

***AVANSE FINANCIAL SERVICES LTD***

***Annual Report - 2015 - 16***

## **CORPORATE INFORMATION**

### ***Board of Directors***

Kapil Wadhawan	Chairman
Anoop Pabby	Non Executive Director
Mahendra Kumar Chouhan	Independent Director
Suresh Mahalingam	Additional Director (w.e.f. 19.10.2015)
Aruna Wadhawan	Additional Director (w.e.f. 03.03.2016)
Ashok Malik	Additional Director (w.e.f. 15.07.2016)

### ***Key Managerial Personnel***

Neeraj Saxena	Chief Executive Officer & Manager
Koustubh Shaha	Chief Financial Officer
Rakesh Dhanuka	Company Secretary (w.e.f. 15.07.2016)

### ***Statutory Auditors***

M/s. T. R. Chadha & Co.  
Chartered Accountants  
Mumbai

### ***Bankers***

Axis Bank	State Bank of Hyderabad
Bank of India	Syndicate Bank
Bank of Maharashtra	Union Bank of India
IndusInd Bank	HDFC Bank
The South Indian Bank Ltd	Vijaya Bank
State Bank of India	Yes Bank

### ***Registrar and Share Transfer Agent***

#### ***For Equity:***

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (W)  
Mumbai - 400 078

#### ***For Debentures:***

System Support Services  
209, Shivam Industrial Estate  
Andheri Kurla Road, Sakinaka  
Andheri (E), Mumbai - 400 072

### ***Registered & Corporate Office***

Ground Floor, Madhava Building  
Near Family Court  
Bandra Kurla Complex  
Bandra (E), Mumbai - 400 052

## NOTICE

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of Avanse Financial Services Limited will be held on Friday, September 16, 2016 at 11:00 AM at the Registered Office of the Company at Ground Floor, Madhava Building, Near Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company as at March 31, 2016 together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Kapil Wadhawan (DIN 00028528) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors of the Company.

To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution;

**“RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder as amended from time to time, M/s. T. R. Chaddha & Co LLP (Registration No. 006711N/N500028) be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at remuneration of ₹ 7,75,000.”

### Special Business

4. Appointment of Smt. Aruna Wadhawan (DIN 00103372) as Non Executive Director of the Company.

To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, as amended from time to time, Smt. Aruna Wadhawan (DIN 00103372) who was appointed as Additional Director of the Company by the Board of Directors with effect from March 3, 2016 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice alongwith requisite deposit pursuant to Section 160 of the said Act proposing her candidature for the office of Director, be and is hereby appointed as Non Executive Director of the Company, liable to retire by rotation.”

5. Appointment of Mr. Suresh Mahalingam (DIN 01781730) as Non Executive Director of the Company.

To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, as amended from time to time, Mr. Suresh Mahalingam (DIN 01781730) who was appointed as Additional Director of the Company by the Board of Directors with effect from October 19, 2015 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice alongwith requisite deposit pursuant to Section 160 of the said Act proposing his candidature for the office of Director, be and is hereby appointed as Non Executive Director of the Company, liable to retire by rotation.”

6. Appointment of Mr. Ashok Malik (07075819) as an Independent Director of the Company.

To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder read with Schedule IV to the said Act, as amended from time to time, Mr. Ashok Malik (DIN 07075819) who was appointed as Additional Director of the Company by the Board of Directors with effect from July 15, 2016 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice alongwith requisite deposit pursuant to Section 160 of the said Act proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company for a term of 5 (Five) consecutive years with effect from July 15, 2016, not liable to retire by rotation.”

7. Re-appointment of Mr. Mahendra Kumar Chouhan (DIN 00187253) as an Independent Director of the Company.

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

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder read with Schedule IV to the said Act, as amended from time to time, Mr. Mahendra Kumar Chouhan (DIN 00187253) be and is hereby re-appointed as Independent Director of the Company for another term of 3 (three) consecutive years with effect from September 19, 2016, not liable to retire by rotation.”

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

Rakesh Dhanuka  
Company Secretary

Place: Mumbai  
Date: July 15, 2016

**Registered Office:**

Gr. Floor, Madhava Building  
Near Family Court  
Bandra Kurla Complex  
Bandra (East)  
Mumbai – 400051.  
CIN No. U67120MH1992PLC068060  
Tel. No. +91 22 7111 2233  
Fax No. +91 22 7111 2234  
W: [www.avanse.com](http://www.avanse.com)

**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 person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10 % of the total share capital of the Company. In case a person is appointed as proxy by a member holding more than 10 % of the total share capital then such proxy shall not act as proxy for any other 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 representative to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing such representative to attend and vote on their behalf at the meeting.
3. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered Office of the Company on all the working days, except Saturdays, during business hours of the Company.
4. 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 Ltd

Rakesh Dhanuka  
Company Secretary

Place: Mumbai  
Date: July 15, 2016

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 4**

Smt. Aruna Wadhawan (DIN 00103372) was appointed as Additional Director of the Company by the Board of Directors with effect from March 3, 2016 pursuant to the provisions of Section 161 of the Companies Act, 2013. Smt. Aruna Wadhawan will hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice alongwith requisite deposit pursuant to the provision of Section 160 of the Companies Act, 2013 proposing the candidature of Smt. Aruna Wadhawan for the office of Director of the Company. Based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors recommends the appointment of Smt. Aruna Wadhawan as Non Executive Director of the Company.

Mr. Kapil Wadhawan who is her relative and Promoter & Non Executive Chairman of the Company, to the extent of its shareholding interest in the Company may be deemed to be concerned or interested in the appointment of Smt. Aruna Wadhawan.

Except the above, none of the Directors and Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution set out at Item No. 4 of the Notice.

The Board recommends the resolution set out at Item No. 4 for the approval of the Members.

### **Item No. 5**

Mr. Suresh Mahalingam (DIN 01781730) was appointed as Additional Director of the Company by the Board of Directors with effect from October 19, 2015 pursuant to the provisions of Section 161 of the Companies Act, 2013. Mr. Suresh Mahalingam will hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice alongwith requisite deposit pursuant to the provision of Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Suresh Mahalingam for the office of Director of the Company. Based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors recommends the appointment of Mr. Suresh Mahalingam as Non Executive Director of the Company.

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

The Board recommends the resolution set out at Item No. 5 for the approval of the Members.

### **Item No. 6**

Mr. Ashok Malik (DIN 07075819) was appointed as Additional Director of the Company by the Board of Directors with effect from July 15, 2016 pursuant to the provisions of Section 161 of the Companies Act, 2013. Mr. Ashok Malik will hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice alongwith requisite deposit pursuant to the provision of Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Ashok Malik for the office of Director of the Company. Based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board recommends the appointment of Mr. Ashok Malik as Independent Director of the Company for a term of 5 (Five) consecutive years.

The Company has received a declaration from Mr. Ashok Malik that he meets the criteria of Independence as prescribed under the provisions of the Companies Act, 2013. In the opinion of the Board, Mr. Malik fulfils the conditions specified in the Companies Act, 2013 for the appointment as an Independent Director.

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

The Board recommends the resolution set out at Item No. 6 for the approval of the Members.

**Item No. 7**

Mr. Mahendra Kumar Chouhan (DIN 00187253) was appointed as Independent Director of the Company at the Annual General Meeting held on September 19, 2014 for a term of two consecutive years from the said date. The first term of Mr. Chouhan will expire on September 18, 2016. Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, approval of the shareholders by way of passing a special resolution is required for re-appointment of Independent Director for the second term. Based on the performance evaluation and the recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors recommend the re-appointment of Mr. Mahendra Kumar Chouhan as an Independent Director of the Company for another term of 3 (three) consecutive years.

The Company has received a declaration from Mr. Mahendra Kumar Chouhan that he meets the criteria of Independence as prescribed under the provisions of the Companies Act, 2013. In the opinion of the Board, Mr. Chouhan fulfils the conditions specified in the Companies Act, 2013 for the appointment as an Independent Director.

None of the Directors and Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution set out at Item No. 7 of the Notice.

The Board commends the resolution set out at Item No. 7 for the approval of the Members.

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

Rakesh Dhanuka  
Company Secretary

Place: Mumbai  
Date: July 15, 2016

**Registered Office:**

Gr. Floor, Madhava Building  
Near Family Court  
Bandra Kurla Complex  
Bandra (East)  
Mumbai – 400051.  
CIN No. U67120MH1992PLC068060  
Tel. No. +91 22 7111 2233  
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W: [www.avanse.com](http://www.avanse.com)

**AVANSE FINANCIAL SERVICES LIMITED**

CIN No. U67120MH1992PLC068060

Registered Office: Ground Floor, Madhava Building, Near Family Court, BK C, Bandra (East) Mumbai 51.

Website: [www.avanse.com](http://www.avanse.com) Tel: 022 7111 2233 Fax: 022 7111 2234

**Proxy Form**

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

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Folio No. Client Id: \_\_\_\_\_ DP Id: \_\_\_\_\_

I/We, being the member(s) of Avanse Financial Services Ltd holding \_\_\_\_\_ equity shares, hereby appoint;

1) Name: \_\_\_\_\_ Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him

2) Name: \_\_\_\_\_ Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Friday, September 16, 2016 at 11:00 am at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution
1	To receive, consider and adopt the Audited Financial Statements of the Company as at March 31, 2016 together with the Directors' Report and the Auditors' Report thereon.
2	To appoint a Director in place of Mr. Kapil Wadhawan (DIN 00028528) who retires by rotation and, being eligible, offers himself for re-appointment.
3	To appoint Statutory Auditors of the Company.
4	Appointment of Smt. Aruna Wadhawan (DIN 00103372) as Non Executive Director of the Company.
5	Appointment of Mr. Suresh Mahalingam (DIN 01781730) as Non Executive Director of the Company.



6	Appointment of Mr. Ashok Malik (DIN 07075819) as Independent Director of the Company.
7	Re-appointment of Mr. Mahendra Kumar Chouhan (DIN 00187253) as Independent Director of the Company.

Signed this \_\_\_\_ day of \_\_\_\_\_, 2016

\_\_\_\_\_  
Signature of Shareholder

Affix  
Rs 1/-  
Revenue  
Stamp

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*Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting*

**AVANSE FINANCIAL SERVICES LIMITED**

CIN No. U67120MH1992PLC068060

Registered Office: Ground Floor, Madhava Building, Near Family Court, BKC, Bandra (East), Mumbai 51.

Website: [www.avanse.com](http://www.avanse.com) Tel: 022 7111 2233 Fax: 022 7111 2234

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**Attendance Slip**

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Company held on Friday, September 16, 2016 at 11:00 a.m. at the Registered Office of the Company at Ground Floor, Madhava Building, Near Family Court, BKC, Bandra (East) Mumbai - 51

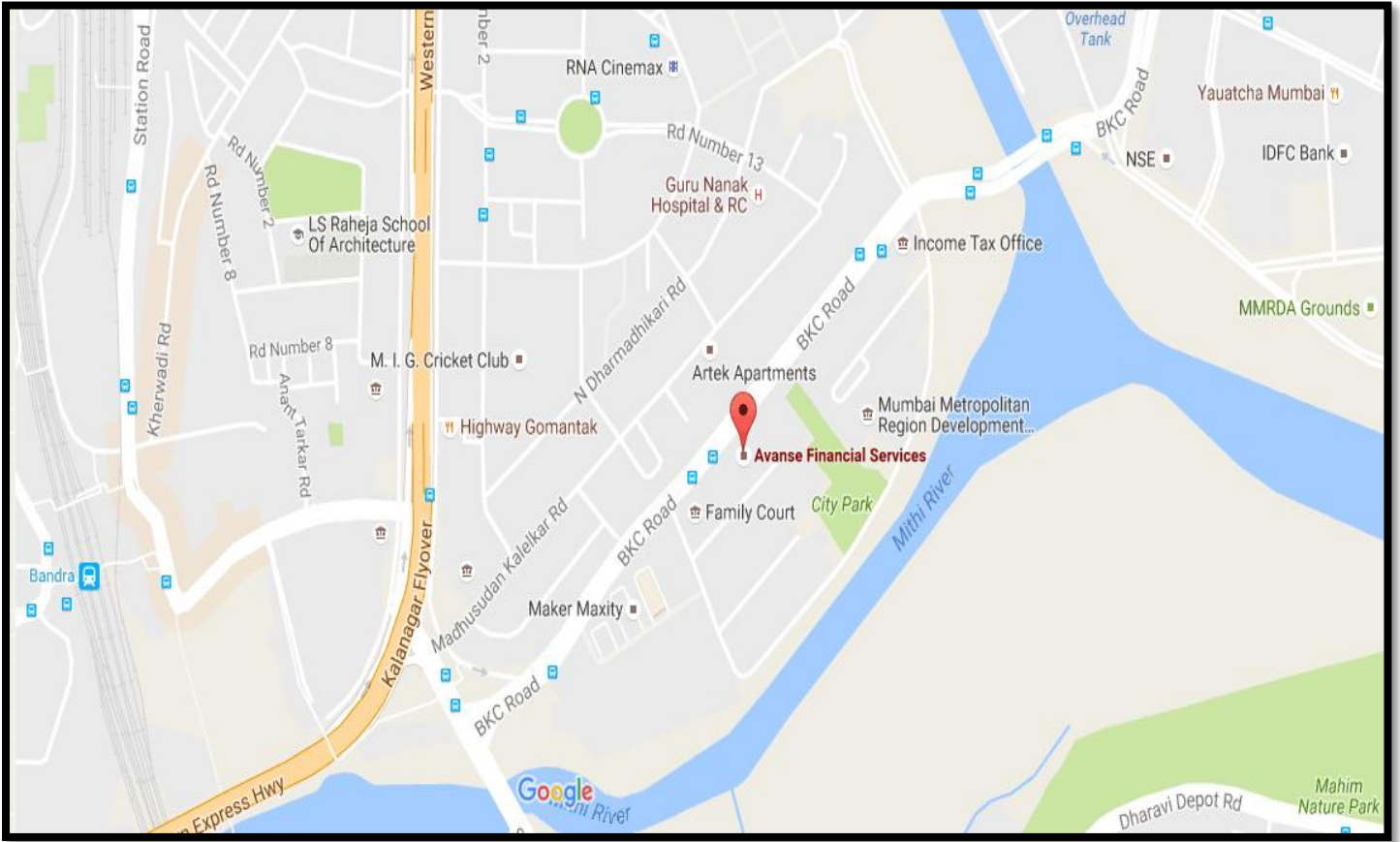
Full name of the Member (in BLOCK LETTERS) \_\_\_\_\_

Full name of the Proxy (in BLOCK LETTERS) \_\_\_\_\_

Folio No./ DP Id & Client Id: \_\_\_\_\_

Member's/ Proxy's Signature \_\_\_\_\_

**ROUTE MAP FOR THE VENUE OF THE 23<sup>RD</sup> AGM**



## Directors' Report

To,  
The Members,

Your Directors are pleased to present the Twenty Third Annual Report alongwith Audited Financial Statements for the Financial Year ended March 31, 2016.

### 1. Financial Performance of the Company

(₹ In Lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Gross Income	5,827.60	1,978.07
Profit Before Depreciation and Tax	295.48	(466.92)
Depreciation	37.33	28.63
Profit Before Tax	258.16	(495.55)
Provision for Tax	(9.84)	-
Profit / (Loss) After Tax	267.99	(495.55)

### 2. Dividend

In order to conserve resources for future, the Board has not recommended any dividend for the financial year 2015-16.

### 3. Review of Business Operations

During the year under review, the Company achieved a robust growth in terms of loan disbursement and total income. Company's Loan book as on March 31, 2016 was ₹ 530 Crores compared to ₹ 239 Crores in the last financial year registering a growth of 122%. The total income of the Company in the financial year under review was ₹ 58.27 Crores compared to ₹ 19.78 Crores in the previous year up by 195%. During the financial year ended March 31, 2016, your Company earned a net profit of ₹ 2.68 Crores compared to loss of ₹ 4.95 Crores in the last financial year. While achieving robust growth, the Company also maintained the quality of its portfolio with Gross Non Performing Loans at 0.05%.

### 4. Regulatory Guidelines

As per the RBI Directions, rules and regulations, NBFC having total assets of ₹ 500 Crores and above are categorised as "Systematically Important Non-Banking Financial Company". Your Company achieved this benchmark during the year under review and accordingly falls under the said category. The Company has complied with all the applicable Directions, Rules and Regulations prescribed by the RBI.

The Company's capital adequacy ratio (CAR) stood at 29.54% as at March 31, 2016. Tier I capital was 24.56 % and Tier II capital was 4.99 %.

## **5. Transfer to Reserve**

The Directors propose to transfer ₹ 0.54 crores as per section 45-IC of Reserve Bank of India Act, 1934 to the Special Reserve of the Company for the year ended March 31, 2016.

## **6. Business Scenario**

Your Company is into business of providing education loans to students for higher education in India and / or abroad and education infrastructure loan to educational institutes in India. The Company was conceived with the aim to fulfil the growing 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. The company's vision is to empower Indian youth in their quest for a better future by propelling their aspirations to a platform which provides the best access to quality education finance.

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. With India being the youngest nation in the world, Education will not only make our youths more competent, trained and skilled but it will also lay a foundation for our countries growth and prosperity.

Having made a mark in the student loans sector, your company has expanded into the institutional segment, with a vision to provide business loans to education providers and education-related businesses, from pre-schools, schools, colleges, universities, training and test prep centers to coaching classes. Your company's Education Infrastructure Loan book stood at Rs.77.66 crores as on March 31, 2016.

### ***Opportunity and Threat***

India holds an important place in the Global education industry. The country has more than 38,000 higher education institutes which include 68 institutions of national importance and over 700 universities making it one of the largest higher education markets in the world. India's Gross Enrolment Ratio (GER) is 23.6% which 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. However, still there is lot of potential for further development in the education system. The government aims to achieve a GER of 30% by year 2020, leading to addition of 7 -10 million seats in next 4-5 years.

Over the last two decades, India has remarkably transformed its higher education landscape. It has created widespread access to low-cost 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. Moreover, the massification of primary and secondary education has led to a massive jump in number of students aspiring to pursue higher education. As a result, India's higher education system

remains one of the largest in the world with a population of 70 million students to reckon with. The country has created additional capacity of over 40 million students in last two decades. As per RBI, the total outstanding loan of all banks was Rs. 68,200 crore as on March 31, 2015 and is expected to reach 1,32,500 crores by year 2020.

While, on one hand the cost of education has significantly increased in the last few years making it difficult for students to finance their education with their own funds, on the other hand the aspirations of Indian students and their parents have increased many folds where parents have become more open to leverage their assets for their children's education, thus making education finance companies a key enabler in empowering the youth with quality education.

As an education finance provider, the biggest threat that the company faces is from the macroeconomic factors of Indian economy and world economies. An economic downturn both in the world economies and in the Indian economy may impact the employment opportunities for students studying in those countries. The Company may also face competition from other new entrants and the existing players such Banks and other private players in the industry.

## **7. Credit Rating**

The Company's short-term borrowing program from CRISIL Limited was accorded the highest rating of "A1+". Further, the secured long-term borrowing programme was assigned a rating of AA + (SO) by CARE and Brickwork and its unsecured long term borrowing programme was assigned a rating of AA (SO) by CARE and AA+ (SO) by Brickwork. 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.

## **8. Sources of funds**

### **a) Term Loans from Bank**

During the year under review your Company received sanctions for term loans of ₹ 221 Crores from 6 Banks, of which the Company availed loans of ₹ 161 Crores. The outstanding term loan as on March 31, 2016 was ₹ 390.38 Crores. .

### **b) Non Convertible Debentures**

During the financial year 2015-16, the Company diversified its funding sources and raised funds by issuing Long Term Secured Non-Convertible Debentures (NCDs) amounting to ₹ 70 Crores on private placement basis. The Non-Convertible Debentures have been listed on the Wholesale Debt Market of BSE Limited. The Company has been regular in the payment of interest towards NCDs. As on March 31, 2016 the total outstanding NCDs are ₹ 70 Crores.

### **c) Subordinated Debt**

During the financial year 2015-16, the Company also raised funds by issuing Long Term Unsecured Subordinated Debt of ₹ 25 Crores. These Debentures are subordinate to present and future

senior indebtedness of the Company and qualify as Tier II Capital under Reserve Bank of India guidelines for assessing capital adequacy. The Subordinated Debentures have been listed on the Wholesale Debt Market of BSE Limited. As on March 31, 2016 the total outstanding Subordinate Debt are ₹ 25 Crores.

**d) Commercial Paper**

The Company's Commercial Paper has been assigned the highest rating of "A1+" by Crisil. During the year the Company borrowed money through issuance of Commercial papers which were subscribed by various Mutual Funds. As of March 31<sup>st</sup> 2016, no Commercial Paper was outstanding.

**e) Share Capital**

In the financial year 2016, the Company infused further capital by way of Rights Issue. The Company offered 79,60,199 equity shares to the existing shareholders on rights basis at ₹ 50 each (₹ 10 face value and ₹ 40 as premium) in the ratio of ratio of 30 shares for every 95 shares held as on January 25, 2016. All the shares were subscribed by existing shareholders. Consequently the Company allotted 79,60,199 equity shares for ₹ 39,80,09,950/- as fully paid up ranking pari passu with the existing equity shares. The said funds will be utilised for general business purpose.

**9. Change in the Nature of Business, If any**

There was no change in the nature of business of your company during the financial year 2015-16.

**10. Material Changes and Commitments affecting the Financial Position of the Company**

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

**11. Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals**

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.

**12. Internal Financial Controls**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

**13. Details of Subsidiary/Joint Ventures/Associate Companies**

Your Company does not have any Subsidiary/Joint Ventures/Associate Company.

#### **14. Deposits**

Your Company has neither accepted nor renewed 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.

#### **15. Statutory Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s T. R. Chadha & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company, hold office upto the conclusion of the ensuing Annual General Meeting. The Auditors have furnished to the Company certificate under Section 139 of the Act to the effect that their appointment, if made, shall be in accordance with the prescribed conditions and that they are eligible to hold the office of Auditors of the Company and also their consent to hold the office of Auditors of the Company. The Board recommends the appointment of M/s T. R. Chadha & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company for the FY 2016-17.

Necessary resolution for re-appointment of the said Auditors is included in the Notice of AGM for seeking your approval.

#### **16. 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, 2016 in the prescribed form MGT 9 forms part of this report as "Annexure - I".

#### **17. Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings And Outgo**

The Company, being a Non-Banking Finance Company, does not have any manufacturing activity. Therefore, the Company has nothing to report on Conservation of Energy & Technology Absorption.

Further, for the year ended March 31, 2016, there has been no foreign exchange earnings and outgo.

#### **18. A) Directors**

The Board of Directors at its meeting held on October 19, 2015 appointed Mr. Suresh Mahalingam (DIN 01781730) as Additional Director of the Company with effect from October 19, 2015 and who will hold the office of Director till the date of the ensuing Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 alongwith a deposit of ₹ 1 lakh from its member proposing the name of Mr. Suresh Mahalingam as candidature for the office of Director. Based on the recommendation of Nomination, Remuneration and Compensation Committee, the Board proposes the appointment of Mr. Suresh Mahalingam as Non Executive Director of the Company.

The Board of Directors pursuant to the provisions of Section 149, 161 of the Companies Act, 2013 appointed Smt. Aruna Wadhawan (DIN 00103372) as Additional Director of the Company by passing



a resolution through circulation with effect from March 3, 2016 and who will hold the office of Director till the date of the ensuing Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 alongwith a deposit of ₹ 1 lakh from its member proposing the name of Smt. Aruna Wadhawan as candidature for the office of Director. Based on the recommendation of Nomination, Remuneration and Compensation Committee, the Board proposes the appointment of Smt. Aruna Wadhawan as Non Executive Director of the Company.

The Board of Directors at its meeting held on July 15, 2016 appointed Mr. Ashok Malik (DIN 07075819) as Additional Director, categorised as Independent Director, of the Company with effect from July 15, 2016 and who will hold the office of Director till the date of the ensuing Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 alongwith a deposit of ₹ 1 lakh from its member proposing the name of Mr. Suresh Mahalingam as candidature for the office of Director. Based on the recommendation of Nomination, Remuneration and Compensation Committee, the Board proposes the appointment of Mr. Ashok Malik as Independent Director of the Company for a term of 5 (Five) consecutive years effective from July 15, 2016.

Mr. Mahendra Kumar Chouhan (DIN 00187253) was appointed as Independent Director of the Company at the Annual General Meeting held on September 19, 2014 for the period of 2 (two) consecutive years effective from the said date. Accordingly, the tenure of Mr. Mahendra Kumar Chouhan is to expire on September 18, 2016. Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, for the re-appointment of Mr. Chouhan for the second term approval of the shareholders by way of passing a special resolution is required. Based on the recommendation of the Nomination, Remuneration and Compensation Committee & evaluation carried out, the Board proposes the re-appointment of Mr. Mahendra Kumar Chouhan as Independent Director of the Company for another term of 3 (three) consecutive years effective from September 19, 2016.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Kapil Wadhawan (DIN 00028528), Non-Executive Director & Chairman will retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment at the ensuing Annual General Meeting.

Necessary resolutions for the above business are proposed in the notice of the ensuing Annual General Meeting for the approval of the members.

## **B) Company Secretary and Compliance Officer**

During the year under review, Mr. Ranabir Sanyal resigned as Company Secretary & Compliance Officer of the Company w.e.f. September 8, 2015. Ms. Neha Gore was appointed as Company Secretary & Compliance Officer of the Company w.e.f. October 19, 2015 who resigned as Company Secretary and Compliance Officer of the Company w.e.f. January 25, 2016. The Company appointed Ms. Swechha Jain as the Chief Compliance Officer of the Company w.e.f. from January 25, 2016. Further, the Company has appointed Mr. Rakesh Dhanuka as Company Secretary of the Company w.e.f. July 15, 2016.

## **19. Declaration by Independent Director**

The Independent Directors have submitted the declaration of independence, as required under Section 149 of the Companies Act, 2013, stating that they meet the criteria of independence as provided in the said Section.

## **20. Performance Evaluation:**

The Board was informed that pursuant to the provisions of the Companies Act, 2013 and Policy on “Board Composition, Compensation, Evaluation and connected matters” of the Company, a Peer Review performance evaluation by all the Directors was carried out. Each Director had carried out a Peer review exercise wherein each Director reviewed the performance of other Directors, except his own performance covering various aspects of the Board’s functioning such as experience & competencies, performance of specific duties & obligations, contributions received and active participation etc.

## **21. Number of Meetings of the Board of Directors**

The Board meets atleast four times in a year, 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 2015-16, 4 Board Meetings were held i.e. on April 24, 2015, July 21, 2015, October 19, 2015 and January 25, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## **22. Audit Committee**

The members of the Audit Committee are Mr. Mahendra Kumar Chouhan (Chairman), Mr. Kapil Wadhawan, Mr. Anoop Pabby & Mr. Suresh Mahalingam. Mr. Suresh Mahalingam was inducted in the Audit Committee with effect from October 19, 2015. The terms of reference of the Audit Committee are 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.

## **23. Nomination, Remuneration and Compensation Committee**

The members of the Nomination, Remuneration and Compensation Committee (NRC) are Mr. Anoop Pabby (Chairman), Mr. Kapil Wadhawan, Mr. Mahendra Kumar Chouhan and Mr. Suresh Mahalingam. Mr. Suresh Mahalingam was inducted in the NRC with effect from October 19, 2015. The terms of reference of the Committee are 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.

#### **24. Asset Liability Management Committee (ALCO)**

Pursuant to the regulatory framework for NBFC issued by Reserve Bank of India Asset Liability Management Committee was constituted. 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. The members of the Committee are Mr. Neeraj Saxena (Chairman), Mr. Koustubh Shaha, Ms. Namita Raja, Mr. Ashish Gupta, Mr. Anand Subramaniam and Mr. Jitendra Patel.

#### **25. Allotment Committee**

The members of Allotment Committee are Mr. Neeraj Saxena (Chairman) and Mr. Koustubh Shaha. The terms of reference of the Committee inter alia include ensuring compliance with the provisions of the Companies Act, 2013 and rules made there under relating to issue and allotment of securities.

#### **26. Risk Management Committee**

The members of Risk Management Committee are Ms. Namita Raja (Chairperson), Mr. Neeraj Saxena, Mr. Koustubh Shaha and Mr. Ashish Gupta. The terms of reference of the Committee inter alia include ensuring formulation and implementation of the Risk Management Policy of the Company.

#### **27. Borrowing Committee**

The members of Borrowing Committee are Mr. Neeraj Saxena (Chairman), Mr. Koustubh Shaha and Ms. Swechha Jain. The terms of reference of the Committee inter alia include to ascertain and meet the fund requirements of the Company through diversified resources as per the applicable provisions of the Companies Act, 2013 and rules made thereunder and any other applicable law for the time being in force and in the best interest of the Company.

#### **28. Investment Committee**

The members of Investment Committee are Mr. Neeraj Saxena (Chairman), Mr. Koustubh Shaha and Mr. Ashish Gupta. The terms of reference of the Committee inter alia include to invest the idle funds lying with the Company, managing the bank accounts of the Company and other related matters.

#### **29. Share Transfer Committee**

The members of the Share Transfer Committee is Mr. Neeraj Saxena (Chairman), Mr. Koustubh Shaha and Ms. Swechha Jain. The terms of reference of the Committee inter alia include approving the transfer, transmission, duplicate issue of securities and other related matters as per the provisions of the Companies Act, 2013 and rules made thereunder.

#### **30. Nomination & Remuneration Policy**

During the year under review, the Board of Directors, on the recommendations of the Nomination,

Remuneration & Compensation Committee framed and approved revised policy titled “Policy on Board Composition, Compensation and Connected Matters” pursuant to the provisions of the Companies Act, 2013 and the regulatory framework for NBFC issued by Reserve Bank of India which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors, KMP and Senior Management Personnel of the Company, alongwith the criteria for determination of remuneration of Directors, KMPs and other employees. The said policy is attached as “Annexure II”.

### **31. Details of Establishment of Vigil Mechanism**

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with 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.

### **32. 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 2015-16.

### **33. Particulars of Contracts or Arrangements with Related Parties**

Transactions entered with related parties as defined under the Companies Act, 2013 during the financial year 2015-16 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 the prescribed Form No. AOC -2 as “Annexure III”.

The Company’s Policy on Related Party Transactions is available on its website [www.avanse.com](http://www.avanse.com).

### **34. Particulars of Employees Remuneration**

In accordance with the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the details of the employees are set out in “Annexure IV” & “Annexure V”.

### **35. Directors’ Responsibility statement**

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Directors of the Company confirm that:

- A) in the preparation of the annual accounts for the year ended March 31, 2016, 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, 2016 and of the profit of the Company for that period;
- C) Proper and sufficient care has been taken 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 Annual financial statements has been prepared on a going concern basis;
- E) Internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- F) Proper systems to ensure compliance with the provisions of the applicable laws are in place and the same are adequate and operating effectively.

**36. Comments by the Board on qualification, reservation or adverse remark in the Reports:**

**A) Auditors Report**

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

**B) Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company appointed Mr. Sachin Manseta, Practising Company Secretary for the purpose of Secretarial Audit of the Company for the financial year ended March 31, 2016. The report of the Secretarial Auditor in Form MR 3 for the financial year ended March 31, 2016 is annexed as "Annexure VI". The said report has a qualification in respect of composition of the Board of Directors of the Company as per Section 149 of the Companies Act, 2013. As per the said section, 1/3<sup>rd</sup> of the total number of directors shall be Independent Director. The Board would like to clarify with regards to aforesaid qualification that the Company became a listed entity last year in August, 2015 by listing its Non Convertible Debentures on the Wholesale Debt Market of BSE Limited. Being into financial services business and part of the DHFL Group, the Board intended to onboard a person with good repute and with deeper understanding of the financial ecosystem. Additionally it was utmost essential that the candidate fulfils the criteria of independence as per the provisions of the Companies Act, 2013, which took considerable time in finalising the candidate. The Board has appointed Mr. Ashok Malik as an additional director categorised as independent director of the Company w.e.f. July 15, 2016, thus complying with the Board Composition requirement of the Companies Act 2013, for a listed Company.

### 37. 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 2015-16, no complaint was received by the ICC.

### 38. 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, BSE Limited and the Credit Rating Agencies for their co-operation.

For and on behalf of the Board of Directors

Mr. Kapil Wadhawan  
Chairman  
(DIN 00028528)

Place: Mumbai

Date: July 15, 2016

## Annexure I

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; 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 Non-Deposit Accepting Systemically Important 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	Yes (Debt Securities issued by the Company are listed on the Wholesale Debt Segment of BSE Limited)
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Registrar & Transfer Agents:  (For Equity Shares ) <b>Link Intime India Private Ltd.</b> 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) <b>System Support Services</b> 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 Education Loans & Education Infrastructure Loans	64920	100

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

The Company does not have any Holding, Subsidiary or Associate companies.

#### 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-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	45,472	-	45,472	0.18	45,472	-	45,472	0.14	(0.04)
b) Central Govt			-	0.00			-	0.00	0.00
c) State Govt(s)			-	0.00			-	0.00	0.00
d) Bodies Corp.	2,18,91,816	-	2,18,91,816	86.85	2,64,87,493	-	2,64,87,493	79.86	(6.99)
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>2,19,37,288</b>	<b>-</b>	<b>2,19,37,288</b>	<b>87.03</b>	<b>2,65,32,965</b>	<b>-</b>	<b>2,65,32,965</b>	<b>80.00</b>	<b>(7.03)</b>
<b>(2) Foreign</b>									
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>2,19,37,288</b>	<b>-</b>	<b>2,19,37,288</b>	<b>87.03</b>	<b>2,65,32,965</b>	<b>-</b>	<b>2,65,32,965</b>	<b>80.00</b>	<b>(7.03)</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 Govt(s)			-	0.00			-	0.00	0.00
e) Venture Capital Funds			-	0.00			-	0.00	0.00
f) Insurance Companies			-	0.00			-	0.00	0.00
g) FIs				0.00				0.00	0.00



h) Foreign Venture Capital Funds			-	0.00			-	0.00	0.00
i) Others (Multilateral Financial Institution)	32,69,230	-	32,69,230	12.97	66,33,502	-	66,33,502	20.00	7.03
<b>Sub-total (B)(1):-</b>	32,69,230	-	32,69,230	12.97	66,33,502	-	66,33,502	20.00	7.03
<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	-	796	796	0.00	-	1046	1046	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>	-	796	796	0.00	-	1,046	1,046	0.00	0.00
<b>Total Public (B)</b>	32,69,230	796	32,70,026	12.97	66,33,502	1,046	66,34,548	20.00	7.03
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>			-	0.00			-	0.00	0.00
<b>Grand Total (A+B+C)</b>	2,52,06,518	796	2,52,07,314	100.00	3,31,66,467	1046	3,31,67,513	100.00	0.00

**(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 Pledged / 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	1,21,97,522	48.39	0	1,21,97,522	36.78	0	0
2	Wadhawan Global Capital Pvt Ltd	95,32,954	37.82	0	1,41,28,631	42.60	0	4.78
3	Wadhawan Holdings Pvt Ltd	76,754	0.30	0	76,754	0.23	0	0
4	Wadhawan Consolidated Holdings Pvt. Ltd.	42,293	0.17	0	42,293	0.13	0	0
5	Infill Retail Ventures Pvt. Ltd.	42,293	0.17	0	42,293	0.13	0	0
6	Shri Kapil Wadhawan	22,736	0.09	0	22,736	0.07	0	0
7	Shri Dheeraj Wadhawan	22,736	0.09	0	22,736	0.07	0	0

**(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	-	1,21,97,522	48.39	1,21,97,522	36.78
2	Wadhawan Global Capital Private Limited	Note*	95,32,954	37.82	1,41,28,631	42.60
3	Wadhawan Holdings Pvt Ltd	-	76,754	0.30	76,754	0.23
4	Wadhawan Consolidated Holdings Pvt. Ltd.	-	42,293	0.17	42,293	0.13
5	Wadhawan Retail Ventures Pvt. Ltd.	-	42,293	0.17	42,293	0.13
6	Shri Kapil Wadhawan	-	22,736	0.09	22,736	0.07
7	Shri Dheeraj Wadhawan	-	22,736	0.09	22,736	0.07
	<b>Total</b>		<b>2,19,37,288</b>	<b>87.03</b>	<b>2,65,32,965</b>	<b>80.00</b>

**\*Note :** The Change in above promoter holding took place due to subscription to Rights Issue of equity shares.

**(iv) Shareholding Pattern of top ten Shareholders***(Other than Directors, Promoters and Holders of GDRs and ADRs):*

Sr. No.	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	International Finance Corporation	Note*	32,69,230	12.97	66,33,502	20
2	Mr. Sonpal Jain	-do-	232	0	305	0
3	Mr. Mohit Chaturvedi	-do-	232	0	305	0
4	Mr. Ajay Vazirani	-do-	232	0	305	0
5	Mr. Hemant Bhatia	-do-	100	0	131	0

\*Note: The Change in above shareholder holding took place due to subscription to Rights Issue of equity shares.

**(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

<b>V. INDEBTEDNESS</b>				
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	157,50,00,000	24,59,96,750	-	182,09,96,750
ii) Interest due but not paid	67,85,927	-	-	67,85,927
iii) Interest accrued but not due	5,27,397	24,02,007	-	29,29,404
<b>Total (i+ii+iii)</b>	<b>158,23,13,324</b>	<b>24,83,98,757</b>		<b>183,07,12,081</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	314,65,81,740	271,46,11,291	-	586,11,93,031
* Reduction	8,85,63,324	271,18,62,507	-	280,04,25,831
<b>Net Change</b>	<b>305,80,18,416</b>	<b>27,48,784</b>	<b>-</b>	<b>306,07,67,200</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	460,37,50,000	25,00,00,000	-	485,37,50,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,65,81,740	11,47,541	-	3,77,29,281
<b>Total (i+ii+iii)</b>	<b>464,03,31,740</b>	<b>25,11,47,541</b>	<b>-</b>	<b>489,14,79,281</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Director and / or Manager**

Sl. No.	Particulars of Remuneration	Name of Manager	Total Amount
		Mr. Neeraj Saxena CEO & Manager	
1	Gross salary	1,15,38,485	1,15,38,485
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(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 (A)	1,15,38,485	1,15,38,485
	Ceiling as per the Act	10% of the Net Profit	

**B. Remuneration to Other Directors**

Sr. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr. Mahendra Chouhan	-			
1.	<b>Independent Directors</b>					
	Fee for attending board / committee meetings	55,000				55,000
	Commission	-				
	Others, please specify	-				
	Total (1)	55,000				55,000
2.	<b>Other Non-Executive Directors</b>	Mr. Kapil Wadhawan	Mr. Anoop Pabby	Mr. Suresh Mahalingam	Smt. Aruna Wadhawan	
	Fee for attending board / committee meetings	-	-	-	-	
	Commission	-	-	-	-	
	Others, please specify	-	-	-	-	
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	55000
	Total Managerial Remuneration (A+B)	1,15,93,485				
	Overall Ceiling as per the Act	11% of the Net Profit				

Note: Sitting fees is paid only to Independent Director

<b>C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD</b>					
SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
1	Name	Koustubh Shaha	Ranabir Sanyal*	Neha Gore**	(Rs/Lac)
2	Designation	CFO	CS	CS	
3	Gross salary	45,48,323	7,12,652	2,70,887	55,31,862
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(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	45,48,323	7,12,652	2,70,887	55,31,862

\*Resigned w.e.f. September 9, 2015

\*\*From October 19, 2015 to January 25, 2016

#### **VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalty / punishment / compounding of offences for the breach of any provisions of the Companies Act against the Company or its Directors or other officers in default during the FY 2015-16.

For and on behalf of the Board of Directors

Kapil Wadhawan  
Chairman  
(DIN 00028528)

Place: Mumbai  
Date: July 15, 2016

## Policy on Board composition, Compensation and connected matters

### 1) Preface

We, at Avanse believe that the corner stone of best governance practices is the board composition. We also believe that the synergy of versatile individuals with diversified skill sets at the board level has contributed a lot in bringing this Company into its present heights. Therefore our commitment to have a competent and highly professional team of board members leads us to put in place a policy on identification and retention of eminent personalities as our Board members.

In line with the statutory requirement under sections 149 and 178 of the Companies Act, 2013 and the regulatory frame work for Non-Banking Financial Companies (NBFC's) issued by Reserve Bank of India (RBI) the following policy is adopted for the time being to act as the guiding principles in the appointment of directors and the matters connected therewith.

### 2) Definitions

Unless the context otherwise requires, the following words and expressions shall have the meaning provided herein;

- i. Act - means the Companies Act, 2013 including any amendments and re-enactments as the case may be from time to time
- ii. Board - means the collective body of directors of the Company
- iii. Committee - means the committees of directors constituted by the Board
- iv. Director - means a director appointed on the board of the Company
- v. Fit and proper - means the fit and proper criteria prescribed by the Reserve Bank of India as an eligibility requirement to be satisfied by an individual to be appointed as a director of the Company
- vi. Independent director- means an independent director referred to in sub-section (6) of section 149 of the Companies Act, 2013
- vii. Nomination Committee - means the Nomination Remuneration and Compensation Committee of the Board

### 3) Policy Statements

#### a) Board Diversity

- i. The board of directors of the Company should have a fair combination of executive and non-executive directors.
- ii. The Company shall maintain the strength of independent directors on its board keeping in mind the regulatory requirements of Companies Act 2013, RBI regulations or NBFC's and other applicable regulations. The ratio of independent directors as per the present requirement is one third of the total strength of the board.
- iii. The Board shall have at least one woman director.
- iv. The Company shall appoint directors keeping in mind an ideal diversity in knowledge or expertise that could add value to the overall performance of the board and of the Company. The desired diversity may be fixed by the nomination committee based on the nature of business of the Company from time to time. The diversity of the total board may include expertise in the following;
  - i. Banking, Finance, Accountancy, Taxation.

- ii. Governance, Regulatory background, Law and practice.
  - iii. Management, Administration (including Civil Service).
  - iv. Engineering, Human resource, Subject of social relevance.
  - v. IT, Marketing.
- v. On selection of an independent director, the Chairman of the Board/ Managing Director shall issue a letter of appointment to the director and he shall also sign a deed of covenants in such format as may be prescribed by RBI.

**b) Familiarization & Skill enhancement program for directors**

The Board may on the recommendation of the nomination committee devise a familiarization program for directors so as to give a fair understanding about the Company, its business and the general industry environment in which the Company is operating. This may be arranged by way of interactive sessions with Chairman of the Board, senior directors, and other Key management personnel of the Company.

In addition to the familiarization program, the board may, if it thinks so, organize director's skill refreshment programs or workshop on topics relevant to the directors/Company or nominate to programs organized by industry associations or professional bodies.

**c) Assessment of independence & Fit and proper criteria.**

While considering the appointment of an independent director, the nomination committee and the board shall ensure that the incumbent satisfies the test of independence as provided under the Companies Act. The board shall on a continuous basis ensure that the independent directors continue to maintain their independence during their tenure on the board.

In case of appointment of executive directors, non-executive directors or independent directors, the nomination committee and the board shall ensure that they meet the fit and proper criteria prescribed by the Reserve Bank of India from time to time and maintains the position during their tenure in office. The Company shall obtain the declarations in the manner prescribed by RBI as applicable to the Company from time to time from all appointees and review the same.

**d) Age and tenure of independent and non-executive directors.**

The independent directors appointed in the Company will have a tenure of 5 years. They can be re-appointed for another term of 5 years in compliance with the applicable provisions of the Companies Act. The Company shall select only persons in the age group between 25 and 70 years for appointments to the position of non-executive directors.

**e) Compensation of Executive and Non- executive directors**

On the recommendation of the Nomination Committee, the board will fix the remuneration of non-executive directors (including independent directors)

The non- executive directors other than nominee directors shall be entitled for sitting fees for attending board/ committee meetings at such rate as may be approved by the board from time to time.

In addition to the sitting fees, the Company will bear or reimburse the normal travelling, boarding and lodging expenses of directors incurred for the purpose of attending board/ committee meetings or for attending any other duties on behalf of the Company.

Remuneration of executive directors shall be fixed by the Board on the basis of recommendation of the nomination committee. The remuneration of the executive directors shall be a combination of fixed monthly salary in terms of their appointment as approved by the board/ shareholders and a performance based annual commission to be decided by the board on the recommendation of the nomination committee.

The performance parameters to be applicable to the executive directors, the minimum and maximum amount of commission payable in line with the achievement of various targets/ parameters will be decided by the nomination committee from time to time.

**Compensation plan for Key Management personnel (KMPs) and other senior management team members**

The compensation structure of KMPs shall consist of fixed salary component at par with the industry standards and a performance linked incentive/ bonus payment to be decided and approved by the nomination committee.

The compensations structure shall be devised in a manner that will help the Company to attract and retain top talents to run the Company efficiently with a long term perspective.

The compensation structure may also include stock options targeting employee participation in ownership of the Company and to ensure the retention of potential talents for the future growth and diversity of the Company.

**f) Amendment to the policy**

The provisions of this policy may be amended by the board at any time on the recommendation of the nomination committee.



**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). DHFL is promoter carrying shareholding interest in the Company
(b)	Nature of contracts/ arrangements/ transactions	Syndication Agreement:
(c)	Duration of the contracts / arrangements/ transactions	From September 23, 2015 till March 31, 2016
(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 ₹50 Crores. 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:	The shareholders had given their approval on September 19, 2014. Subsequently, based on Shareholder's approval, Audit Committee & Board approved the renewal of contract by extending its term till March 31, 2016.
(f)	Amount paid as advances, if any	N.A.

For and on behalf of the Board of Directors

Mr. Kapil Wadhawan  
Chairman  
(DIN 00028528)

Place: Mumbai  
Date: July 15, 2016

## Annexure IV

### DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2015 AND AMENDMENTS THEREOF

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director / KMP	% increase in remuneration in the FY 2015-16	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. Neeraj Saxena Chief Executive Officer & Manager	26	-
2	Mr. Kapil Wadhawan Non-Executive Chairman	Nil	N.A.
3	Mr. Mahendra K Chouhan Independent Director	Nil	N.A.
4	Ms. Anoop Pabby Non-Executive Director	Nil	N.A.
5	Mr. Suresh Mahalingam Non-Executive Director	*	-
6	Ms. Aruna Wadhawan Non-Executive Director	*	-
7	Mr. Koustubh Shaha Chief Financial Officer	12	-
8	Ms. Ranabir Sanyal Company Secretary	*	-
9	Ms. Neha Gore Company Secretary	*	-

\* Details are not given as these Director / KMP were on the Board only for the part of the FY 2015-16.

# Only sitting fees is paid to the Independent Director. Rest of the directors are not paid any remuneration or commission etc.

- ii) The median remuneration of the employees of the Company during the financial year was ₹ 5,27,056/-
- iii) In the financial year 2015-16, there was an increase of 0.77 % in the median remuneration of employees.
- iv) There were 105 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2016.
- v) Average percentage increase made in the salaries of employees other than the Managerial Remuneration in the FY 2015-16 was 7.33 % whereas the increase in the Managerial Remuneration for the same FY 2015-16 was 19 %.

- vi) It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors

Kapil Wadhawan  
Chairman  
(DIN 00028528)

Place: Mumbai  
Date: July 15, 2016

**Annexure V**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2015.**

a) Employed throughout the financial year and was in receipt of remuneration for the year in aggregate of not less than ₹ 1,02,00,000/-

Name	Designation	Remuneration Received (₹)	Nature of Employment	Qualification	Experience	Date of Commencement of employment	Age	Last Employment	Equity Shares held in the Company (%)
Neeraj Saxena	CEO & Manager	1,15,38,485/-	As per terms of resolution approved by the shareholders	B.Sc, PGDBM	16	23.12.2013	40 years	DHFL	Nil

b) Employed for a part of the financial year and was in receipt of remuneration at a rate in aggregate not less than ₹ 8,50,000/- per month: **NIL**

c) Employed throughout the financial year or part thereof, was in receipt of remuneration in the year which, in the aggregate or at a rate which in the aggregate was in excess of that drawn by the Managing Director or Whole-time Director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company: **NIL**

For and on behalf of the Board of Directors

Kapil Wadhawan  
Chairman  
(DIN 00028528)

Place: Mumbai  
Date: July 15, 2016

**SECRETARIAL AUDIT REPORT**  
**FORM NO. MR – 3**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration personnel Rule, 2014)]

To,  
The Members,  
**Avanse Financial Services Limited**

I have conducted the secretarial audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by Avanse Financial Services Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/Statutory compliances and expressing my opinion thereon.

Based on my verification of **Avanse Financial Services Limited** books, papers, minute books, form and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, form and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) Foreign Exchange Management Act 1999 and the rules and regulations made thereunder;
- (3) The following Regulation and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

**4. As informed to me the following other Laws are specifically applicable to the Company as under:**

- a) The RBI Regulations for NBFC, 2015
- b) The IRDA Regulations for Insurance Agent, 2015
- c) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- d) Employees' State Insurance Act, 1948
- e) Equal Remuneration Act, 1976
- f) The Payment of Gratuity Act, 1972
- g) The Payment of Wages Act, 1936
- h) The Professional Tax Act, 1975
- i) The Provident Fund Act, 1952
- j) Payment of Bonus Act, 1965
- k) Maternity Benefit Act, 1961
- l) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

I have also examined Compliance with applicable clauses of the following:

1. Secretarial Standards relating to General and Board Meeting Minutes issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However the company is the process of:

1. Appointing Independent Directors
2. Reconstitution of Committees with independent Directors as required under Companies Act 2013 and LODR

In respect of other laws specifically applicable to the Company, I have relied on information/records produced by the Company during the course of my audit and the reporting is limited to that extent.

I **further report that** the Board of Directors of the Company was not duly constituted with proper balance of Non Executive Directors and Independent Directors, as specified in the Companies Act 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I **further report that**, as on the date of the report, the Company had appointed an Independent Director on its Board, thus complying with the provision of appropriate Board Composition and constitution as per the Companies Act 2013.

I **further report that** there were adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines'

I **further report that** the full time Company Secretary employed with the Company had resigned w.e.f. 25th January 2016 and the Company subsequently appointed a qualified Company Secretary on 15th July 2016.

I **further report that** during the audit period, there were no instances of:

- (i) Redemption/ buy-back of securities.
- (ii) Merger/ amalgamation/ reconstruction etc.
- (iii) Foreign technical collaborations.

**For SACHIN MANSETA & ASSOCIATES**

**Sachin Manseta  
Proprietor  
Mem. No. F8279  
CP No. 8540**

**Date:** 15<sup>th</sup> July, 2016

**Place:** Mumbai

# T R Chadha & Co LLP

## Chartered Accountants

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Opp. Peninsula Corporate Park  
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## 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, 2016, the Statement of Profit and Loss and the 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 and presentation 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. The Management of the companies are responsible for 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; the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

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

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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 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 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the 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 Act, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 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 so far as it 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;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

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- e. on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors of the company, none of the directors of the company is disqualified as on March 31, 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Act.
- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) There were no pending litigations which would impact the financial position of the company.
  - (ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



For T R Chadha & Co LLP  
Chartered Accountants  
Firm Regn. No: 006711N/N500028

  
Kashyap Vaidya  
Partner  
Membership Number: 37623

Place: Mumbai  
Date: 25<sup>th</sup> April 2016

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### Avanse Financial Services Limited – March 2016

#### Annexure Referred to in paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including the quantitative details and situation of fixed assets.
- (b) As per the information and explanation given to us, the company has physically verified its assets during the previous year, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verifications.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) 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 to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company

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did not have any dues on account of sales tax, employees' state insurance, value added tax, duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed dues of income tax or service tax as on 31.03.2016.

- (viii) According to the information and explanations give to us and based on our examination of the records of the Company, the company has not defaulted in repayment of loans or borrowing to banks /debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). However it has raised money by way of term loans during the year and the same were applied for the purposes for which those are raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, managerial remuneration has not been paid or provided for during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(xvi) The Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934.



For T R Chadha & Co LLP  
Chartered Accountants  
Firm Regn. No: 006711N/N500028

  
Kashyap Valdia  
Partner  
Membership Number: 37623

Place: Mumbai  
Date: 25<sup>th</sup> April 2016

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(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

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Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com  
Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi - 110001  
Phone : 011 41513059 / 41513169

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

# T R Chadha & Co LLP

## 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 2016.
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 2016.
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, 2015 and Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
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, 2015:
  - (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 LLP  
Chartered Accountants  
Firm Registration No. 006711N / N500028



Kashyap Vaidya  
Partner  
Membership No. 37623

Place: Mumbai  
Date: 25<sup>th</sup> April, 2016

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001

Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com

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

**AVANSE FINANCIAL SERVICES LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	As at	As at
		March 31, 2016	March 31, 2015
		Amt. in Rs	Amt. in Rs
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	2.01	331,675,130	252,073,140
(b) Reserves and Surplus	2.02	1,014,835,764	669,628,035
<b>2. Non - Current liabilities</b>			
(a) Long term borrowings	2.03	4,656,250,000	1,493,750,000
(b) Long term provisions	2.04	22,569,314	11,469,615
(c) Other Long Term liabilities	2.05	23,229,252	9,126,124
<b>3. Current liabilities</b>			
(a) Short term borrowings	2.06	-	245,996,750
(b) Trade Payables	2.07	7,788,102	1,014,851
(c) Other Current liabilities	2.08	277,925,199	116,631,080
(d) Short term provisions	2.09	360,760	601,227
<b>TOTAL</b>		<b>6,334,633,521</b>	<b>2,800,290,822</b>
<b>II. ASSETS</b>			
<b>1. Non-Current assets</b>			
(a) Fixed Assets	2.10		
(i) Tangible assets		7,597,543	5,052,837
(ii) Intangible assets		989,942	1,482,780
(b) Deferred tax assets (net)	2.11	7,506,495	-
(c) Long-term loans and advances	2.12	5,095,022,750	2,307,565,356
<b>2. Current assets</b>			
(a) Cash and Bank Balances	2.13	956,600,356	374,006,851
(b) Short Term Loans and Advances	2.14	262,326,616	110,251,633
(c) Other current assets	2.15	4,589,819	1,931,365
<b>TOTAL</b>		<b>6,334,633,521</b>	<b>2,800,290,822</b>

Significant Accounting Policies 1  
Notes forming part of financial statements 2

As per our report of even date

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Regn. No. 06711N/N500028

  
Kapil Wadhawan  
Director

  
Kashyap Valdya  
Partner  
Membership No. : 37623

Place : Mumbai  
Date :



For and on behalf of the Board of Directors

  
Mahendra Chouhan  
Director

  
Anoop Pabby  
Director

  
Suresh Mahalingam  
Director

  
Aruna Wadhawan  
Director

  
Neeraj Saxena  
Chief Executive Officer

  
Koustubh Shaha  
Chief Financial Officer

Place: Mumbai  
Date:

12 5 APR 2016


**AVANSE FINANCIAL SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Note No.	For the Year ended	For the Year ended
		March 31, 2016	March 31, 2015
		Amt. in Rs	Amt. in Rs
<b>Revenue</b>			
(a) Revenue from Operations	2.16	542,726,607	182,402,430
(b) Other Income	2.17	40,033,822	15,405,012
<b>I Total Revenue</b>		<b>582,760,429</b>	<b>197,807,442</b>
<b>Expenses</b>			
(a) Employee benefit expense	2.18	96,032,387	74,945,663
(b) Finance costs	2.19	323,716,767	73,856,783
(c) Depreciation and Amortization expenses	2.10	3,732,528	2,862,769
(d) Other operating expenses	2.20	123,239,453	90,954,464
(e) Provisions for non performing assets	2.41	284,663	-
(f) Contingent provision against standard assets	2.21	9,939,119	4,742,535
<b>II Total Expenses</b>		<b>556,944,917</b>	<b>247,362,214</b>
<b>III Profit Before Tax (I -II)</b>		<b>25,815,512</b>	<b>(49,554,772)</b>
<b>Tax Expense:</b>			
(a) Current tax		6,522,238	-
(b) Deferred tax		(7,506,495)	-
<b>IV Total Tax Expense</b>		<b>(984,257)</b>	<b>-</b>
<b>V Profit/(loss) for the year from Continuing Operations (III-IV)</b>		<b>26,799,769</b>	<b>(49,554,772)</b>
<b>VI Earnings per equity share (face value of Rs. 10 each)</b>			
(a) Basic	2.22	1.06	(3.02)
(b) Diluted		1.06	(3.02)
Significant Accounting Policies	1		
Notes forming part of financial statements	2		

As per our report of even date

For and on behalf of the Board of Directors

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Regn. No. 06711N/N500028

  
Kapil Wadhawan  
Director

  
Mahendra Chouhan  
Director

  
Anoop Pabby  
Director


  
Suresh Mahalingam  
Director

  
Kashyap Vaidya  
Partner  
Membership No. : 37623



  
Aruna Wadhawan  
Director

  
Neeraj Saxena  
Chief Executive Officer

  
Koustubh Shaha  
Chief Financial Officer

Place : Mumbai  
Date :

Place: Mumbai  
Date:

12 5 APR 2016

**AVANSE FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	For the year ended	For the year ended
	March 31, 2016	March 31, 2015
	Amt. in Rs	Amt. in Rs
<b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	25,815,512	(49,554,772)
<b>Adjustments to reconcile loss before tax to cash provided by operating activities</b>		
Depreciation from continuing operations	3,732,528	2,862,769
Provision for standard assets	9,939,119	4,742,535
Provision for Non Performing assets	284,663	-
Provision for expenses	19,452,974	20,930,668
Profit on sale of investments	(24,421,550)	(5,347,524)
Excess provision written back	(90,000)	(352,613)
Interest accrued and due on borrowings	-	6,785,927
Interest accrued but not due on borrowings	37,729,281	2,929,404
Interest accrued but not due on loans and advances	(686,060)	(3,862,194)
<b>Operating Profit before working capital changes</b>	<b>71,756,467</b>	<b>(20,865,800)</b>
Movement in working capital :		
Decrease / (Increase) in long term loans and advances	(2,789,099,168)	(1,835,141,614)
Decrease / (Increase) in short term loans and advances	(152,074,983)	(75,470,863)
(Decrease) / Increase in short term borrowings	(245,996,750)	245,996,750
(Decrease) / Increase in Long term borrowings	3,162,500,000	1,493,750,000
Decrease / (Increase) in Other Current Assets	(1,972,394)	(1,032,213)
Increase / (Decrease) in Trade Payables	6,773,251	(1,232,170)
Increase / (Decrease) in Other Long Term Liabilities	14,103,128	8,748,598
Increase / (Decrease) in Long Term Provisions	1,160,580	2,718,666
Increase / (Decrease) in Short Term Provisions	(240,467)	587,223
Increase / (Decrease) in Other current liabilities	97,679,625	75,867,215
<b>Cash generated from operations during the year</b>	<b>164,589,289</b>	<b>(106,074,208)</b>
Taxes paid	1,357,111	-
<b>Net Cash Flow from Operating Activities</b>	<b>165,946,400</b>	<b>(106,074,208)</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(5,804,489)	(3,868,189)
Asset written off	20,094	71,309
Purchase of current investments	(6,999,521,177)	(1,351,500,000)
Redemption of current investments	7,023,942,727	1,356,847,524
<b>Net cash Flow from Investing Activities</b>	<b>18,637,155</b>	<b>1,550,644</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital	79,601,990	88,611,640
Share premium	318,407,960	319,001,904
<b>Net cash flow from financing activities</b>	<b>398,009,950</b>	<b>407,613,544</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>582,593,505</b>	<b>303,089,980</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>	<b>374,006,851</b>	<b>70,916,871</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>	<b>956,600,356</b>	<b>374,006,851</b>

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

Cash on Hand	37,232	6,397
Balances with Banks in Current Accounts	956,563,124	374,000,454

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 LLP  
Chartered Accountants  
Firm Regn. No. 06711N/NS00028

Kapil Wadhawan  
Director

Kashyap Vaidya  
Partner  
Membership No. : 37623

Place : Mumbai  
Date :



For and on behalf of the Board of Directors

Mahendra Chouhan  
Director

Anoop Pabby  
Director

Suresh Mahalingam  
Director

Aruna Wadhawan  
Director

Neeraj Saxena  
Chief Executive Officer

Koustubh Shaha  
Chief Financial Officer

Place: Mumbai  
Date:



## AVANSE FINANCIAL SERVICES LIMITED

### Notes forming part of the Financial statements

#### 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 and provide Infrastructure or working capital loan to educational institute (Education Infrastructure Loans). 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. The Debentures of the Company are listed on Bombay Stock Exchange (BSE) during the year, thus the Company has become Debt listed Company. The Company is Systematically Important Non-deposit taking Non-Banking Financial Company.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### 1.01 Basis of Accounting and Preparation of Financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rules 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013, as applicable, so far as these are not inconsistent with Non-banking Financial (Non-deposit accepting or holding) Companies prudential norms (Reserve Bank) Directions, 2015 (prudential norms) issued by the Reserve Bank of India (RBI). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the Financial statements are consistent with those followed in the previous year.

##### 1.02 Operating Cycle

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.

##### 1.03 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management of the Company to make estimates and assumptions considered in the reported balances of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

##### 1.04 Revenue recognition

###### i. Income on Loan transactions

Repayment of education loans and education infrastructure loans is by way of Equated Monthly Installments (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 Installments (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.

###### 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.



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#### 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.

#### 1.05 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.

#### 1.06 Fixed Assets

##### i. Tangible:

Fixed Assets are stated at Cost of acquisition less accumulated depreciation / amortization and Impairment loss, if any. Cost comprises of purchase / acquisition price, import duties, non-refundable taxes, duties, freight and directly attributed cost of bringing the assets to its working condition for its intended use.

##### ii. Intangible:

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

#### 1.07 Depreciation

##### i. Tangible:

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

##### ii. Intangible:

Intangible assets are amortized over their estimated useful life. Software is amortized over the period of three years on straight-line method.

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

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

#### 1.08 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the borrowing of funds, to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.



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### 1.09 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.

### 1.10 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.

### 1.11 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.

### 1.12 Cash and Cash Equivalents

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

### 1.13 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.

### 1.14 Provisions

Provisions include provisions for non-performing assets and contingencies. Provisions for non-performing assets comprising of education loans and education infrastructure 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 and education infrastructure loans based on the Guidelines issued by Reserve Bank of India.



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## 2.01. SHARE CAPITAL

Particulars	As at March 31, 2016	As at March 31, 2015
	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 AND PAID UP SHARES</b>		
3,31,67,513 (2,52,07,314) Equity Shares of Rs. 10 each	331,675,130	252,073,140
<b>TOTAL ISSUED AND PAID UP SHARE CAPITAL</b>	331,675,130	252,073,140

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

Particulars	As at March 31, 2016	As at March 31, 2015
Shares outstanding at the beginning of the year	25,207,314	16,346,150
Shares issues during the year (Refer note 2.01 (d))	7,960,199	8,861,164
Shares outstanding at the end of the year	33,167,513	25,207,314

### 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, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Wadhawan Global Capital Private Limited	14,128,631	42.60	9,532,954	37.82
Dewan Housing Finance Corporation Ltd	12,197,522	36.78	12,197,522	48.39
International Finance Corporation Limited	6,633,502	20.00	3,269,230	12.97

2.01 (d). During the year the Company has made the Right issue of 79,60,199 shares of Equity shares at a premium of Rs. 40 each (face value Rs. 10), aggregating to Rs 39,80,09,950.

## 2.02 RESERVES AND SURPLUS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
<b>General Reserve</b>		
Opening Balance	14,000	14,000
Add : Transferred from surplus	-	-
Closing Balance	14,000	14,000
<b>Securities Premium Reserve</b>		
Opening Balance	772,994,364	453,992,460
Add: Premium received on shares issued during the year	318,407,960	319,001,904
Closing Balance	1,091,402,324	772,994,364
<b>Special Reserve (under Section 45-1C (1) of the Reserve Bank of India Act, 1934)</b>		
Opening Balance	-	-
Add: Transfer from statement of Profit and Loss	5,359,954	-
Closing Balance	5,359,954	-
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Opening Balance	(103,380,329)	(53,825,557)
Less: Net Profit/(Loss) for the year	26,799,769	(49,554,772)
Less : Transfer to Special Reserve (under Section 45-1C (1) of the Reserve Bank of India Act, 1934)	5,359,954	-
<b>Net Surplus/(Deficit) in the statement of profit and loss</b>	(81,940,514)	(103,380,329)
<b>Total reserves and surplus</b>	1,014,835,764	669,628,035



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## 2.03 LONG TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
Term loan from banks - Secured (Refer note 2.03 (a & b))	3,706,250,000	1,493,750,000
Non convertible Debentures - Secured (Refer note 2.03 (c & d))	700,000,000	-
Non convertible Subordinated Debentures - Unsecured (Refer note 2.03 (c & e))	250,000,000	-
<b>Total</b>	<b>4,656,250,000</b>	<b>1,493,750,000</b>

### 2.03 (a) Repayment terms of Term loans

#### Term Loan - Secured

Maturities	1-3 years	3-5 years	>5 years	Total
Rates of interest				
10.00% to 12.00%	1,339,500,000 (847,500,000)	1,460,250,000 (496,250,000)	906,500,000 (150,000,000)	<b>3,706,250,000</b> <b>(3,493,750,000)</b>

2.03 (b) All Term loans from Banks are secured by pari passu charge by way of hypothecation of loan receivables of the Company's underlying portfolio of education loans and education infrastructure loans

### 2.03 (c) Debentures

Maturities	1-3 years	3-5 years	>5 years	Total
Rates of interest				
9.01% to 10.00%	-	100,000,000	100,000,000	<b>200,000,000</b>
10.01% to 11.00%	-	-	750,000,000	<b>750,000,000</b>

2.03 (d) During the year, the Company raised Rs 70,00,00,000 (previous year Rs NIL) through issue of Long Term Secured Non Convertible Debentures.

2.03 (e) During the year, the Company raised Rs 25,00,00,000 (previous year Rs NIL) through issue of Long Term unsecured Sub-ordinated debt. As on March 31, 2016 the Company's outstanding subordinated debt is Rs 25,00,00,000 (previous year Rs NIL). These debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under Reserve Bank of India guidelines for assessing capital adequacy. Based on balance term to maturity as on March 31, 2016, 100% (Previous Year 0%) of the book value of the Subordinated Debt is considered as Tier II Capital for the purpose of the Capital Adequacy Computation.

## 2.04 LONG TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
<b>Provision for employee benefits</b>		
Gratuity	1,709,000	1,574,121
Compensated absences (Refer note 2.29)	4,930,024	3,904,323
	<b>6,639,024</b>	<b>5,478,444</b>
<b>Others</b>		
Contingent provision against standard assets	15,930,290	5,991,171
	<b>15,930,290</b>	<b>5,991,171</b>
<b>Total</b>	<b>22,569,314</b>	<b>11,469,615</b>

## 2.05 OTHER LONG TERM LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
Installments on education loans received in advance (Including interest received in advance)	23,229,252	9,126,124
<b>Total</b>	<b>23,229,252</b>	<b>9,126,124</b>



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## 2.06 SHORT TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
Commercial papers-Unsecured	-	245,996,750
<b>Total</b>	<b>-</b>	<b>245,996,750</b>

## 2.07 TRADE PAYABLES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
Trade payables other than acceptances Payable to vendors for expenses (Refer note 2.25)	7,788,102	1,014,851
<b>Total</b>	<b>7,788,102</b>	<b>1,014,851</b>

## 2.08 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
Current maturities of long term borrowings Term loans from banks - Secured (Refer note 2.08 (a & b))	197,500,000	81,250,000
Interest accrued and due on borrowing	-	6,785,927
Interest accrued but not due on borrowing	37,729,281	2,929,404
Installments on education loans received in advance (Including interest received in advance)	13,082,917	2,571,003
Statutory Remittances (contributions to PF, Profession tax etc.)	3,439,833	2,164,078
Other liabilities	197,956	-
Outstanding liabilities for employee benefit Provision for expenses	10,000,000	8,500,000
	9,452,974	12,430,668
Provision for Income Tax	6,522,238	-
<b>Total</b>	<b>277,925,199</b>	<b>116,631,080</b>

### 2.08 (a) Repayment terms of Term loans

#### Term Loan - Secured

Maturities	up to 1 year	Total
Rates of interest 10.00% to 12.00%	197,500,000 (81,250,000)	<b>197,500,000</b> <b>(81,250,000)</b>

2.08 (b) All Term loans from Banks are secured by pari passu charge by way of hypothecation of loan receivables of the Company's underlying portfolio of education loans and education infrastructure loans

## 2.09 SHORT TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
<b>Provision for employee benefits</b>		
Gratuity	7,772	88,325
Compensated absences	352,988	512,902
<b>Total</b>	<b>360,760</b>	<b>601,227</b>



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## 2.10 FIXED ASSETS

Amt in Rs

Particulars	Gross Block				Accumulated depreciation / amortization			Net Block		
	Opening balance as at April 1, 2015	Additions	Deletions	Closing balance as at March 31, 2016	Opening balance as at April 1, 2015	Depreciation/ Amortization for the period *	Deletions	Closing balance as at March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>TANGIBLE ASSETS</b>										
Freehold Land	-	750,000	-	750,000	-	-	-	-	750,000	-
Leasehold Improvement	1,210,286	465,799	-	1,676,085	487,058	454,716	-	941,774	734,311	723,227
Computers and Computer Hardware	4,483,227	3,324,689	52,250	7,755,666	2,043,265	1,835,110	32,156	3,846,219	3,909,447	2,439,962
Office Equipment	2,258,079	806,866	-	3,064,945	682,220	646,171	-	1,328,391	1,736,554	1,575,859
Furniture & Fixtures	649,733	262,135	-	911,868	335,944	108,693	-	444,637	467,231	313,789
<b>TOTAL (A)</b>	<b>8,601,325</b>	<b>5,609,489</b>	<b>52,250</b>	<b>14,158,564</b>	<b>3,548,487</b>	<b>3,044,690</b>	<b>32,156</b>	<b>6,561,021</b>	<b>7,597,543</b>	<b>5,052,837</b>
<b>INTANGIBLE ASSETS</b>										
Software	2,069,744	195,000	-	2,264,744	586,964	687,838	-	1,274,802	989,942	1,482,780
<b>TOTAL (B)</b>	<b>2,069,744</b>	<b>195,000</b>	<b>-</b>	<b>2,264,744</b>	<b>586,964</b>	<b>687,838</b>	<b>-</b>	<b>1,274,802</b>	<b>989,942</b>	<b>1,482,780</b>
<b>Total (A+B)</b>	<b>10,671,069</b>	<b>5,804,489</b>	<b>52,250</b>	<b>16,423,308</b>	<b>4,135,451</b>	<b>3,732,528</b>	<b>32,156</b>	<b>7,835,823</b>	<b>8,587,485</b>	<b>6,535,617</b>
<b>Previous Year</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>-</b>

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, therefor, no provision for impairment is required in respect of fixed assets owned by the company.



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## 2.11 DEFERRED TAX ASSETS (NET)

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

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
<b>Deferred Tax Liability</b>		
Depreciation	-	-
<b>Total Deferred tax liability (Gross) (A)</b>	-	-
<b>Deferred Tax Asset</b>		
Depreciation	177,404	35,283
Provision of standard assets	3,285,873	1,616,258
Provision for Non performing Assets	94,110	-
Impact of expenditure charged to statement of profit and loss in the current year but allowed for tax purpose on payment basis	3,949,108	5,720,280
Deferred tax assets on account of carry forward business loss		19,927,564
<b>Total Deferred tax asset (Gross) (B)</b>	<b>7,506,495</b>	<b>27,299,386</b>
<b>Closing Deferred Tax Asset (Net)</b>	<b>7,506,495</b>	-

## 2.12 LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
<b>Receivable under Financing Activity - Education Loans Secured, considered Good</b>		
Education Loan	2,442,307,422	1,254,406,110
Education Infrastructure loan	728,644,246	260,289,825
Secured by		
(a) Immovable property		
(b) Fixed Deposits		
(c) Life Insurance Policies		
	<b>3,170,951,668</b>	<b>1,514,695,935</b>
<b>Unsecured, considered Good</b>		
Education Loan	1,871,298,040	772,671,345
Education Infrastructure loan	-	-
	<b>1,871,298,040</b>	<b>772,671,345</b>
Less: Provision for Non Performing Loans (Refer note 2.41)	284,663	-
	<b>5,041,965,045</b>	<b>2,287,367,280</b>
<b>Others (unsecured, considered good)</b>		
Security Deposits	7,367,780	4,236,820
Taxes paid	8,382,144	2,254,802
Prepaid expenses	24,394,526	9,550,288
Interest accrued but not due	12,913,255	4,156,166
<b>Total</b>	<b>5,095,022,750</b>	<b>2,307,565,356</b>

## 2.13 CASH AND BANK BALANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
<b>Cash and cash equivalent</b>		
Cash on hand	37,232	6,397
Balances with banks		
Fixed Deposit	-	1,000,000
Current Accounts	956,563,124	373,000,454
<b>Total</b>	<b>956,600,356</b>	<b>374,006,851</b>



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**2.14 SHORT TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
<b>Receivable under Financing Activity - Education Loans</b>		
<b>Secured, considered Good</b>		
Education Loan	101,317,939	46,448,244
Education Infrastructure loan	47,988,746	-
Secured by		
(a) Immovable property		
(b) Fixed Deposits		
(c) Life Insurance Policies		
	<b>149,306,685</b>	<b>46,448,244</b>
<b>Unsecured, considered Good</b>		
Education Loan	104,777,594	58,333,502
Education Infrastructure loan	-	-
	<b>104,777,594</b>	<b>58,333,502</b>
<b>Amounts due from Borrowers (considered good)</b>		
Secured	960,508	-
Unsecured	491,509	-
	<b>1,452,017</b>	<b>-</b>
<b>Others (unsecured, considered good)</b>		
Other loans and advances	807,488	1,893,896
Service tax input credit receivable	173,369	403,873
Prepaid Expenses	5,809,463	3,172,118
<b>Total</b>	<b>262,326,616</b>	<b>110,251,633</b>

**2.15 OTHER CURRENT ASSETS**

Particulars	As at March 31, 2016	As at March 31, 2015
	Amt. in Rs	Amt. in Rs
Interest accrued but not due	849,334	163,274
Commission Receivable	3,740,485	1,768,091
<b>Total</b>	<b>4,589,819</b>	<b>1,931,365</b>



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**2.16 REVENUE FROM OPERATIONS**

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
	Amt. in Rs	Amt. in Rs
Interest Income	493,030,081	149,364,309
Processing fees	49,357,955	32,443,842
Other financial services	338,571	594,279
<b>Total</b>	<b>542,726,607</b>	<b>182,402,430</b>

**2.17 OTHER INCOME**

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
	Amt. in Rs	Amt. in Rs
Interest on FD	16,096	12,205
Forex Commission	13,754,892	7,941,764
Profit on sale of investment	24,421,550	5,347,524
Other Income	1,751,284	1,750,906
Excess provision written back	90,000	352,613
<b>Total</b>	<b>40,033,822</b>	<b>15,405,012</b>

**2.18 EMPLOYEE BENEFITS EXPENSE**

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
	Amt. in Rs	Amt. in Rs
Salaries, wages and bonus	90,957,153	70,840,899
Contribution to provident fund and other funds	4,172,232	3,368,944
Staff welfare expenses	903,002	735,820
<b>Total</b>	<b>96,032,387</b>	<b>74,945,663</b>

**2.19 FINANCE COSTS**

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
	Amt. in Rs	Amt. in Rs
Interest on Borrowings	318,969,683	72,513,247
Other borrowing costs	4,747,084	1,343,536
<b>Total</b>	<b>323,716,767</b>	<b>73,856,783</b>



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## 2.20 OTHER OPERATING EXPENSES

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
	Amt. in Rs	Amt. in Rs
Advertisement, Publicity and Business Promotion	28,108,003	35,360,783
Rent, Rates and Taxes	8,397,608	4,977,066
Bank Charges	198,340	68,912
Payment to Auditors (Refer details below)	844,500	500,000
Security Charges	672,796	678,543
Credit Underwriting charges	2,409,861	1,833,965
Rating Fees	4,825,000	1,725,000
Legal and professional fees	6,544,485	3,011,366
Office expenses	1,248,696	1,020,418
DSA commission	8,354,288	2,166,129
Other expenses	3,365,691	2,172,487
Outsourcing Charges	27,056,939	18,200,040
Service Tax Expense	7,001,573	4,088,328
Electricity & Water Charges	2,275,405	1,787,772
Telephone Expenses	3,482,962	2,353,147
Insurance Premium	1,345,621	1,016,161
Printing and stationery expenses	1,375,374	1,448,457
Stamp Duty	1,831,702	533,996
Housekeeping Expenses	1,167,472	620,739
Business Sourcing Expenses	7,891,217	3,856,520
Travelling and conveyance	4,841,920	3,534,635
<b>Total</b>	<b>123,239,453</b>	<b>90,954,464</b>

Payment to Auditors (net of service tax input credit)	For the Year ended March 31, 2016	For the Year ended March 31, 2015
	Amt. in Rs	Amt. in Rs
Statutory Audit Fees	597,650	425,000
Tax Audit Fees	75,000	75,000
For other services	164,000	-
Reimbursement of expenses	7,850	-
<b>Total</b>	<b>844,500</b>	<b>500,000</b>



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**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, 2015 (Amt in Rs)	Additional Provision (Amt in Rs)	Utilization / Reversal (Amt in Rs)	As at March 31, 2016 (Amt in Rs)
Contingent Provisions against Standard Assets	59,91,171	99,39,119	-	1,59,30,290

In terms of the RBI Notification No.DNBR (PD) CC.No.043/03.10.119/2015-16 dated July 01, 2015; during the year the Company has made Contingent Provisions against Standard Assets of Rs 99,39,119/- (Previous Year - Rs.47,42,535/-) to carry a general provision at the rate of 0.30% of the outstanding Standard Assets as on 31st March 2016.

**2.22 EARNINGS PER SHARE**

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Profit for the year after taxation (Rs)	2,67,99,769	-4,95,54,772
Profit available for Equity shareholders (Rs)	2,67,99,769	-4,95,54,772
Weighted average number of Equity Shares outstanding during the year	2,52,50,932	1,63,94,704
<b>Basic Earning per Share (Rs)</b>	<b>1.06</b>	<b>-3.02</b>
<b>Diluted Earning per Share (Rs)</b>	<b>1.06</b>	<b>-3.02</b>
<b>Face value of equity share (Rs)</b>	<b>10.00</b>	<b>10.00</b>

**2.23 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, 2016 Amt. in Rs	For the Year ended March 31, 2015 Amt. in Rs
Lease payments recognized in the Statement of Profit and Loss	56,39,194	25,28,116
The total future minimum lease payments under non cancellable operating leases for each of the following periods		
1) Not later than one year	1,27,41,780	29,07,506
2) Later than one year and not later than five years	1,12,07,411	22,77,830

**2.24 CONTINGENT LIABILITIES AND COMMITMENTS**

Particulars	For the Year ended March 31, 2016 Amt. in Rs	For the Year ended March 31, 2015 Amt. in Rs
Contingent Liabilities	-	-
Estimated amount of contracts remaining unexecuted on capital account and not provided for (Net of Capital Advances)	1,62,500	-

**2.25 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 2016. 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.

**2.26 SEGMENT REPORTING**

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

**2.27 CAPITAL TO RISK ASSETS RATIO (CRAR)**

Items	2015-16	2014-15
CRAR (%)	29.54	37.94
CRAR - Tier I capital (%)	24.56	37.69
CRAR - Tier II capital (%)	4.99	0.25
Amount of subordinated debt raised as Tier-II capital (Amt in Rs)	25,00,00,000	-
Amount raised by issue of Perpetual Debt Instruments (Amt in Rs)	-	-



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**2.28 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:

Sr. No.	Nature of Relationship	Related Party
1	<b>Investing parties</b>	1) Dewan Housing Finance Corporation Limited 2) Wadhawan Global Capital Private Limited
2	<b>Person having influence over investing parties</b>	Mr. Kapil Wadhawan
3	<b>Enterprises over which person described in (2) above has significant influence</b>	1) Dewan Housing Finance Corporation Limited 2) DHFL Pramerica Life Insurance Company Limited 3) DHFL Pramerica Asset Managers Private Limited
4	<b>Key Management Personnel</b>	Neeraj Saxena Koustabh Shaha Ranabir Sanyal (upto 8th September 2015) Neha Gore (28th September 2015 to 5th February 2016)

Sr. No.	Transactions	Enterprises over which person described in (2) above has significant influence			Key Management Personnel (KMP)
		Dewan Housing Finance Corporation Limited	DHFL Pramerica Life Insurance Company Limited	DHFL Pramerica Asset Managers Private Limited	
1	Reimbursement of expenses For the period 15-16 For the period 14-15	3,211,318 1,169,178	- -	- -	- -
2	Salaries & Allowances For the period 15-16 For the period 14-15	- -	- -	- -	17,102,736 11,589,649
3	Rent paid (exclusive of service tax) For the period 15-16 For the period 14-15	302,310 -	- -	- -	- -
4	Insurance premium paid for employees For the period 15-16 For the period 14-15	- -	269,092 228,067	- -	- -
5	Consulting fees (exclusive of service tax) For the period 15-16 For the period 14-15	1,547,350 533,421	- -	- -	- -
6	Deposits given For the period 15-16 For the period 14-15	- -	- -	- -	- -
7	Commission/Fees income For the period 15-16 For the period 14-15	1,145,013 1,669,968	- -	- -	- -
8	Leave encashment liability transfer (Refer note 2.29) For the period 15-16 For the period 14-15	- 477,709	- -	- -	- -
9	Gratuity liability transfer (Refer note 2.29) For the period 15-16 For the period 14-15	- 722,133	- -	- -	- -
10	Purchase of investments For the period 15-16 For the period 14-15	- -	- -	602,521,177 -	- -
	Sale of investments For the period 15-16 For the period 14-15	- -	- -	604,777,567 -	- -
11	Insurance premium collected and paid on behalf of For the period 15-16 For the period 14-15	- -	46,528,922 30,922,333	- -	- -
12	Interoperate deposit including interest For the period 15-16 For the period 14-15	- 256,857,877	- -	- -	- -
<b>Balance as at</b>					
	Security Deposit For the period 15-16 For the period 14-15	29,000 -	330,000 200,000	- -	- -

Note:- Considering the confidentiality of the salaries and allowances, the figures of all the the key managerial personnel have been dubbed.



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## 2.25 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.

Details of defined benefit plan- As per Actuarial Valuation

Particulars	For the Year ended	For the Year ended	For the Year ended	For the Year ended
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Compensated absences		Gratuity	
<b>I Assumptions</b>				
Interest discount rate	7.46%	8.00%	7.46%	8.00%
Rate of increase in compensation	8.00%	3.00%	3.00%	3.00%
Employee attrition rate	5.00%	5.00%	5.00%	5.00%
<b>II Changes in present value of obligations (PVO)</b>				
PVO at the beginning of the period	4,417,225	1,816,408	1,662,446	957,374
Interest cost	153,378	145,313	132,996	76,590
Current Service Cost (Rs)	2,058,040	2,372,462	709,497	595,823
Past Service Cost - (non vested benefits)	-	-	-	-
Past Service Cost - (vested benefits)	-	-	-	-
Benefits Paid	-	-	-	-
Actuarial (Gain)/Loss on obligation (Rs)	(1,545,631)	83,042	(788,167)	32,659
PVO at the end of period (Rs)	5,283,012	4,417,225	1,716,772	1,662,446
<b>III 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	-	-	-	-
<b>IV 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)	(5,283,012)	(4,417,225)	(1,716,772)	(1,662,446)
Excess of actual over estimated return on Plan Assets	-	-	-	-
<b>V Experience History</b>				
(Gain)/Loss on obligation due to change in Assumption	2,304,835	(714,472)	98,314	(64,808)
Experience (Gain)/Loss on obligation (Rs)	(3,850,466)	797,514	(886,481)	97,467
Actuarial Gain/ (Loss) on plan assets	-	-	-	-
<b>VI Actuarial Gain/(Loss) recognized</b>				
Actuarial Gain/(Loss) for the period (obligation) (Rs)	1,545,631	(83,042)	788,167	(32,659)
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-	-	-
Total Gain/(Loss) recognized for the period (Rs)	1,545,631	(83,042)	788,167	(32,659)
Actuarial Gain/(Loss) for the period (Rs)	1,545,631	(83,042)	788,167	(32,659)
Unrecognized actuarial gain / (loss) at end of period	-	-	-	-
<b>VII Past Service Cost Recognized</b>				
Past service cost - non vested benefits	-	-	-	-
Past service cost - vested benefits	-	-	-	-
Average remaining future service till vesting of the benefits	-	-	-	-
Recognized past service cost - non vested benefits	-	-	-	-
Recognized past service cost - vested benefits	-	-	-	-
Unrecognized past service cost - non vested benefits	-	-	-	-
<b>VIII Amounts to be recognized in the balance sheet and statement of profit and loss account</b>				
PVO at end of period (Rs)	5,283,012	4,417,225	1,716,772	1,662,446
Fair value of plan assets at end of period	-	-	-	-
Funded status (Rs)	(5,283,012)	(4,417,225)	(1,716,772)	(1,662,446)
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Unrecognized Past Service costs-non vested benefits	-	-	-	-
Net Asset/(Liability) recognized in the balance sheet	(5,283,012)	(4,417,225)	(1,716,772)	(1,662,446)
<b>IX Expense recognized in the statement of profit and loss account</b>				
Current Service Cost (Rs)	2,058,040	2,372,462	709,497	595,823
Interest cost	353,378	145,313	132,996	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)	(1,545,631)	83,042	(788,167)	32,659
Expense recognized in the statement of P & L Ac (Rs)	865,787	2,600,817	54,326	705,072
<b>X Movements in the Liability recognized in Balance Sheet</b>				
Opening Net Liability	4,417,225	1,816,408	1,662,446	957,374
Expenses as above (Rs)	865,787	2,600,817	54,326	705,072
Contribution paid	-	-	-	-
Closing Net Liability (Rs)	5,283,012	4,417,225	1,716,772	1,662,446



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## 2.30 ASSET LIABILITY MANAGEMENT

Maturity pattern of certain items of assets and liabilities as on March 31, 2016

Particulars									Amt in Rs
	1 day to 30 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings*	-	12,500,000	20,625,000	33,125,000	131,250,000	1,339,500,000	1,560,250,000	1,756,500,000	<b>4,853,750,000</b>
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
<b>Assets</b>									
Advances	15,856,705	15,243,939	16,944,876	68,842,416	137,196,344	896,325,394	1,193,395,594	2,952,528,720	<b>5,296,311,987</b>
Investments	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-

\*Excludes interest accrued but not due Rs 1,77,29,281.

2.31 EXPOSURE TO REAL ESTATE SECTOR		2015-16 Amt. in Rs	2014-15 Amt. in Rs
<b>Direct Exposure</b>			
i) Residential Mortgages Lending full secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		2,142,196,834	1,062,233,475
ii) Commercial Real Estate Lending Secured by mortgages on commercial real estates (office buildings, retail place, multi purpose commercial premises multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc) Exposure would also include non fund based limits		1,047,335,174	365,035,596
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures			
a) Residential Mortgages		-	-
b) Commercial Real Estate		-	-
<b>Total Exposure to Real Estate Sector</b>		<b>3,189,532,008</b>	<b>1,427,269,071</b>

## 2.32 RATING ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATING DURING THE YEAR

Rating Agency	Type	2015-16	2014-15
CARE Rating	Long term bank facilities	AA+ (SO)	AA+ (SO)
CARE Rating	Long term Debt instruments	AA+ (SO)	NA
CARE Rating	Sub-ordinated debts	AA (SO)	NA
Bricwork Ratings	Long term Non-convertible Debentures	AA+ (SO)	NA
CRISIL Rating	Commercial papers programme	A1+	A1+

2.33 The Company does not have any Capital Market Exposure.

2.34 The Company does not have exposure to Derivatives including Forward Rates Agreements, Interest Rate swaps and Exchange Traded Derivatives.

2.35 The Company has not securitized any of its assets during the year.

2.36 The Company has not purchased or sold any non performing financial assets during the year.

2.37 The Company has not exceeded Single Borrower Limit (SGL) and nor has exceeded the Group Borrower Limit (GBL).



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2.38 PROVISIONS AND CONTINGENCIES	2015-16 Amt. in Rs	2014-15 Amt. in Rs
<b>Break up of Provisions and Contingencies shown under the head Expenses in Statement of Profit and Loss</b>		
Provisions for depreciation on investment	-	-
Provision towards NPA	284,663	-
Provision made towards Income Tax (net)	6,522,238	-
Other Provision and Contingencies (with details)		
Provision for Employee benefits		
Compensated absences	5,283,012	4,417,225
Gratuity	1,716,772	1,662,446
Provision for Standard Assets	9,939,119	4,742,535

2.39 CONCENTRATION OF ADVANCES, EXPOSURES AND NPAs	2015-16	2014-15
<b>Concentration of Advances</b>		
Total Advances to twenty largest borrowers (Amt in Rs.)	817,309,763	351,754,810
Percentage of Advances to twenty largest borrowers to total advances of the company	15.43%	14.70%
<b>Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers/customers (Amt in Rs.)	915,689,050	401,478,633
Percentage of Exposures to twenty largest borrowers/customers to total exposure of the company on borrowers/customers	12.53%	11.80%
<b>Concentration of NPAs</b>		
Total advance to NPA accounts (Amt in Rs.)	2,846,631	-
Total exposure to NPA accounts (Amt in Rs.)	4,627,528	-

2.40 SECTOR WISE NPAs	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
	2015-16	2014-15
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto Loans	-	-
Other personal loans	-	-
Education Loans	0.05%	-
Education Infrastructure Loans	0.00%	0.00%



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<b>2.41 MOVEMENT OF NPAs</b>		
<b>Particulars</b>	<b>2015-16 Amt. in Rs</b>	<b>2014-15 Amt. in Rs</b>
Net NPAs to Net Advances	0.05%	-
<b>Movement of NPAs (Gross)</b>		
Opening balance	-	-
Additions during the year	2,846,631	-
Reductions during the year	-	-
Closing balances	2,846,631	-
<b>Movement of NPAs (Net)</b>		
Opening balance	-	-
Additions during the year	2,561,968	-
Reductions during the year	-	-
Closing balances	2,561,968	-
<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
Opening balance	-	-
Additions during the year	284,663	-
Reductions during the year	-	-
Closing balances	284,663	-

2.42 The Company does not have any overseas assets.

2.43 The Company has not sponsored any Off Balance Sheet Special Purpose Vehicles (SPVs).

2.44 There was no draw down from the Reserves during the year.

2.45 The Company has not undertaken any assignment transactions during the year.

2.46 No penalty has been levied on the Company by RBI or other regulators.

2.47 The Company is a non deposit accepting NBFC and as such does not have any depositors.

<b>2.48 CUSTOMER COMPLAINTS</b>	
	<b>2015-16</b>
No of complaints pending at the beginning of the year	-
No of complaints received during the year	99
No of complaints redressed during the year	97
No of complaints pending during the year	2



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2.49 Schedule to Balance Sheet of a non deposit taking non banking financial company as required in terms of paragraph 13 of Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

For the year ended 31.03.2016

Amt in Rs.

Particulars		Amount	
<b>Liabilities Side</b>			
<b>1</b>	<b>Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
	(a) Debentures Secured	700,000,000	-
	Unsecured	250,000,000	-
	(Other than falling within the meaning of public deposits)	-	-
	(b) Deferred credits	-	-
	(c) Term Loans	3,903,750,000	-
	(d) Inter corporate loans and borrowing	-	-
	(e) Commercial paper	-	-
	(f) Other loans (specify nature)	-	-
<b>Assets side</b>			
<b>2</b>	<b>Break up of Loans and advances including bills receivables (other than those included in (4) below</b>	<b>Amount Outstanding</b>	
	(a) Secured	3,320,258,353	
	(b) Unsecured	1,976,075,634	
<b>3</b>	<b>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</b>	<b>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>		
	<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>		



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5 Borrower group wise classification of assets financed as in (2) and (3) above:			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related parties	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other Related parties	-	-	-
2 Other than related parties	3,320,258,353	1,976,075,634	5,296,333,987
<b>Total</b>	<b>3,320,258,353</b>	<b>1,976,075,634</b>	<b>5,296,333,987</b>

6 Investment group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
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	-	-
(c) Other Related parties	-	-
2 Other than related parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

7 Other Information	
Particulars	Amt in Rs
(i) Gross Non Performing Assets	-
(a) Related parties	-
(b) Other than related parties	2,846,631
(ii) Net Non Performing Assets	-
(a) Related parties	-
(b) Other than related parties	2,561,968
(iii) Assets acquired in satisfaction of debt	-


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

For and behalf of the Board of Directors

  
Kapil Wadhawan  
Director

  
Mahendra Chouhan  
Director

  
Anoop Pabby  
Director

  
Suresh Mahalingam  
Director



  
Aruna Wadhawan  
Director

  
Neeraj Saxena  
Chief Executive Officer

  
Koustubh Shaha  
Chief Financial Officer

Place: Mumbai

Date:

12 5 APR 2016