

AVANSE FINANCIAL SERVICES LTD

Annual Report - 2016 - 17

CORPORATE INFORMATION

Board of Directors

Kapil Wadhawan	Non Executive Chairman
Anoop Pabby	Non Executive Director
Suresh Mahalingam	Non Executive Director
Aruna Wadhawan	Non Executive Director
Mahendra Kumar Chouhan	Independent Director
Ashok Malik	Independent Director (w.e.f. July 15, 2016)

Key Managerial Personnel

Amit Gainda	Chief Executive Officer (w.e.f. April 1, 2017)
Rahul Bhapkar	Chief Financial Officer (w.e.f. April 1, 2017)
Rakesh Dhanuka	Company Secretary

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 Transfer Agent

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

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 24th Annual General Meeting of the Members of Avanse Financial Services Limited will be held on Thursday, August 24, 2017 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, 2017 together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Anoop Pabby (DIN 01175230) 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 read with rules made thereunder, as amended from time to time, M/s. T. R. Chadha & 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 Annual General Meeting (AGM) till the conclusion of the 29th Annual General Meeting, subject to ratification of their appointment at every AGM, if required by law, at such remuneration plus applicable taxes, out-of-pocket expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

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

Rakesh Dhanuka
Company Secretary

Place: Mumbai
Date: July 14, 2017

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

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 14, 2017

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 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

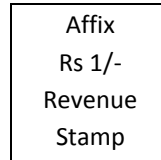
2) Name: _____ Address: _____

Email Id: _____ Signature: _____

as my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Thursday, August 24, 2017 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, 2017 together with the Directors' Report and the Auditors' Report thereon.
2	To appoint a Director in place of Mr. Anoop Pabby (DIN 01175230) who retires by rotation and, being eligible, offers himself for re-appointment.
3	To appoint Statutory Auditors of the Company.

Signed this _____ day of _____, 2017



Signature of Shareholder

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 Tel: 022 7111 2233 Fax: 022 7111 2234

Attendance Slip

I hereby record my presence at the 24th Annual General Meeting of the Company held on Thursday, August 24, 2017 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

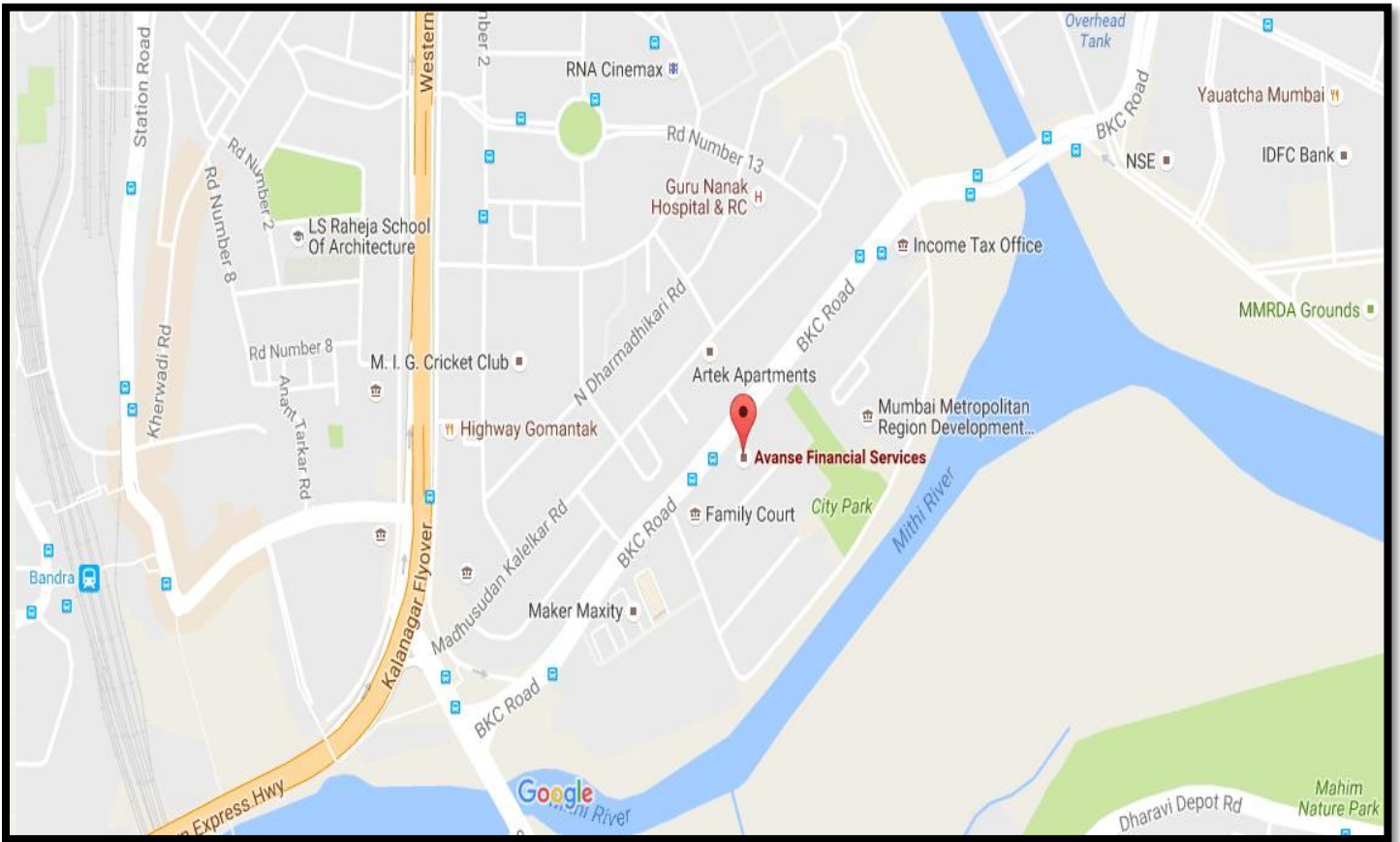
Full name of the Member (in BLOCK LETTERS) _____

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 MEETING



Directors' Report

To,
The Members,

The Directors have pleasure in presenting the 24th Annual Report of the Company for the financial year 2016-17.

1. Financial Performance of the Company

(₹ In Lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Gross Income	11208.64	5,827.60
Depreciation	53.16	37.33
Profit Before Tax	571.77	258.16
Provision for Tax	11.83	(9.84)
Profit / (Loss) After Tax	559.94	267.99

2. Dividend

In order to conserve resources for future, the Board has not recommended any dividend for the financial year 2016-17.

3. Review of Business Operations

During the year under review, the Company registered a remarkable growth in terms of loan disbursement and total income. Company's Loan book as on March 31, 2017 was ₹ 982 Crores compared to ₹ 530 Crores in the last financial year registering a growth of 85.28 %. The total income of the Company in the financial year under review was ₹ 112.09 Crores compared to ₹ 58.28 Crores in the previous year up by 92.33 %. During the financial year ended March 31, 2017, your Company earned a net profit of ₹ 5.60 Crores compared to net profit of ₹ 2.68 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 0.29 %.

4. Regulatory Guidelines

As per the RBI Directions, rules and regulations, the Company falls under the category of "Systemically Important Non-Banking Financial Company". 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 16.50% as at March 31, 2017. Tier I capital was 13.63% and Tier II capital was 2.87%.

5. Transfer to Reserve

The Directors transferred ₹ 1.12 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, 2017.

6. Business Scenario

Your Company is into business of extending Education Loans to Indian students for higher education in India and abroad and Education Institution Loans 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.

In India there are more than 50,000 institutions imparting higher education as per All India Survey on Higher Education – 2015-16. Around 34 million students estimated to have enrolled for higher education and the number is increasing at a rapid pace. In the recent years, there have been sudden rise in the number of Indian students going abroad for under graduate and post graduate studies in the top universities. Universities / Institutions around the world are offering various new courses giving opportunities to students to explore their career in other lucrative sectors. Simultaneously, the cost of education is increasing immensely making it difficult for the families to bear the cost from their own funds. Here, your Company play an important role by providing, hassle free, customise, 100% education cost with flexible repayment terms and at best interest rate of interest, Education Loan to Indian students for higher education in India & abroad and help them to fulfil their dreams of studying in the universities they wish to for achieving their career goals. Education loan portfolio of the Company stood at ₹ 816 Crores as on March 31, 2017 compared to ₹ 452 Crores in the previous year registering a growth of 80.53%

A good education requires a good Institute, infrastructure, technologies etc. which need huge funds. Considering the need of the universities, education institutions and to further contribute to achieve the dreams of the students of getting education from best universities, education institutions, your Company extend Education Institution Loans as well. Company's Education Institution Loan book stood at ₹ 166 Crores as on March 31, 2017 compared to ₹ 78 Crores in the previous year registering a growth of 112.82 %.

7. Credit Rating

The Company's short-term borrowing program from CRISIL Limited was accorded the rating of "CRISIL 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.

8. Sources of funds

a) Term Loan from Bank

During the year under review your Company received sanctions for term loan of ₹ 360 Crores from 9 Banks, of which the Company availed loans of ₹ 345 Crores. The outstanding term loan as on March 31, 2017 was ₹ 715 Crores. .

b) Non Convertible Debentures

During the financial year 2016-17, the Company diversified its funding sources and raised funds by issuing Long Term Secured Non-Convertible Debentures (NCDs) amounting to ₹ 50 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 all the outstanding Non Convertible Debentures. As on March 31, 2017 the total outstanding Secured NCDs are ₹ 120 Crores.

c) Subordinated Debt

During the financial year 2016-17, the Company has not issued any Long Term Unsecured Subordinated Debt. As on March 31, 2017 the total outstanding Subordinate Debt are ₹ 25 Crores.

d) Commercial Paper

The Company's Commercial Paper has been assigned the 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 31st 2017, outstanding Commercial Paper are ₹ 35 Crores.

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 2016-17.

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 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 Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, M/s T. R. Chadha & Co. LLP, Chartered Accountants, Statutory Auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting (AGM). In accordance with the said provision, the Board of Directors on the recommendation of the Audit Committee and subject to approval of the Members at the ensuing AGM approved the appointment of M/s. T. R. Chadha & Co. LLP as Statutory Auditors of the Company for a period of 5 (five) years i.e. from the conclusion of ensuing 24th Annual General Meeting until the conclusion of 29th Annual General Meeting of the Company.

The Company has received their consent and certificate pursuant to the provisions of the Companies Act, 2013 and rules made thereunder to act as Statutory Auditors of the Company, if appointed, for a period of 5 (five) consecutive years from the conclusion of ensuing 24th AGM till the conclusion of 29th AGM of the Company.

Necessary resolution for the above business is placed in the notice of 24th Annual General Meeting for the approval of the members.

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, 2017 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, 2017, there has been no foreign exchange earnings and outgo.

18. a) Directors

During the year under review, Mr. Ashok Malik was appointed as Independent Director of the Company w.e.f. July 15, 2016.

Mr. Anoop Pabby, Non Executive Director is liable to retire by rotation at the ensuing Annual General Meeting pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time and being eligible offers himself for re-appointment.

Necessary resolution for the above business is placed in the notice of 24th ensuing Annual General Meeting for the approval of the members.

b) Key Managerial Personnel

During the year under review, Mr. Rakesh Dhanuka was appointed as Company Secretary and Compliance Officer of the Company w.e.f. July 15, 2016. The tenure of Mr. Neeraj Saxena as Chief Executive Officer and Manager of the Company expired on December 22, 2016. The Board of Directors, on the recommendation of the Nomination, Remuneration and Compensation Committee, at its meeting held on October 14, 2016 appointed Mr. Neeraj Saxena as Chief Executive Officer of the Company categorised as Key Managerial Personnel w.e.f. December 23, 2016.

Mr. Neeraj Saxena and Mr. Koustubh Shaha resigned as Chief Executive Officer and Chief Financial Officer of the Company from the close of business hours on March 31, 2017 respectively. Pursuant to Section 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors on the recommendation of the Nomination, Remuneration and Compensation Committee approved the appointment of Mr. Amit Gainda as Chief Executive Officer and of Mr. Rahul Bhapkar as Chief Financial Officer of the Company categorised as Key Managerial Personnel w.e.f. April 1, 2017.

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:

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors. The evaluation framework was aligned with the Guidance Note on the Board Evaluation issued by the SEBI vide circular dated January 5, 2017. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings etc. The Board and the Nomination, Remuneration and Compensation Committee reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated taking into account the views of Non-Executive Directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

21. Board Meeting

During the financial year 2016-17, the Board met five times i.e. on April 25, 2016, July 15, 2016, October 14, 2016, January 13, 2017 and March 20, 2017. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The attendance of each director at the abovesaid meetings is as follows;

Sr. No.	Name of the Director	Number of meetings attended
1	Mr. Kapil Wadhawan	5
2	Smt. Aruna Wadhawan	5
3	Mr. Anoop Pabby	3
4	Mr. Suresh Mahalingam	5
5	Mr. Mahendra Kumar Chouhan	4
6	Mr. Ashok Malik*	2

*Appointed w.e.f. July 15, 2016

22. Audit Committee

The Members of the Audit Committee are Mr. Mahendra Kumar Chouhan (Chairman), Mr. Ashok Malik and Mr. Anoop Pabby. 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. During the year, the Committee met four times i.e. on April 25, 2016, July 15, 2016, October 14, 2016 and January 13, 2017. The attendance of each Committee Member at the abovesaid meetings is as follows;

Sr. No.	Name of the Director	Number of meetings attended
1	Mr. Kapil Wadhawan*	2
2	Mr. Anoop Pabby	3
3	Mr. Suresh Mahalingam*	2
4	Mr. Mahendra Kumar Chouhan	3
5	Mr. Ashok Malik**	2

*Ceased to be Member of the Committee w.e.f. July 16, 2016

**Appointed as Member of the Committee w.e.f. July 15, 2016

23. Nomination, Remuneration and Compensation Committee

The Members of the Nomination, Remuneration and Compensation Committee are Mr. Ashok Malik (Chairman), Mr. Mahendra Kumar Chouhan and Mr. Suresh Mahalingam. 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. During the year, the Committee met four times i.e. on April 25, 2016, July 15, 2016, October 14, 2016 and March 20, 2017. The attendance of each Committee Member at the abovesaid meetings is as follows;

Sr. No.	Name of the Director	Number of meetings attended
1	Mr. Kapil Wadhawan*	2
2	Mr. Anoop Pabby*	2
3	Mr. Suresh Mahalingam	4
4	Mr. Mahendra Kumar Chouhan	3
5	Mr. Ashok Malik**	1

*Ceased to be Member of the Committee w.e.f. July 16, 2016

**Appointed as Member of the Committee w.e.f. July 15, 2016

24. Asset Liability Management Committee (ALCO)

Pursuant to the regulatory framework for NBFC issued by Reserve Bank of India, Asset Liability Management Committee (ALCO) was constituted. 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. Amit Gainda (Chairman), Mr. Rahul Bhapkar and Ms. Swechha Jain.

25. Risk Management Committee

The members of Risk Management Committee are Mr. Amit Gainda (Chairman), Mr. Rahul Bhapkar, Ms. Namita Raja, Mr. Smitesh Shah and Ms. Swechha Jain. The terms of reference of the Committee inter alia include ensuring formulation and implementation of the Risk Management Policy of the Company.

26. Borrowing Committee

The members of Borrowing Committee are Mr. Amit Gainda (Chairman), Mr. Rahul Bhapkar and Ms. Swechha Jain. The terms of reference of the Committee inter alia include ascertaining and meeting 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.

27. Investment Committee

The members of Investment Committee are Mr. Amit Gainda (Chairman), Mr. Rahul Bhapkar and Ms. Swechha Jain. 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.

28. Nomination & Remuneration Policy

Policy on Board Composition, Compensation, Evaluation and connected matters is attached as "Annexure II".

29. Details of Establishment of Vigil Mechanism / Whistle Blower

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. Whistle Blower Policy is available on Company's website www.avanse.com.

30. 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 2016-17.

31. Particulars of Contracts or Arrangements with Related Parties

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, 2013. 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. Disclosure of particulars of contracts/arrangement is 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.

32. 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".

33. 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, 2017, 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, 2017 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.

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

a) Auditors Report

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

b) Secretarial Audit Report

There were no qualifications, reservation or adverse comments by the Secretarial Auditor of the Company in their audit report. The same is attached as "Annexure – VI".

35. 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 14, 2017

Management Discussion and Analysis Report

1. Industry Structure and Developments

In India, the importance of education has increased remarkably in the recent years. Unlike couple of decades ago, students nowadays prefer for going higher education in India or abroad resulting in increase in number of universities / institutions. There are around 800 Universities and around 40000 Institutes that impart higher education. Government of India has undertaken various initiatives for the development of education in the country. One of the factors for the overall economic development of any country is education. More the development in education sector more the country develops. Large population of the country comprise of youth showing keen interest in education in various fields. Accordingly, to meet the demand number of Universities and Institutions are getting opened every year. As a result, the students have more options to evaluate the Universities / Institutions before seeking admission. The course fees are too high making it difficult for parents to source the funds of their own and compel them to go for education loan to finance the education cost. Almost, all the banks in India provide education loan due to its growing demand. We are one of the only Company whose core business is to provide education loan.

2. Opportunities and Threats

India holds an important place in the global education industry. India's Gross Enrolment Ratio (GER) is 24.5% which lags still behind that of developed countries such as the US, Switzerland, Japan and UK as well as the developing countries such as China, Brazil, Malaysia and 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.

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.

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.

3. Segment-wise or Product- wise Performance / Financial Performance

The Company is into lending business and provide education loan and education institution loan. Your Company performed remarkably as same can be witnessed with the financial results for the year under review. The total portfolio of the Company as on March 31, 2017 was ₹ 982.28 Crores as against ₹ 529.60 Crores in the preceding financial year registering a y-o-y growth of 85.46%. The disbursement for the retail business during the year under review was ₹ 464.69 Crores as against ₹ 289.15 Crores in the last financial year. The disbursement for the EIL business during the year under review was ₹ 119.72 Crores as against ₹ 53.50 Crores in the last financial year. Your Company earned a net profit of ₹ 5.60 Crores compared to net profit of ₹ 2.68 Crores in the last financial year. Gross NPA and Net NPA is 0.29% and 0.25% respectively.

4. Outlook

The number of youth enrolment for higher education is going upward year on year basis. The enthuse of Indian students to fulfil their dreams of doing higher education abroad is also increasing rapidly as evident from the number of students going abroad every year. Though MBA from top Indian / foreign universities is still leading the dream education but today's generation is willing to explore in different streams instead of doing MBA and accordingly various courses having huge fees are coming out. The India story stands at a very interesting juncture today. There are heightened hopes around the growth prospects of the economy; education is one of the important factors for overall economic development. Over the span of four years, the Company has acquired decent expertise in education loan and education institution loan. The Company has consistently invested in building capabilities to meet the requirements of the students seeking loan and the market. The Company's enviable strength and the opportunities that the market may offer, place the Company in a unique position to deliver sustainable long-term performance over the years to come.

5. Risks and Concerns

As a lending entity, your Company is exposed to various risks such as credit risk, market risk, liquidity risk, legal risks, interest rate risk and operational risk. Your Company is conscious of these factors and places emphasis on risk management practices to ensure an appropriate balance between risks and returns. Your Company has put in place a comprehensive risk management policy and framework to identify, assess and monitor various risks. Risk management is driven by the Board with the overall responsibility assigned to the Risk Management Committee of the Board of Directors.

- *Liquidity Risk:* Your Company may face an asset-liability mismatch caused by difference in maturity profile of its assets and liabilities. Your Company actively monitors its liquidity position to ensure it can meet all borrowers and lenders related funds requirement. The Asset Liability Management Committee (ALCO) comprising of senior management lays down policies and quantitative limits and appraises the Audit Committee/Board periodically on the asset-liability mismatch and liquidity issues.

- *Interest Rate Risk:* Your Company is largely depends on resources raised from the banking system and market instruments to carry on their operations. They are therefore significantly vulnerable to interest rate movements in the market. Your Company, based on its standing and performance has been able to optimise its borrowing profile between short term loans and long term loans. The funding strategies adopted by the Company ensure diversified resources raising options to minimise cost and maximise stability of funds.
- *Credit Risk:* Credit risk is a risk of loss due to failure of a borrower to meet the contractual obligation of repaying debt as per agreed terms. Over 40% of the portfolio comprises of unsecured loan. Credit risk is managed by using a set of credit norms and policies, as approved by the Board. Your Company has a structured and standardised credit approval process including customer selection criteria, comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.
- *Operational Risk:* Operational risk can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, failure of computer systems, software or equipment, fraud, inadequate training and employee errors. Operational risk is mitigated by maintaining a comprehensive system of internal controls.

6. Internal Control Systems and their adequacy

Your Company has adequate and effective controls to provide reasonable assurance on achievement of its operational, compliance and reporting objectives. Your Company ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, compliance with applicable statutes, execution of the transactions as per the authorisation and compliance with the internal policies of the Company.

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the control systems according to the changing business needs from time to time.

7. Human Resource

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 2016-17, no complaint was received by the ICC.

For and on behalf of the Board of Directors
Mr. Kapil Wadhawan

Chairman
(DIN 00028528)

Place: Mumbai
Date: July 14, 2017

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 & 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: Link Intime India Private Ltd. C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400078. Tel. No.: +91 22-25946970-78 Fax No.: +91 22-25946969 e-mail: rnt.helpdesk @linkintime.co.in

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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	45,472	-	45,472	0.14	45,472	-	45,472	0.14	0.00
b) Central Govt	-	-	-	0.00	-	-	-	0.00	0.00
c) State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
d) Bodies Corp.	2,64,87,493	-	2,64,87,493	79.86	2,64,87,493	-	2,64,87,493	79.86	0.00
e) Banks / FI	-	-	-	0.00	-	-	-	0.00	0.00
f) Any other	-	-	-	0.00	-	-	-	0.00	0.00
Sub Total (A) (1)	2,65,32,965	-	2,65,32,965	80.00	2,65,32,965	-	2,65,32,965	80.00	0.00
(2) Foreign									
a) NRI Individuals	-	-	-	0.00	-	-	-	0.00	0.00
b) Other Individuals	-	-	-	0.00	-	-	-	0.00	0.00
c) Bodies Corp.	-	-	-	0.00	-	-	-	0.00	0.00
d) Any other	-	-	-	0.00	-	-	-	0.00	0.00
Sub Total (A) (2)	-	-	-	0.00	-	-	-	0.00	0.00
TOTAL (A)	2,65,32,965	-	2,65,32,965	80.00	2,65,32,965	-	2,65,32,965	80.00	0.00
B. Public Shareholding									
1. Institutions									
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	-	-	-	0.00	-	-	-	0.00	0.00

Venture Capital Funds									
i) Others (Multilateral Financial Institution)	66,33,502	-	66,33,502	20.00	66,33,502	-	66,33,502	20.00	0.00
Sub-total (B)(1):-	66,33,502	-	66,33,502	20.00	66,33,502	-	66,33,502	20.00	0.00
2. Non-Institutions									
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	1046	1046	0.00	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
Sub-total (B)(2):-	-	1,046	1,046	0.00	-	1,046	1,046	0.00	0.00
Total Public (B)	66,33,502	1,046	66,34,548	20.00	66,33,502	1,046	66,34,548	20.00	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00	-	-	-	0.00	0.00
Grand Total (A+B+C)	3,31,66,467	1046	3,31,67,513	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	36.78	0	1,21,97,522	36.78	0	0
2	Wadhawan Global Capital Pvt Ltd	1,41,28,631	42.60	0	1,41,28,631	42.60	0	0
3	Wadhawan Holdings Pvt Ltd	76,754	0.23	0	76,754	0.23	0	0
4	Wadhawan Consolidated Holdings Pvt. Ltd.	42,293	0.13	0	42,293	0.13	0	0
5	Infill Retail Ventures Pvt. Ltd.	42,293	0.13	0	42,293	0.13	0	0
6	Shri Kapil Wadhawan	22,736	0.07	0	22,736	0.07	0	0
7	Shri Dheeraj Wadhawan	22,736	0.07	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	36.78	1,21,97,522	36.78
2	Wadhawan Global Capital Private Limited	-	1,41,28,631	42.60	1,41,28,631	42.60
3	Wadhawan Holdings Pvt Ltd	-	76,754	0.23	76,754	0.23
4	Wadhawan Consolidated Holdings Pvt. Ltd.	-	42,293	0.13	42,293	0.13
5	Wadhawan Retail Ventures Pvt. Ltd.	-	42,293	0.13	42,293	0.13
6	Shri Kapil Wadhawan	-	22,736	0.07	22,736	0.07
7	Shri Dheeraj Wadhawan	-	22,736	0.07	22,736	0.07
	Total		2,65,32,965	80.00	2,65,32,965	80.00

(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*	66,33,502	20	66,33,502	20
2	Mr. Sonpal Jain	-do-	305	0	305	0
3	Mr. Mohit Chaturvedi	-do-	305	0	305	0
4	Mr. Ajay Vazirani	-do-	305	0	305	0
5	Mr. Hemant Bhatia	-do-	131	0	131	0

(v). Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment.				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,60,37,50,000	25,00,00,000	-	4,85,37,50,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,65,81,740	11,47,541	-	3,77,29,281
Total (i+ii+iii)	4,64,03,31,740	25,11,47,541	-	4,89,14,79,281
Change in Indebtedness during the financial year				
* Addition	4,25,23,87,725	2,09,17,06,665	-	6,34,40,94,390
* Reduction	48,40,81,740	1,72,90,61,791	-	2,21,31,43,531
Net Change	3,76,83,05,985	36,26,44,874	-	4,13,09,50,859
Indebtedness at the end of the financial year				
i) Principal Amount	8,35,62,50,000	59,37,44,800	-	8,94,99,94,800
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,23,87,725	2,00,47,615	-	7,24,35,340
Total (i+ii+iii)	8,40,86,37,725	61,37,92,415	-	9,02,24,30,140

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	1,45,00,008**	1,45,00,008
	(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)		
	Ceiling as per the Act	10% of the Net Profit	

* Mr. Neeraj Saxena was appointed as Chief Executive Officer (CEO) of the Company after completion of his tenure as CEO & Manager w.e.f. December 23, 2016.

**Includes performance bonus for the FY 2015-16.

B. Remuneration to Other Directors

Sr. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr. Mahendra Chouhan	Mr. Ashok Malik	-		
1.	Independent Directors					
	Fee for attending board / committee meetings	50,000	30,000			80,000
	Commission	-				-
	Others, please specify	-				-
	Total (1)	50,000	30,000			80,000
2.	Other Non-Executive Directors	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)	-	-	-	-	80,000
	Overall Ceiling as per the Act	1% of the Net Profit				

Note: Sitting fees is paid only to Independent Director

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD				
SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
1	Name	Koustubh Shaha	Rakesh Dhanuka*	(Rs.)
2	Designation	CFO	Company Secretary	
3	Gross salary	71,00,800**	9,15,710	80,16,510
	(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	71,00,800**	9,15,710	80,16,510

*Appointed w.e.f. July 15, 2016

**Includes performance bonus for the FY 2015-16.

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 2016-17.

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
(DIN 00028528)

Place: Mumbai
Date: July 14, 2017

Annexure II**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.

Annexure III**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	N.A.
(b)	Nature of contracts/ arrangements/ transactions	N.A.
(c)	Duration of the contracts / arrangements/ transactions	N.A.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	N.A.
(e)	Date(s) of approval by the Board, if any:	N.A.
(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 14, 2017

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 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 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 2016-17	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. Neeraj Saxena Chief Executive Officer & Manager	10%	-
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	Nil	-
6	Ms. Aruna Wadhawan Non-Executive Director	Nil	-
7	Mr. Koustubh Shaha Chief Financial Officer	19%	-
8	Mr. Rakesh Dhanuka* Company Secretary	-	-

*Details are not given as the KMP was appointed w.e.f. July 15, 2017.

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 2016-17 was ₹ 5,00,000/-
- iii) In the financial year 2016-17, there was an increase of 10 % in the median remuneration of employees.
- iv) There were 178 permanent employees on the rolls of Company as on 31st March, 2017.
- v) Average percentage increase made in the salaries of employees other than the Managerial Remuneration in the FY 2016-17 was 13 % whereas the increase in the Managerial Remuneration for the same FY 2016-17 was 15 %.

- 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 14, 2017

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**	1,45,00,008	As per terms of Board resolution	B.Sc, PGDBM	17	23.12.2013	41 years	DHFL	Nil

*Resigned w.e.f. April 1, 2017

**After completion of tenure, Mr. Neeraj Saxena was appointed as Chief Executive Officer of the Company w.e.f. December 23, 2016.

- 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 14, 2017

SECRETARIAL AUDIT REPORT
FORM NO. MR – 3
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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
Ground Floor, Madhava,
Bandra-kurla complex,
Bandra (West)
Mumbai - 400051

I/we have conducted the secretarial audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by Avanse Financial Services Limited (hereinafter called the Company) for the audit period covering the financial year ended on 31st March 2017. 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/our 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, 2017, 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, 2017 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; (Related documents)
- (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 and Listing of Debt Securities) Regulations, 2008; (Related documents);
 - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015
- (4) As informed to me the following other Laws are specifically applicable to the Company as under:
 - a) The RBI Directions, Rules and Regulations for NBFC
 - 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.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I/we 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/we 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**
Company Secretaries

Sachin Manseta
Proprietor
Membership No. F8279

Date: 28.04.2017

Place: Mumbai

T R Chadha & Co LLP

Chartered Accountants

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Off. Ganpatrao Kadam Marg
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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, 2017, 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 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 relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

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circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2017;
- (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, 2016 ("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", 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 by the Company 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 relevant rule issued thereunder;

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- e. on the basis of written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2017, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and 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 and
 - (iv) the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 2.50 to the financial statements.

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

Sd/-

Kashyap Vaidya
Partner
Membership Number: 37623

Place: Mumbai
Date: 28th April 2017

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Avanse Financial Services Limited – March 2017

“Annexure A” 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 31st March 2017 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 31st March 2017.

- (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

Sd/-

Kashyap Vaidya
Partner
Membership Number: 37623

Place: Mumbai
Date: 28th April 2017

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Annexure B to the Auditor's report

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

We have audited the internal financial controls over financial reporting of Avanse Financial Services Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the

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assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Sd/-

Kashyap Vaidya
Partner
Membership No. 037623

Date: 28th April 2017
Place: Mumbai

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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 - I (a) of the Reserve Bank of India Act, 1934 (2 of 1934) dated 5th 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 31st March 2017.
3. The Company is meeting the required Net Owned Fund requirement as laid down in Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank of India) Directions, 2016 and Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
4. The Board of Directors has during the year passed a Resolution for non-acceptance of any Public Deposits.
5. The Company has not accepted any "Public Deposit" in the financial year ended 31st March 2017.
6. According to information & explanation given to us, the Company has complied with the Prudential Norms relating to Income recognition, Accounting Standards, Asset Classification and Provisioning for Bad & Doubtful Debts as applicable to it in terms of Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank of India) Directions, 2016 and Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
7. In respect of Systemically Important Non-Deposit taking NBFCs as defined in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:
 - (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

Sd/-

Kashyap Vaidya
Partner
Membership No. 37623

Place: Mumbai
Date: 28th April, 2017

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
Regd. Office : Suite No. 11A, 2nd Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001
Phone : 011 41513059 / 41513169

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

AVANSE FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at	As at
		March 31, 2017	March 31, 2016
		Amt. in Rs	Amt. in Rs
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2.01	33,16,75,130	33,16,75,130
(b) Reserves and Surplus	2.02	1,07,08,29,995	1,01,48,35,764
2. Non - Current liabilities			
(a) Long term borrowings	2.03	7,42,62,50,000	4,65,62,50,000
(b) Other Long Term liabilities	2.04	6,29,71,074	2,32,29,252
(c) Long term provisions	2.05	4,95,70,171	2,25,69,314
3. Current liabilities			
(a) Short term borrowings	2.06	84,37,44,800	-
(b) Trade Payables	2.07		
i) Total outstanding dues of Micro Enterprises & Small Enterprises		-	-
ii) Total outstanding dues other than Micro Enterprises & Small Enterprises		1,45,40,637	77,88,102
(c) Other Current liabilities	2.08	81,03,01,025	27,14,02,961
(d) Short term provisions	2.09	12,47,516	3,60,760
TOTAL		10,61,11,30,348	6,32,81,11,283
II. ASSETS			
1. Non-Current assets			
(a) Fixed Assets (net)	2.10		
(i) Tangible assets		1,11,06,115	75,97,543
(ii) Intangible assets		37,80,360	9,89,942
(b) Deferred tax assets (net)	2.11	1,39,32,827	75,06,495
(c) Long-term loans and advances	2.12	9,40,61,84,178	5,08,85,00,512
2. Current assets			
(a) Cash and Bank Balances	2.13	64,75,69,240	95,66,00,356
(b) Short Term Loans and Advances	2.14	51,88,47,108	26,23,26,616
(c) Other current assets	2.15	97,10,521	45,89,819
TOTAL		10,61,11,30,348	6,32,81,11,283

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

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

Sd/-
Kapil Wadhawan
Director

Sd/-
Mahendra Chouhan
Director

Sd/-
Anoop Pabby
Director

Sd/-
Suresh Mahalingam
Director

Sd/-
Kashyap Vaidya
Partner
Membership No. : 37623

Sd/-
Aruna Wadhawan
Director

Sd/-
Ashok Malik
Director

Sd/-
Amit Gainda
Chief Executive Officer

Sd/-
Rahul Bhapkar
Chief Financial Officer

Sd/-
Rakesh Dhanuka
Company Secretary

Place : Mumbai
Date : 28.04.2017

Place: Mumbai
Date: 28.04.2017

AVANSE FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	For the Year ended	For the Year ended
		March 31, 2017	March 31, 2016
		Amt. in Rs	Amt. in Rs
Revenue			
(a) Revenue from Operations	2.16	1,06,30,67,618	54,27,26,607
(b) Other Income	2.17	5,77,95,934	4,00,33,822
I Total Revenue		1,12,08,63,552	58,27,60,429
Expenses			
(a) Employee benefit expenses	2.18	16,80,52,919	9,34,61,436
(b) Finance costs	2.19	64,95,65,824	32,37,16,767
(c) Depreciation and Amortization expenses	2.10	53,16,295	37,32,528
(d) Other expenses	2.20	21,86,11,483	12,58,10,404
(e) Provisions for non performing assets	2.41	36,55,846	2,84,663
(f) Contingent provisions against standard assets	2.21	1,84,83,811	99,39,119
II Total Expenses		1,06,36,86,178	55,69,44,917
III Profit Before Tax (I -II)		5,71,77,374	2,58,15,512
Tax Expense:			
(a) Current tax		76,09,475	65,22,238
(c) Deferred tax		-64,26,332	-75,06,495
IV Total Tax Expense		11,83,143	-9,84,257
V Profit for the year from Continuing Operations (III-IV)		5,59,94,231	2,67,99,769
VI Earnings per equity share (face value of Rs. 10 each)			
(a) Basic	2.22	1.69	1.06
(b) Diluted		1.69	1.06
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

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

Sd/-
kapil Wadhawan
Director

Sd/-
Mahendra Chouhan
Director

Sd/-
Anoop Pabby
Director

Sd/-
Suresh Mahalingam
Director

Kashyap Vaidya
Partner
Membership No. : 37623

Sd/-
Aruna Wadhawan
Director

Sd/-
Ashok Malik
Director

Sd/-
Amit Ganda
Chief Executive Officer

Sd/-
Rahul Bhapkar
Chief Financial Officer

Sd/-
Rakesh Dhanuka
Company Secretary

Place : Mumbai
Date : 28.04.2017

Place: Mumbai
Date: 28.04.2017

AVANSE FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2017

Particulars	For the year ended March 31,2017	For the year ended March 31,2016
	Amt. in Rs	Amt. in Rs
1 CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	5,59,94,231	2,58,15,512
Adjustments to reconcile loss before tax to cash provided by operating activities		
Depreciation from continuing operations	53,16,295	37,32,528
Provision for standard assets	1,84,83,811	99,39,119
Provision for Non Performing assets	36,55,846	2,84,663
Provision for expenses	98,77,915	1,94,52,974
Profit on sale of investments	-3,53,67,317	-2,44,21,550
Profit on sale of fixed assets	-5,500	-
Loss on sale of fixed assets	62,756	-
Excess provision written back	-4,80,672	-90,000
Interest accrued but not due on borrowings	3,47,06,059	3,77,29,281
Interest accrued but not due on loans and advances	2,26,88,642	-6,86,060
Operating Profit before working capital changes	11,49,32,066	7,17,56,467
Movement in working capital :		
Decrease / (Increase) in long term loans and advances	-4,35,93,18,091	-2,78,90,99,168
Decrease / (Increase) in short term loans and advances	-25,74,21,811	-15,20,74,983
(Decrease) / Increase in short term borrowings	84,37,44,800	-24,59,96,750
(Decrease) / Increase in Long term borrowings	2,77,00,00,000	3,16,25,00,000
Decrease / (Increase) in Other Current Assets	-51,20,702	-19,72,394
Increase / (Decrease) in Trade Payables	72,33,207	67,73,251
Increase / (Decrease) in Other Long Term Liabilities	3,97,47,514	1,41,03,128
Increase / (Decrease) in Long Term Provisions	85,17,046	11,60,580
Increase / (Decrease) in Short Term Provisions	8,86,756	-2,40,467
Increase / (Decrease) in Other current liabilities	49,43,14,090	9,76,79,625
Cash generated from operations during the year	-34,24,85,125	16,45,89,289
Taxes paid	97,59,233	13,57,111
Net Cash Flow from Operating Activities	-33,27,25,892	16,59,46,400
2 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	-1,17,01,641	-58,04,489
Asset written off	29,100	20,094
Purchase of current investments	-9,08,24,23,014	-6,99,95,21,177
Redemption of current investments	9,11,77,90,331	7,02,39,42,727
Net cash Flow from Investing Activities	2,36,94,776	1,86,37,155
3 CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	-	7,96,01,990
Share premium	-	31,84,07,960
Net cash flow from financing activities	-	39,80,09,950
Net increase/ (decrease) in cash and cash equivalents	-30,90,31,116	58,25,93,505
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	95,66,00,356	37,40,06,851
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	64,75,69,240	95,66,00,356
Cash and cash equivalents at the end of the year comprise of		
Cash on Hand	6,948	37,232
Balances with Banks in Current Accounts	64,75,62,292	95,65,63,124

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 and on behalf of the Board of Directors

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

Sd/-
Kapil Wadhawan
Director

Sd/-
Mahendra Chouhan
Director

Sd/-
Anoop Pabby
Director

Sd/-
Suresh Mahalingam
Director

Sd/-
Kashyap Vaidya
Partner
Membership No. : 37623

Sd/-
Aruna Wadhawan
Director

Sd/-
Ashok Malik
Director

Sd/-
Amit Ganda
Chief Executive Officer

Sd/-
Rahul Bhapkar
Chief Financial Officer

Sd/-
Rakesh Dhanuka
Company Secretary

Place : Mumbai
Date : 28.04.2017

Place: Mumbai
Date: 28.04.2017

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 institution or working capital loan to educational institute (Education institution 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 ("NBFC").

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 institution 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.

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.

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 institution 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 institution loans based on the Guidelines issued by Reserve Bank of India.

2.01. SHARE CAPITAL

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
AUTHORISED SHARES		
60,000,000 (60,000,000) Equity Shares of Rs. 10 each	60,00,00,000	60,00,00,000
	60,00,00,000	60,00,00,000
ISSUED AND PAID UP SHARES		
3,31,67,513 (3,31,67,513) Equity Shares of Rs. 10 each	33,16,75,130	33,16,75,130
TOTAL ISSUED AND PAID UP SHARE CAPITAL	33,16,75,130	33,16,75,130

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

Particulars	Equity Shares	
	As at March 31, 2017	As at March 31, 2016
Shares outstanding at the beginning of the year	3,31,67,513	2,52,07,314
Shares issued during the year	-	79,60,199
Shares outstanding at the end of the year	3,31,67,513	3,31,67,513

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, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Wadhawan Global Capital Private Limited	1,41,28,631	42.60	1,41,28,631	42.60
Dewan Housing Finance Corporation Ltd	1,21,97,522	36.78	1,21,97,522	36.78
International Finance Corporation Limited	66,33,502	20.00	66,33,502	20.00

2.02 RESERVES AND SURPLUS

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
General Reserve		
Opening Balance	14,000	14,000
Add : Transferred from surplus	-	-
Closing Balance	14,000	14,000
Securities Premium Reserve		
Opening Balance	1,09,14,02,324	77,29,94,364
Add: Premium received on shares issued during the year	-	31,84,07,960
Closing Balance	1,09,14,02,324	1,09,14,02,324
Special Reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)		
Opening Balance	53,59,954	-
Add: Transfer from statement of Profit and Loss	1,11,98,846	53,59,954
Closing Balance	1,65,58,800	53,59,954
Surplus/(Deficit) in the statement of profit and loss		
Opening Balance	-8,19,40,514	-10,33,80,329
Add: Profit for the year	5,59,94,231	2,67,99,769
Less : Transfer to Special Reserve [under Section 45-IC (1) of the Reserve Bank of India Act, 1934]	1,11,98,846	53,59,954
Net Surplus/(Deficit) in the statement of profit and loss	-3,71,45,129	-8,19,40,514
Total reserves and surplus	1,07,08,29,995	1,01,48,35,764

2.03 LONG TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Term loan from banks - Secured (Refer note 2.03 (a & b))	5,72,62,50,000	3,70,62,50,000
Non convertible Debentures - Secured (Refer note 2.03 (c & d))	70,00,00,000	70,00,00,000
Non convertible Subordinated Debentures - Unsecured (Refer note 2.03 (e & f))	25,00,00,000	25,00,00,000
Term loan from financial institutions - Secured (Refer note 2.03 (a & b))	75,00,00,000	-
Total	7,42,62,50,000	4,65,62,50,000

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%	2,59,48,92,856 (1,33,95,00,000)	2,70,36,42,856 (1,46,02,50,000)	1,17,77,14,288 (90,65,00,000)	6,47,62,50,000 (3,70,62,50,000)

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 institution loans

2.03 (c) Debentures (Secured)

Maturities	1-3 years	3-5 years	>5 years	Total
Rates of interest				
9.01% to 11.00%	-	10,00,00,000 (10,00,00,000)	10,00,00,000 (10,00,00,000)	20,00,00,000 (20,00,00,000)
9.01% to 11.00%	-	-	50,00,00,000 (50,00,00,000)	50,00,00,000 (50,00,00,000)

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

2.03 (e) Debentures (Unsecured)

Maturities	1-3 years	3-5 years	>5 years	Total
Rates of interest				
10.00% to 11.00%	-	-	25,00,00,000 (25,00,00,000)	25,00,00,000 (25,00,00,000)

2.03 (f) During the year, the Company raised Rs NIL (previous year Rs 25,00,00,000) through issue of Long Term unsecured Sub-ordinated debt. As on March 31, 2017 the Company's outstanding subordinated debt is Rs 25,00,00,000 (previous year Rs 25,00,00,000). 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, 2017, 100% (Previous Year 100%) of the book value of the Subordinated Debt is considered as Tier II Capital for the purpose of the Capital Adequacy Computation.

2.04 OTHER LONG TERM LIABILITIES

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Installments on education loans received in advance (Including interest received in advance)	6,29,71,074	2,32,29,252
Total	6,29,71,074	2,32,29,252

2.05 LONG TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Provision for employee benefits		
Gratuity	41,14,506	17,09,000
Compensated absences (Refer note 2.28)	1,10,41,564	49,30,024
	1,51,56,070	66,39,024
Contingent provisions against standard assets		
Opening Provision	1,59,30,290	59,91,171
Additional Provision	1,84,83,811	99,39,119
Utilisation/Reversal	-	-
Closing Provision	3,44,14,101	1,59,30,290
Total	4,95,70,171	2,25,69,314

2.06 SHORT TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Commercial papers-Unsecured (Unexpired discount Rs. 36,83,612)	34,37,44,800	-
Non convertible Debentures - Secured (Refer note 2.06 (a))	50,00,00,000	-
Total	84,37,44,800	-

2.06 (a) During the year, the Company raised Rs 50,00,00,000 (previous year Rs NIL) through issue of Secured Non Convertible Debentures with an yearly put option.

2.07 TRADE PAYABLES

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Trade payables other than acceptances		
i) Total outstanding dues of Micro Enterprises & Small Enterprises	-	-
ii) Total outstanding dues other than Micro Enterprises & Small Enterprises (Refer note 2.25)	1,45,40,637	77,88,102
Total	1,45,40,637	77,88,102

2.08 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Current maturities of long term borrowings		
Term loans from banks - Secured (Refer note 2.08 (a & b))	68,00,00,000	19,75,00,000
Interest accrued but not due on borrowing	7,24,35,340	3,77,29,281
Installments on education loans received in advance (Including interest received in advance)	2,49,60,497	1,30,82,917
Statutory Remittances (contributions to PF, Profession tax etc.)	48,14,696	34,39,833
Other liabilities	27,32,618	1,97,956
Outstanding liabilities for employee benefit	1,50,56,858	1,00,00,000
Lease equalisation (Refer note 2.23)	4,23,101	1,73,718
Provision for expenses	98,77,915	92,79,256
Total	81,03,01,025	27,14,02,961

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%	68,00,00,000	68,00,00,000
	-19,75,00,000	-19,75,00,000

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 institution loans.

2.09 SHORT TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Provision for employee benefits		
Gratuity	1,00,059	7,772
Compensated absences (Refer note 2.28)	11,47,457	3,52,988
Total	12,47,516	3,60,760

2.11 DEFERRED TAX ASSETS (NET)

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

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Deferred Tax Liability		
Depreciation	4,68,429	-
Total Deferred tax liability (Gross) (A)	4,68,429	-
Deferred Tax Asset		
Depreciation		1,77,404
Provision of standard assets	1,13,78,334	32,85,873
Provision for Non performing Assets	6,23,817	94,110
Impact of expenditure charged to statement of profit and loss in the current year but allowed for tax purpose on payment basis	23,99,105	39,49,108
Total Deferred tax asset (Gross) (B)	1,44,01,256	75,06,495
Closing Deferred Tax Asset (Net)	1,39,32,827	75,06,495

2.12 LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Receivable under Financing Activity - Education Loans (Refer note 2.12 (a) & (b))		
Secured, considered Good		
Education Loan	3,87,04,40,887	2,44,23,07,422
Education institution loan	1,52,03,75,751	72,86,44,246
	5,39,08,16,638	3,17,09,51,668
Unsecured, considered Good		
Education Loan	3,93,12,23,205	1,87,12,98,040
Education institution loan	-	-
	3,93,12,23,205	1,87,12,98,040
Less: Provision for Non Performing Loans (Refer note 2.41)	39,40,509	2,84,663
	9,31,80,99,334	5,04,19,65,045
Others (unsecured, considered good)		
MAT Credit Entitlement	40,88,834	-
Security Deposits	96,95,500	73,67,780
Advance Income Tax (net of provision for tax of Rs. 116.98 lacs, previous year Rs. 65.22 lacs)	1,03,14,487	18,59,906
Prepaid expenses	2,92,79,753	2,43,94,526
Interest accrued but not due on Education Loan	3,47,06,270	1,29,13,255
Total	9,40,61,84,178	5,08,85,00,512

2.12 (a)	As at March 31, 2017	As at March 31, 2016
Of the above		
Considered good standard assets	9,79,61,49,186	5,29,38,30,633
Others sub standard assets	2,61,68,615	25,03,354
Others doubtful assets	1,65,093	-
2.12 (b) Secured loans granted by the Company are secured or partly secured by:		
(a) Immovable property and / or;		
(b) Fixed Deposits and / or		
(c) Life insurance Policies.		

2.13 CASH AND BANK BALANCES

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Cash and cash equivalent		
Cash on hand	6,948	37,232
Balances with banks		
Current Accounts	64,75,62,292	95,65,63,124
Total	64,75,69,240	95,66,00,356

2.14 SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Current maturities of Long Term Receivable under Financing Activity - Education Loans (Refer Note 12.2 (a) & (b))		
Secured, considered Good		
Education Loan	18,63,13,216	10,13,17,939
Education institution loan	13,90,56,051	4,79,88,746
	32,53,69,267	14,93,06,685
Unsecured, considered Good		
Education Loan	17,50,73,784	10,47,77,594
Education institution loan	-	-
	17,50,73,784	10,47,77,594
Amounts due from Customers (considered good)		
Secured	45,88,739	9,60,508
Unsecured	34,21,057	4,91,509
	80,09,796	14,52,017
Others (unsecured, considered good)		
Other loans and advances	8,41,245	8,07,488
Service tax input credit receivable	10,85,913	1,73,369
Prepaid Expenses	84,67,102	58,09,463
Total	51,88,47,108	26,23,26,616

2.15 OTHER CURRENT ASSETS

Particulars	As at March 31, 2017	As at March 31, 2016
	Amt. in Rs	Amt. in Rs
Interest accrued but not due on Education Loans	17,44,961	8,49,334
Commission Receivable	79,65,560	37,40,485
Total	97,10,521	45,89,819

2.10 FIXED ASSETS

Amt in Rs

Particulars	Gross Block				Accumulated depreciation / amortization				Net Block	
	Opening balance as at April 1. 2016	Additions	Deletions	Closing balance as at March 31, 2017	Opening balance as at April 1. 2016	Depreciation/ Amortization for the period *	Deletions	Closing balance as at March 31, 2017	As at March 31, 2017	As at March 31, 2016
TANGIBLE ASSETS										
Freehold Land	7,50,000	-	-	7,50,000	-	-	-	-	7,50,000	7,50,000
Leasehold Improvement	16,76,085	2,83,799	-	19,59,884	9,41,774	4,34,775	-	13,76,549	5,83,335	7,34,311
Computers and Computer Hardware	77,55,666	59,89,179	-	1,37,44,845	38,46,219	28,17,543	-	66,63,762	70,81,083	39,09,447
Office Equipment	30,64,945	13,40,321	2,03,025	42,02,241	13,28,391	7,92,928	1,16,669	20,04,650	21,97,591	17,36,554
Furniture & Fixtures	9,11,868	3,44,890	98,700	11,58,058	4,44,637	3,18,015	98,700	6,63,952	4,94,106	4,67,231
TOTAL (A)	1,41,58,564	79,58,189	3,01,725	2,18,15,028	65,61,021	43,63,261	2,15,369	1,07,08,913	1,11,06,115	75,97,543
INTANGIBLE ASSETS										
Software	22,64,744	37,43,452	-	60,08,196	12,74,802	9,53,034	-	22,27,836	37,80,360	9,89,942
TOTAL (B)	22,64,744	37,43,452	-	60,08,196	12,74,802	9,53,034	-	22,27,836	37,80,360	9,89,942
Total (A+B)	1,64,23,308	1,17,01,641	3,01,725	2,78,23,224	78,35,823	53,16,295	2,15,369	1,29,36,749	1,48,86,475	85,87,484

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.

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
TANGIBLE ASSETS										
Freehold Land	-	7,50,000	-	7,50,000	-	-	-	-	7,50,000	-
Leasehold Improvement	12,10,286	4,65,799	-	16,76,085	4,87,058	4,54,716	-	9,41,774	7,34,311	7,23,227
Computers and Computer Hardware	44,83,227	33,24,689	52,250	77,55,666	20,43,265	18,35,110	32,156	38,46,219	39,09,447	24,39,962
Office Equipment	22,58,079	8,06,866	-	30,64,945	6,82,220	6,46,171	-	13,28,391	17,36,554	15,75,859
Furniture & Fixtures	6,49,733	2,62,135	-	9,11,868	3,35,944	1,08,693	-	4,44,637	4,67,231	3,13,789
TOTAL (A)	86,01,325	56,09,489	52,250	1,41,58,564	35,48,487	30,44,690	32,156	65,61,021	75,97,543	50,52,837
INTANGIBLE ASSETS										
Software	20,69,744	1,95,000	-	22,64,744	5,86,964	6,87,838	-	12,74,802	9,89,942	14,82,780
TOTAL (B)	20,69,744	1,95,000	-	22,64,744	5,86,964	6,87,838	-	12,74,802	9,89,942	14,82,780
Total (A+B)	1,06,71,069	58,04,489	52,250	1,64,23,308	41,35,451	37,32,528	32,156	78,35,823	85,87,485	65,35,617

2.16 REVENUE FROM OPERATIONS

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
	Amt. in Rs	Amt. in Rs
Interest Income	96,68,75,450	49,30,30,081
Processing fees	9,21,24,490	4,93,57,955
Other financial services	40,67,678	3,38,571
Total	1,06,30,67,618	54,27,26,607

2.17 OTHER INCOME

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
	Amt. in Rs	Amt. in Rs
Interest on Fixed Deposits	-	16,096
Forex Commission	1,85,89,425	1,37,54,892
Profit on sale of investments	3,53,67,317	2,44,21,550
Other Income	33,58,520	17,51,284
Excess provision written back	4,80,672	90,000
Total	5,77,95,934	4,00,33,822

2.18 EMPLOYEE BENEFIT EXPENSES

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
	Amt. in Rs	Amt. in Rs
Salaries, wages and bonus	15,37,02,545	8,70,86,618
Contribution to provident fund and other funds	65,26,298	41,72,232
Recruitment expenses	38,62,740	12,99,584
Staff welfare expenses	39,61,336	9,03,002
Total	16,80,52,919	9,34,61,436

2.19 FINANCE COSTS

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
	Amt. in Rs	Amt. in Rs
Interest Expenses on		
- Loans from banks	49,14,21,174	24,46,48,200
- Loans from Financial Institutions	1,87,67,945	-
- Debentures	10,76,20,548	3,94,82,240
- Commercial Papers	2,46,57,338	3,48,39,243
Other borrowing costs	70,98,819	47,47,084
Total	64,95,65,824	32,37,16,767

2.20 OTHER EXPENSES

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
	Amt. in Rs	Amt. in Rs
Advertisement, Publicity and Business Promotion	6,04,80,713	2,81,08,003
Rent, Rates and Taxes	1,58,40,336	83,97,608
Bank Charges	4,31,853	1,98,340
Payment to Auditors (Refer details below)	11,21,830	8,44,500
Security Charges	6,84,682	6,72,796
Rating Fees	41,68,438	48,25,000
Legal and professional fees	1,74,68,827	89,54,346
Office expenses	24,34,691	12,48,696
DSA commission	1,90,51,635	83,54,288
Other expenses	41,97,652	33,65,691
Outsourcing Charges	3,95,52,429	2,70,56,939
Service Tax Expense	1,34,71,995	70,01,573
Electricity & Water Charges	36,84,995	22,75,405
Telephone Expenses	47,70,879	34,82,962
Insurance Premium	28,47,986	13,45,621
Printing and stationery expenses	26,23,086	13,75,374
Stamp Duty	6,61,857	18,31,702
Housekeeping Expenses	20,25,189	11,67,472
Business Sourcing Expenses	1,24,86,007	78,91,217
Travelling and conveyance	1,06,06,403	74,12,871
Total	21,86,11,483	12,58,10,404

Payment to Auditors (net of service tax input credit)	For the Year ended March 31, 2017	For the Year ended March 31, 2016
	Amt. in Rs	Amt. in Rs
Statutory Audit Fees	7,75,000	5,97,650
Tax Audit Fees	75,000	75,000
For other services	2,60,445	1,64,000
Reimbursement of expenses	11,385	7,850
Total	11,21,830	8,44,500

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, 2016 (Amt in Rs)	Additional Provision (Amt in Rs)	Utilization / Reversal (Amt in Rs)	As at March 31, 2017 (Amt in Rs)
Contingent Provisions against Standard Assets	1,59,30,290	1,84,83,811	-	3,44,14,101

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 1,84,83,811 /- (Previous Year - Rs.99,39,119/-) to carry a general provision at the rate of 0.35% of the outstanding Standard Assets as on 31st March 2017.

2.22 EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Profit for the year after taxation (Rs)	5,59,94,231	2,67,99,769
Profit available for Equity shareholders (Rs)	5,59,94,231	2,67,99,769
Weighted average number of Equity Shares outstanding during the year	3,31,67,513	2,52,50,932
Basic Earning per Share (Rs)	1.69	1.06
Diluted Earning per Share (Rs)	1.69	1.06
Face value of equity share (Rs)	10.00	10.00

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, 2017 Amt. in Rs	For the Year ended March 31, 2016 Amt. in Rs
Lease payments recognized in the Statement of Profit and Loss	1,17,35,872	56,39,194
The total future minimum lease payments under non cancellable operating leases for each of the following periods		
1) Not later than one year	1,15,99,835	1,27,41,780
2) Later than one year and not later than five years	1,89,75,994	1,12,07,411

2.24 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the Year ended March 31, 2017 Amt. in Rs	For the Year ended March 31, 2016 Amt. in Rs
Contingent Liabilities	-	-
Estimated amount of contracts remaining unexecuted on capital account and not provided for (Net of Capital Advances)	3,30,000	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 2017. 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 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	Investing parties	1) Dewan Housing Finance Corporation Limited 2) Wadhawan Global Capital Private Limited
2	Person having influence over investing parties	Mr. Kapil Wadhawan
3	Enterprises over which person described in (2) above has significant influence	1) Dewan Housing Finance Corporation Limited 2) DHFL Pramerica Life Insurance Company Limited 3) DHFL Pramerica Asset Managers Private Limited
4	Key Management Personnel	Neeraj Saxena (upto 31st March 2017) Koustubh Shaha (upto 31st March 2017) Rakesh Dhanuka (from 15th July 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	Salaries & Allowances For the period 16-17 For the period 15-16	- -	- -	- -	Koustubh Shaha Neeraj Saxena Rakesh Dhanuka Neeraj Saxena Koustubh Shaha Ranabir Sanyal Neha Gore	2,88,78,995 89,10,206 1,90,53,079 9,15,710 1,70,70,347 1,15,38,485 45,48,323 7,12,652 2,70,887
2	Reimbursement of expenses For the period 16-17 For the period 15-16	- 32,11,318	- -	- -		- -
3	Rent paid (exclusive of service tax) For the period 16-17 For the period 15-16	5,56,059 3,02,310				
4	Insurance premium paid for employees For the period 16-17 For the period 15-16	- -	4,32,447 2,69,092	- -		- -
5	Consulting fees (exclusive of service tax) For the period 16-17 For the period 15-16	25,13,500 15,47,350	- -	- -		- -
7	Commission/Fees income For the period 16-17 For the period 15-16	19,95,278 11,45,013	- -	- -		- -
8	Purchase of investments For the period 16-17 For the period 15-16	- -	- -	3,51,75,00,000 60,25,21,177		- -
9	Sale of Investments For the period 16-17 For the period 15-16	- -	- -	3,52,41,98,512 60,47,77,567		- -
10	Insurance premium collected and paid on behalf of For the period 16-17 For the period 15-16	- -	8,09,49,177 4,65,28,922	- -		- -
Balance as at						
	Security Deposit For the period 16-17 For the period 15-16	29,000 29,000	3,30,000 3,30,000	- -		- -

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

2.28 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, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Compensated absences		Gratuity	
I Assumptions				
Interest discount rate	7.31%	7.46%	7.31%	7.46%
Rate of increase in compensation	8.00%	8.00%	8.00%	3.00%
Employee attrition rate	6.00%	5.00%	6.00%	5.00%
II Changes in present value of obligations (PVO)				
PVO at the beginning of the period	52,83,012	44,17,225	17,16,772	16,62,446
Interest cost	3,94,113	3,53,378	1,28,071	1,32,996
Current Service Cost (Rs)	21,77,079	20,58,040	10,76,990	7,09,497
Past Service Cost - (non vested benefits)	-	-	-	-
Past Service Cost - (vested benefits)	-	-	-	-
Benefits Paid	-	-	-	-
Actuarial (Gain) /Loss on obligation (Rs)	43,34,816	-15,45,631	12,92,732	-7,88,167
PVO at the end of period (Rs)	1,21,89,020	52,83,012	42,14,565	17,16,772
III Changes in fair value of plan assets				
Fair value of Plan Assets at beginning of period	-	-	-	-
Expected return on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefits paid	-	-	-	-
Actuarial Gain (loss) on plan assets	-	-	-	-
Fair value of Plan Assets at beginning of period	-	-	-	-
IV Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning of the period	-	-	-	-
Actual return on Plan assets	-	-	-	-
Contributions	-	-	-	-
Benefits paid	-	-	-	-
Fair value of plan assets at the end of the period	-	-	-	-
Funded status (including unrecognized past service cost) (Rs)	-1,21,89,020	-52,83,012	-42,14,565	-17,16,772
Excess of actual over estimated return on Plan Assets	-	-	-	-
V Experience History				
(Gain)/Loss on obligation due to change in Assumption	1,05,859	23,04,835	17,61,935	98,314
Experience (Gain)/Loss on obligation (Rs)	42,28,957	-38,50,466	-4,69,203	-8,86,481
Actuarial Gain/ (Loss) on plan assets	-	-	-	-
VI Actuarial Gain/(Loss) recognized				
Actuarial Gain/(Loss) for the period (obligation) (Rs)	-43,34,816	15,45,631	-12,92,732	7,88,167
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-	-	-
Total Gain/(Loss) recognized for the period (Rs)	-43,34,816	15,45,631	-12,92,732	7,88,167
Actuarial Gain/(Loss) for the period (Rs)	-43,34,816	15,45,631	-12,92,732	7,88,167
Unrecognized actuarial gain / (loss) at end of period	-	-	-	-
VII Past Service Cost Recognised				
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	-	-	-	-
VIII Amounts to be recognized in the balance sheet and statement of profit and loss account				
PVO at end of period (Rs)	1,21,89,020	52,83,012	42,14,565	17,16,772
Fair value of plan assets at end of period	-	-	-	-
Funded status (Rs)	-1,21,89,020	-52,83,012	-42,14,565	-17,16,772
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Unrecognized Past Service costs-non vested benefits	-	-	-	-
Net Asset/(Liability) recognized in the balance sheet	-1,21,89,020	-44,17,225	-42,14,565	-17,16,772
IX Expense recognized in the statement of profit and loss account				
Current Service Cost (Rs)	21,77,079	20,58,040	10,76,990	7,09,497
Interest cost	3,94,113	3,53,378	1,28,071	1,32,996
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)	43,34,816	-15,45,631	12,92,732	-7,88,167
Expense recognized in the statement of P & L Ac (Rs)	69,06,008	8,65,787	24,97,793	54,326
X Movements in the Liability recognized in Balance Sheet				
Opening Net Liability	52,83,012	44,17,225	17,16,772	16,62,446
Expenses as above (Rs)	69,06,008	8,65,787	24,97,793	54,326
Contribution paid	-	-	-	-
Closing Net Liability (Rs)	1,21,89,020	52,83,012	42,14,565	17,16,772

2.29 CAPITAL TO RISK ASSETS RATIO (CRAR)

Disclosures pursuant to Reserve Bank of India Circular: DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015, to the extent applicable of the Company

Items	2016-17	2015-16
CRAR (%)	16.50	29.54
CRAR - Tier I capital (%)	13.63	24.56
CRAR - Tier II capital (%)	2.87	4.99
Amount of subordinated debt raised as Tier-II capital (Amt in Rs)	25,00,00,000	25,00,00,000
Amount raised by issue of Perpetual Debt Instruments (Amt in Rs)	-	-

2.30 ASSET LIABILITY MANAGEMENT

Maturity pattern of certain items of assets and liabilities as on March 31, 2017

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
Liabilities									
Borrowings*	-	38,37,44,800	10,31,25,000	17,81,25,000	85,87,50,000	2,59,48,92,856	2,80,36,42,856	2,02,77,14,288	8,94,99,94,800
Foreign Currency Liabilities									-
Assets									
Advances	3,22,06,443	3,33,86,815	3,76,10,462	13,06,28,676	26,68,50,197	1,69,08,22,015	2,25,37,65,157	5,37,72,13,129	9,82,24,82,894
Investments	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-

*Excludes interest accrued but not due Rs 72,435,340.

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
Liabilities									
Borrowings*	-	1,25,00,000	2,06,25,000	3,31,25,000	13,12,50,000	1,33,95,00,000	1,56,02,50,000	1,75,65,00,000	4,85,37,50,000
Foreign Currency Liabilities									-
Assets									
Advances	1,58,56,705	1,52,43,939	1,69,44,876	6,88,42,416	13,71,96,344	89,63,25,394	1,19,33,95,594	2,95,25,28,720	5,29,63,33,987
Investments	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-

*Excludes interest accrued but not due Rs 3,77,29,281.

In computing the above information, certain estimates, assumptions and adjustments have been made by the management which has been relied upon by the auditors.

2.31 EXPOSURE TO REAL ESTATE SECTOR	2016-17 Amt. in Rs	2015-16 Amt. in Rs
Direct Exposure		
i) Residential Mortgages Lending full secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,17,77,10,850	2,14,21,96,834
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	2,01,14,57,249	1,04,73,35,174
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures a) Residential Mortgages b) Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	5,18,91,68,099	3,18,95,32,008

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

Rating Agency	Type	2016-17	2015-16
CARE Rating	Long term bank facilities	AA+ (SO)	AA+ (SO)
CARE Rating	Long term Debt instruments	AA+ (SO)	AA+ (SO)
CARE Rating	Sub-ordinated debts	AA (SO)	AA (SO)
Brickwork Ratings	Long term Non-convertible Debentures	AA+ (SO)	AA+ (SO)
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).

2.38 PROVISIONS AND CONTINGENCIES	2016-17 Amt. in Rs	2015-16 Amt. in Rs
Break up of Provisions and Contingencies shown under the head Expenses in Statement of Profit and Loss		
Provisions for depreciation on investment	-	-
Provision towards NPA	36,55,846	2,84,663
Provision made towards Income Tax (net)	76,09,475	65,22,238
Other Provision and Contingencies (with details)		
Provision for Employee benefits		
Compensated absences	1,21,89,021	52,83,012
Gratuity	42,14,565	17,16,772
Provision for Standard Assets	1,84,83,811	99,39,119

2.39 CONCENTRATION OF ADVANCES, EXPOSURES AND NPAs	2016-17	2015-16
Concentration of Advances		
Total Advances to twenty largest borrowers (Amt in Rs.)	1,42,83,05,507	81,73,09,763
Percentage of Advances to twenty largest borrowers to total advances of the company	14.54%	15.43%
Concentration of Exposures (on limit basis or outstanding basis, whichever is higher)		
Total Exposure to twenty largest borrowers/customers (Amt in Rs.)	1,53,59,00,000	91,56,89,050
Percentage of Exposures to twenty largest borrowers/customers to total exposure of the company on borrowers/customers	11.30%	12.53%
Concentration of NPAs		
Total exposure to top four NPA accounts (Amt in Rs.)	1,88,45,480	46,27,528

2.40 SECTOR WISE NPAs	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
	2016-17	2015-16
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto Loans	-	-
Other personal loans	-	-
Education Loans	0.29%	0.05%
Education Infrastructure Loans	0.00%	0.00%

2.41 MOVEMENT OF NPAs	2016-17 Amt. in Rs	2015-16 Amt. in Rs
Particulars		
Net NPAs to Net Advances	0.25%	0.05%
Movement of NPAs (Gross)		
Opening balance	28,46,631	-
Additions during the year	2,53,23,051	28,46,631
Reductions during the year	-	-
Closing balances	2,81,69,682	28,46,631
Movement of NPAs (Net)		
Opening balance	25,61,968	-
Additions during the year	2,16,67,205	25,61,968
Reductions during the year	-	-
Closing balances	2,42,29,173	25,61,968
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	2,84,663	-
Additions during the year	36,55,846	2,84,663
Reductions during the year	-	-
Closing balances	39,40,509	2,84,663

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.

2.48 CUSTOMER COMPLAINTS	2016-17	2015-16
No of complaints pending at the beginning of the year	2	-
No of complaints received during the year	159	99
No of complaints redressed during the year	159	97
No of complaints pending during the year	2	2

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 31.03.2017	Amt in Rs.		Amt in Rs.	
Particulars	As at March 2017		As at March 2016	
Liabilities Side	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
1 Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid				
(a) Debentures Secured	1,20,00,00,000	-	70,00,00,000	
Unsecured	25,00,00,000	-	25,00,00,000	
(Other than falling within the meaning of public deposits)	-	-	-	
(b) Deferred credits	-	-	-	
(c) Term Loans	7,15,62,50,000	-	3,90,37,50,000	
(d) Inter corporate loans and borrowing	-	-	-	
(e) Commercial paper	34,37,44,800	-	-	
(f) Other loans (specify nature)	-	-	-	
Assets side	As at March 2017		As at March 2016	
2 Break up of Loans and advances including bills receivables (other than those included in (4) below	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a) Secured	5,71,61,85,905		3,32,02,58,353	
(b) Unsecured	4,10,62,96,989		1,97,60,75,634	
3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:				
Current Investments :				
(i) Lease assets including lease rentals under sundry debtors				
(a) Financial Lease	-	-	-	-
(b) Operating Lease	-	-	-	-
(ii) Stock on hire including hire charges under sundry debtors				
(a) Assets on hire	-	-	-	-
(b) Repossessed Assets	-	-	-	-
(iii) Other loans counting towards AFC activities				
(a) Loans where assets have been repossessed	-	-	-	-
(b) Loans other than (a) above	-	-	-	-
4 Break up of Investments				
Current Investments :				
1 Quoted				
(i) Shares : (a)Equity	-	-	-	-
(b)Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others (Please specify)	-	-	-	-
Total	-	-	-	-
2 Unquoted				
(i) Shares : (a)Equity	-	-	-	-
(b)Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others (Please specify)	-	-	-	-
Total	-	-	-	-
Long Term Investments				
1 Quoted				
(i) Shares : (a)Equity	-	-	-	-
(b)Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others (Please specify)	-	-	-	-
Total	-	-	-	-
2 Unquoted				
(i) Shares : (a)Equity	-	-	-	-
(b)Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others (Please specify)	-	-	-	-
Total	-	-	-	-
Grand Total	-	-	-	-
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	5,71,61,85,905	4,10,62,96,989	9,82,24,82,894	
Total	5,71,61,85,905	4,10,62,96,989	9,82,24,82,894	

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		Amount net of provisions	
	Market value / break up or fair value of NAV	Book Value (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	-	-	-	-
Total	-	-	-	-

7 Other Information		
Particulars	As at March 2017 Amt in Rs	As at March 2016 Amt in Rs
(i) Gross Non Performing Assets		
(a) Related parties		
(b) Other than related parties	2,81,69,682	28,46,631
(ii) Net Non Performing Assets		
(a) Related parties		
(b) Other than related parties	2,42,29,173	25,61,968
(ii) Assets acquired in satisfaction of debt		

The Company does not have any investment balance as on March 31, 2017 and hence no disclosure regarding value of investment and movement of provisions held towards depreciation on investment is made.

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	10,000.00	41,408.50	51,408.50
(+) Permitted receipts	-	20,000.00	20,000.00
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	10,000.00	242.00	10,242.00
Closing cash in hand as on 30.12.2016	-	61,166.50	61,166.50

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

As per our report of even date

For and on behalf of the Board of Directors

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

Sd/-
Kapil Wadhawan
Director

Sd/-
Mahendra Chouhan
Director

Sd/-
Anoop Pabby
Director

Sd/-
Suresh Mahalingam
Director

Sd/-
Kashyap Vaidya
Partner
Membership No. : 37623

Sd/-
Aruna Wadhawan
Director

Sd/-
Ashok Malik
Director

Sd/-
Amit Gaiinda
Chief Executive Officer

Sd/-
Rahul Bhapkar
Chief Financial Officer

Sd/-
Rakesh Dhanuka
Company Secretary

Place: Mumbai
Date : 28.04.2017

Place: Mumbai
Date : 28.04.2017