / amortization			Net Block		
	Opening balance as at April 1, 2014	Additions	Deletions	Closing balance as at March 31, 2015	Opening balance as at April 1, 2014	Depreciation/ Amortization for the period *	Deletions	Closing balance as at March 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>TANGIBLE ASSETS</b>										
Leasehold Improvement	793,529	416,757	-	1,210,286	203,924	283,135	-	487,059	723,227	589,605
Computers and Computer Hardware	3,120,289	1,362,938	-	4,483,227	685,557	1,357,708	-	2,043,265	2,439,962	2,434,732
Office Equipment	1,715,239	625,970	83,130	2,258,079	208,722	485,319	11,821	682,220	1,575,859	1,506,517
Furniture & Fixtures	332,203	317,530	-	649,733	35,732	300,212	-	335,944	313,789	296,471
<b>TOTAL (A)</b>	<b>5,961,260</b>	<b>2,723,195</b>	<b>83,130</b>	<b>8,601,325</b>	<b>1,133,935</b>	<b>2,426,374</b>	<b>11,821</b>	<b>3,548,488</b>	<b>5,052,837</b>	<b>4,827,325</b>
<b>INTANGIBLE ASSETS</b>										
Software	924,750	1,144,994	-	2,069,744	150,569	436,395	-	586,964	1,482,780	774,181
<b>TOTAL (B)</b>	<b>924,750</b>	<b>1,144,994</b>	<b>-</b>	<b>2,069,744</b>	<b>150,569</b>	<b>436,395</b>	<b>-</b>	<b>586,964</b>	<b>1,482,780</b>	<b>774,181</b>
<b>Total (A+B)</b>	<b>6,886,010</b>	<b>3,868,189</b>	<b>83,130</b>	<b>10,671,069</b>	<b>1,284,504</b>	<b>2,862,769</b>	<b>11,821</b>	<b>4,135,452</b>	<b>6,535,617</b>	<b>5,601,506</b>
<b>Previous Year</b>	<b>1,990,721</b>	<b>4,895,289</b>	<b>-</b>	<b>6,886,010</b>	<b>118,137</b>	<b>1,166,367</b>	<b>-</b>	<b>1,284,504</b>	<b>5,601,506</b>	<b>-</b>

\* Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing from April 1, 2014 the Company has, wherever required, realigned the remaining useful lives of its fixed assets in accordance with the provisions prescribed under Schedule II to the Act. If the Company had continued with the previously assessed useful lives, change for depreciation for the year ended March 31, 2015 would have been lower by Rs.2,25,406/- and loss for the year would have been lower by Rs. 2,25,406/-. The details of previously applied depreciation method, rates / useful life are as follows:

Asset	Previous depreciation rate / useful life	Revised useful life based on SLM
Office Equipment	10% / -10 years	5 years

Pursuant to "AS28 - Impairment of Asset" issued by the central Government under the Companies (Accounting Standard) Rule 2006 for determining impairment in carrying amount of fixed asset, the companies has concluded that since recoverable amount of fixed asset is not less than its carrying amount, therefore, no provision for impairment is required in respect of fixed assets owned by the company.



*[Handwritten signature]*





## 2.16 REVENUE FROM OPERATIONS

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Interest Income	149,364,309	18,921,347
(b) Other financial services		
Processing fees	32,443,842	8,784,283
Bounce cheque charges	158,312	24,359
Prepayment charges	435,967	42,770
<b>Total</b>	<b>182,402,430</b>	<b>27,772,759</b>

## 2.17 OTHER INCOME

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Interest on FD	12,205	8,505,018
(b) Interest on Commercial Paper	-	3,799,800
(c) Forex Commission	7,941,764	3,246,423
(d) Profit on sale of investment	5,347,524	14,607,448
(e) Other Income	1,750,906	1,732,348
(f) Excess provision written back	352,613	-
<b>Total</b>	<b>15,405,012</b>	<b>31,891,037</b>

## 2.18 EMPLOYEE BENEFITS EXPENSE

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
	Amt. in Rs	Amt. in Rs
(a) Salaries, wages and bonus	70,840,899	45,232,072
(b) Contribution to provident fund and other funds	3,368,944	1,991,810
(c) Staff welfare expenses	735,820	781,287
<b>Total</b>	<b>74,945,663</b>	<b>48,005,169</b>

## 2.19 FINANCE COSTS

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
	Amt. in Rs	Amt. in Rs
Interest on Borrowings	72,513,247	
Processing fees	1,343,536	269,984
<b>Total</b>	<b>73,856,783</b>	<b>269,984</b>

*[Handwritten signature]*



2.20 OTHER OPERATING EXPENSES

PARTICULARS	For the Year ended	For the Year ended
	March 31, 2015	March 31, 2014
	Amt. in Rs	Amt. in Rs
Advertisement, Publicity and Business Promotion	35,360,783	23,759,569
Rent, Rates and Taxes	4,916,066	3,639,848
Bank Charges	68,912	258,868
Payment to Auditors (Refer details below)	500,000	404,280
Security Charges	678,543	671,475
Computer Consumables	44,076	181,181
Credit Underwriting charges	1,833,965	824,047
Rating Fees	1,725,000	1,200,000
Legal and professional fees	3,011,366	1,348,373
Office expenses	976,342	750,932
Brokerage Paid (Rent)	61,000	202,787
DSA commission	2,166,129	706,090
Registration charges	115,743	6,940
Other expenses	2,056,744	749,899
Outsourcing Charges	18,200,040	8,982,349
Service Tax Expense	4,088,328	1,948,018
Leaseline Expenses	909,087	788,313
Electricity & Water Charges	1,787,772	1,349,963
Telephone Expenses	1,444,060	1,106,450
Insurance Premium	1,016,161	383,413
Printing and stationery expenses	1,448,457	1,015,237
Stamp Duty	533,996	797,708
Housekeeping Expenses	620,739	570,666
Business Sourcing Expenses	3,856,520	1,783,970
Travelling and conveyance	3,534,635	2,560,885
<b>Total</b>	<b>90,954,464</b>	<b>55,991,261</b>

Payment to Auditors (net of service tax input credit)	For the Year ended	For the Year ended
	March 31, 2015	March 31, 2014
	Amt. in Rs	Amt. in Rs
Statutory Audit Fees	425,000	350,000
Tax Audit Fees	75,000	50,000
Reimbursement of expenses	-	4,280
<b>Total</b>	<b>500,000</b>	<b>404,280</b>



*[Handwritten signatures and initials]*



**2.21 Disclosure required under Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets":**

The movement in Contingent Provision against Standard Assets during the year is as under:

Particulars	As at April 1, 2014 (Amt in Rs)	Additional Provision (Amt in Rs)	Utilization / Reversal (Amt in Rs)	As at March 31, 2015 (Amt in Rs)
Contingent Provisions against Standard Assets	1,248,636	4,742,535	-	5,991,171

In terms of the RBI Notification No.DNBS.223/CGM/US-2011 dated January 17, 2011, during the year the Company has made Contingent Provisions against Standard Assets of Rs. 47,42,535 (Previous Year - Rs. 12,48,636/-) to carry a general provision at the rate of 0.25% of the outstanding Standard Assets as on 31st March 2015.

**2.22 EARNINGS PER SHARE**

PARTICULARS	For the Year ended March 31, 2015	For the Year ended March 31, 2014
Profit for the year after taxation (Rs)	(49,554,772)	(47,017,621)
Profit available for Equity shareholders (Rs)	(49,554,772)	(47,017,621)
Weighted average number of Equity Shares outstanding during the year	16,394,704	12,530,651
Basic Earning per Share (Rs)	(3.02)	(3.75)
Diluted Earning per Share (Rs)	(3.02)	(3.75)
Face value of equity share (Rs)	10.00	10.00

**2.25 LEASE OBLIGATIONS**

In accordance with the Accounting Standard 19-"Leases" notified under the Companies (Accounting Standards) Rules 2006, details of future lease payments under non cancellable operating lease are as under:

The lease agreements provide for an increase in the lease payments by 5%

PARTICULARS	For the Year ended March 31, 2015 Amt. in Rs	For the Year ended March 31, 2014 Amt. in Rs
Lease payments recognized in the Statement of Profit and Loss	2,528,116	1,235,478
The total future minimum lease payments under non cancellable operating leases for each of the following periods:		
1) Not later than one year	2,907,506	2,061,738
2) Later than one year and not later than five years:	2,277,830	3,091,212

**2.26 CONTINGENT LIABILITIES AND COMMITMENTS**

PARTICULARS	For the Year ended March 31, 2015 Amt. in Rs	For the Year ended March 31, 2014 Amt. in Rs
Estimated amount of contracts remaining unexecuted on capital account and not provided for (Net of Capital Advances)		374,871

**2.27 MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006**

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2014. This information as required to be disclosed under 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.

**2.28 SEGMENT REPORTING**

The Company operates in only one segment namely "Education Loans" hence there are no reportable segments under Accounting Standard 17 "Segment Reporting"

**2.29 Capital To Risk Assets Ratio (CRAR)**

Items	2014-15	2013-14
CRAR (%)	37.94	108.76
CRAR - Tier I capital (%)	37.69	108.52
CRAR - Tier II capital (%)	0.25	0.25

2.30 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure

✓ *[Handwritten Signature]*



2.23 RELATED PARTY DISCLOSURES

Related party disclosures, as required by Accounting Standard 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are given below:

Nature of Relationship		Related Party
Associate companies with whom transactions are entered during the year		1) Dwan Housing Finance Corporation Limited 2) DHFL Pramerica Life Insurance Company Limited 3) DHFL Sales & Services Limited 4) Wadhwan Sports Pvt Ltd 5) Casablanca Hospitality Pvt Ltd
Key Management Personnel		Neeraj Saxena Koustubh Shaha Ranabir Sanyal

Sr. No.	Transactions	Associate					Key Management Personnel (KMP)
		Dwan Housing Finance Corporation Limited	DHFL Pramerica Life Insurance Company Limited	DHFL Sales & Services Limited	Wadhwan Sports Pvt Ltd	Casablanca Hospitality Pvt Ltd	
1	Reimbursement of expenses For the period 14-15 For the period 13-14	3,169,176 2,302,180	- -	18,091,262 8,721,914	2,224,991 -	- -	- -
2	Salaries & Allowances For the period 14-15 For the period 13-14	- -	- -	- -	- -	3,100,000 -	11,589,649 7,932,929
3	Boat paid (exclusive of service tax) For the period 14-15 For the period 13-14	2,425,368 -	- -	- -	- -	- -	- -
4	Insurance premium paid for employees For the period 14-15 For the period 13-14	- -	228,067 1,43,804	- -	- -	- -	- -
5	Consulting fees (exclusive of service tax) For the period 14-15 For the period 13-14	553,621 76,830	- -	- -	- -	- -	- -
6	Deposits given For the period 14-15 For the period 13-14	- -	- -	1,500,000 -	- -	- -	- -
7	Commission/Fees income For the period 14-15 For the period 13-14	1,669,968 662,520	- -	- -	- -	- -	- -
8	Leave encumbrance liability transfer (Refer note 2.24) For the period 14-15 For the period 13-14	477,709 2,726,289	- -	- -	- -	- -	- -
9	Gratuity liability transfer (Refer note 2.24) For the period 14-15 For the period 13-14	712,133 1,145,256	- -	- -	- -	- -	- -
10	Pay the period 14-15 For the period 13-14	- -	30,922,353 2,461,119	- -	- -	- -	- -
11	Intercompany deposit including advance For the period 14-15 For the period 13-14	256,537,877 -	- -	- -	- -	- -	- -
<b>Balance as at</b>							
	Security Deposit For the period 14-15 For the period 13-14	- -	209,000 200,000	1,500,000 -	- -	- -	- -

Note:- Considering the confidentiality of the salaries and allowances, the figures of all the key managerial personnel has been clubbed

*(Handwritten Signature)*





## 2.24 EMPLOYEE BENEFITS

The company has an obligation towards gratuity, a non funded defined benefit plan covering eligible employees. Vesting occurs upon completion of five years of service. Details of the unfunded post retirement benefit plans for its employees are given below which is as certified by the actuary and relied upon by the auditors. At the beginning of FY 2014-15, some employees were transferred from Dewan Housing Finance Limited (DHFL), an associate company, to Company and hence gratuity as per DHFL books were transferred to the Company. The Company has received payment there against. The actuarial valuation of gratuity as on 31st March 2015, was lesser than the amount transferred from DHFL, and hence an amount of Rs. 17,061/- has been recognized under other income.

Details of defined benefit plan- As per Actuarial Valuation

PARTICULARS		For the Year ended March 31, 2015	For the Year ended March 31, 2014
I	<b>Assumptions</b>		
	Interest discount rate	8.00%	8.00%
	Rate of increase in compensation	3.00%	6.00%
	Employee attrition rate	3.00%	0.09%
II	<b>Changes in present value of obligations (PVO)</b>		
	PVO at the beginning of the period	957,374	-
	Interest cost	76,590	-
	Current Service Cost (Rs)	595,823	373,050
	Past Service Cost - (non vested benefits)	-	-
	Past Service Cost - (vested benefits)	-	-
	Actuarial (Gain)/Loss on obligation (Rs)	32,659	584,324
	PVO at the end of period (Rs)	1,662,446	957,374
III	<b>Changes in fair value of plan assets</b>		
	Fair value of Plan Assets at beginning of period	-	-
	Expected return on Plan Assets	-	-
	Contributions	-	-
	Benefits paid	-	-
	Actuarial Gain (loss) on plan assets	-	-
	Fair value of Plan Assets at beginning of period	-	-
IV	<b>Fair Value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the period	-	-
	Actual return on Plan assets	-	-
	Contributions	-	-
	Benefits paid	-	-
	Fair value of plan assets at the end of the period	-	-
	Funded status (including unrecognized past service cost) (Rs)	(1,662,446)	(957,374)
	Excess of actual over estimated return on Plan Assets	-	-
V	<b>Experience History</b>		
	(Gain)/Loss on obligation due to change in Assumption	(64,808)	-
	Experience (Gain)/Loss on obligation (Rs)	97,467	584,324
	Actuarial Gain/ (Loss) on plan assets	-	-
VI	<b>Actuarial Gain/(Loss) recognized</b>		
	Actuarial Gain/(Loss) for the period (obligation) (Rs)	(32,659)	(584,324)
	Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
	Total Gain/(Loss) recognized for the period (Rs)	(32,659)	(584,324)
	Actuarial Gain/(Loss) for the period (Rs)	(32,659)	(584,324)
VII	<b>Amounts to be recognized in the balance sheet and statement of profit and loss account</b>		
	PVO at end of period (Rs)	1,662,046	957,374
	Fair value of plan assets at end of period	-	-
	Funded status (Rs)	(1,662,446)	(957,374)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Unrecognized Past Service costs-non vested benefits	-	-
VIII	<b>Expense recognized in the statement of profit and loss account</b>		
	Current Service Cost (Rs)	595,823	373,050
	Interest cost	76,590	-
	Past Service Cost - (non vested benefits)	-	-
	Past Service Cost - (vested benefits)	-	-
	Unrecognized Past Service costs-non vested benefits	-	-
	Expected return on plan assets	-	-
	Net Actuarial (Gain)/Loss recognized for the period (Rs)	32,659	584,324
	Expense recognized in the statement of P & L Ac (Rs)	705,072	957,374
IX	<b>Movements in the Liability recognized in Balance Sheet</b>		
	Opening Net Liability	957,374	-
	Expenses as above (Rs)	705,072	957,374
	Contribution paid	-	-
	Closing Net Liability (Rs)	1,662,446	957,374



**2.31. Schedule to Balance Sheet of a non deposit taking non banking financial company  
as required in terms of paragraph 15 of Non Banking Financial (Non Deposit Accepting or Holding)  
Companies Prudential Norms (Reserve Bank) Directions,2007)**

For the year ended 31.03,2015

(Rs in lakhs)

Particulars		
Liabilities Side		
	Amount Outstanding	Amount Overdue
<b>1 Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid</b>		
(a) Debentures Secured	-	-
Unsecured	-	-
(Other than falling within the meaning of public deposits)	-	-
(b) Deferred credits	-	-
(c) Term Loans	15,750.00	-
(d) Inter corporate loans and borrowing	-	-
(e) Commercial paper	2,459.97	-
(f) Other loans (specify nature)	-	-
<b>Assets side</b>		
<b>2 Break up of Loans and advances including bills receivables (other than those included in (4) below)</b>		<b>Amount Outstanding</b>
(a) Secured		15,611.44
(b) Unsecured		8,310.05
<b>3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:</b>		
<b>Current Investments :</b>		
<b>(i) Lease assets including lease rentals under sundry debtors</b>		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
<b>(ii) Stock on hire including hire charges under sundry debtors</b>		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
<b>(iii) Other loans counting towards AFC activities</b>		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
<b>4 Break up of Investments</b>		
<b>Current Investments :</b>		
<b>1 Quoted</b>		
(i) Shares : (a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(v) Others (Please specify)		-
<b>Total</b>		-
<b>2 Unquoted</b>		
(i) Shares : (a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of Mutual Funds		-
(iv) Government Securities		-
(v) Others (Please specify)		-
<b>Total</b>		-

*Handwritten signature and initials*





<b>Long Term Investments</b>	
<b>1 Quoted</b>	
(i) Shares : (a)Equity	-
(b)Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
<b>Total</b>	-
<b>2 Unquoted</b>	
(i) Shares : (a)Equity	-
(b)Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
<b>Total</b>	-
<b>Grand Total</b>	-

<b>5 Borrower group wise classification of assets financed as in (2) and (3) above:</b>			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related parties			
(a) Subsidiaries			
(b) Companies in the same group			
(b) Other Related parties			
2 Other than related parties	15,611.44	8,310.05	23,921.49
<b>Total</b>	<b>15,611.44</b>	<b>8,310.05</b>	<b>23,921.49</b>

<b>6 Investment group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)</b>		
Category	Amount net of provisions	
	Market value / break up or fair value of NAV	Book Value (Net of Provisions)
1 Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(b) Other Related parties	-	-
2 Other than related parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

<b>7 Other Information</b>	
Particulars	Amount
(i) Gross Non Performing Assets	
(a) Related parties	-
(a) Other than related parties	-
(b) Other Related parties	-
(ii) Net Non Performing Assets	
(a) Related parties	-
(a) Other than related parties	-
(b) Assets acquired in satisfaction of debt	-

Signatories to Notes to Accounts 1 to 2.31

As per our report of even date attached herewith

For T R Chadha & Co  
Chartered Accountants

Kashyap Vaidya  
Partner  
Membership No. : 37623

Place: Mumbai  
Date :



For  
Avanse Financial Services Ltd

Kapil Wadhawan  
Director

Neeraj Saxena  
Chief Executive Officer

Mahendra Chouhan  
Director

Anoop Pabby  
Director

Koustubh Shaha  
Chief Financial Officer

R. Sanjayal  
Company Secretary

