

***AVANSE FINANCIAL SERVICES LTD***

***Annual Report - 2017 - 18***

## **CORPORATE INFORMATION**

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

Mr. Kapil Wadhawan	Non Executive Chairman
Mr. Anoop Pabby	Non Executive Director
Mr. Suresh Mahalingam	Non Executive Director
Smt. Aruna Wadhawan	Non Executive Director ( <i>Resigned w.e.f. March 30, 2018</i> )
Mr. Mahendra Kumar Chouhan	Independent Director
Mr. Ashok Malik	Independent Director ( <i>Resigned w.e.f. July 24, 2017</i> )
Mr. Suresh Kumar Jain	Independent Director ( <i>Appointed w.e.f. October 12, 2017</i> )

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

Amit Gainda	Chief Executive Officer
Rahul Bhapkar	Chief Financial Officer
Rakesh Dhanuka	Company Secretary

### ***Statutory Auditors***

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

### ***Bankers***

Axis Bank	Bank of Baroda
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
Karur Vysya Bank	Indian Bank
Lakshmi Vilas Bank	DCB Bank
AU Small Finance Bank Ltd	UCO Bank

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

Link Intime India Pvt. Ltd.  
C 101, 247 Park, L.B.S. Marg  
Vikhroli West, Mumbai – 400 083

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

DHFL House, 1<sup>st</sup> floor  
19, Sahar Road, Off. Western Express Highway  
Vile Parle (East), Mumbai – 400 099

## NOTICE

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of Avanse Financial Services Limited will be held on Wednesday, September 12, 2018 at 11:00 AM at the Registered Office of the Company at DHFL House, 1<sup>st</sup> floor, 19, Sahar Road, Off. Western Express Highway, Vile Parle (East), Mumbai – 400 099 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company as at March 31, 2018 together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Suresh Mahalingam (DIN 01781730) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Joint 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 the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof) consent of the Members be and is hereby accorded for the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Joint Statutory Auditors of the Company and to hold office for a period of five consecutive years from the conclusion of this 25<sup>th</sup> Annual General Meeting until the conclusion of 30<sup>th</sup> Annual General Meeting of the Company at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### Special Business

4. **Appointment of Mr. Suresh Kumar Jain (DIN 05103064) as Independent Director of the Company**

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

**RESOLVED THAT** Mr. Suresh Kumar Jain (DIN 05103064) who was appointed as Additional Director of the Company pursuant to the provisions of Section 161 and other applicable provisions of the Companies Act, 2013 and rules made there under with effect from October 12, 2017 and who hold office of Director upto the date of this Annual General Meeting and based on the recommendation of Nomination Remuneration and Compensation Committee of the Company and in terms of the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules made there under be and is hereby appointed as

Independent Director of the Company for a term of 2 (two) consecutive years with effect from October 12, 2017, not liable to retire by rotation.”

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

Rakesh Dhanuka  
Company Secretary

Place: Mumbai  
Date: July 17, 2018

**Registered Office:**

DHFL House, 1<sup>st</sup> floor  
19, Sahar Road  
Off. Western Express Highway  
Vile Parle (East)  
Mumbai – 400 099  
CIN No. U67120MH1992PLC068060  
Tel. No. +91 22 7111 2233  
Fax No. +91 22 7111 2234  
W: [www.avanse.com](http://www.avanse.com)  
E: [investorrelations@avanse.com](mailto:investorrelations@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.
5. M/s T. R. Chadha & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 24<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> August, 2017. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

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

Rakesh Dhanuka  
Company Secretary

Place: Mumbai  
Date: July 17, 2018

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

### Agenda No. 4

Mr. Suresh Kumar Jain (DIN 05103064) was appointed as Additional Director categorized as Independent Director of the Company by the Board of Directors with effect from October 12, 2017 pursuant to the provisions of Section 161 of the Companies Act, 2013 and rules made there under. Mr. Suresh Kumar Jain will hold office upto the date of 25<sup>th</sup> Annual General Meeting. Pursuant to the provisions of the Companies Act, 2013 and rules made there under including the Companies (Amendment) Act, 2017 and based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board recommends the appointment of Mr. Suresh Kumar Jain as Independent Director of the Company for a term of 2 (Two) consecutive years with effect from October 12, 2017.

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

None of the Promoters, Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the resolution set out at agenda no. 4 of the Notice.

The Board commends the resolution set out at agenda no. 4 for the approval of the Members.

### Brief Profile:

Name	Suresh Kumar Jain
Age	62 years
Qualification	<ul style="list-style-type: none"><li>Honours Graduate in Science (B.Sc. Hons)</li><li>Master Degree in Economics (MA Economics)</li><li>Certified Associate of the Indian Institute of Bankers</li><li>Diploma in Personnel Management and Labour Welfare (<b>GOLD MEDALIST</b>)</li></ul>
Experience	36 years of experience in banking sector
Terms and Conditions of appointment	As per Letter of Appointment of Independent Director
Remuneration	Sitting Fees
Date of Appointment	October 12, 2017
Shareholding	Nil
Relationship with other Directors & KMP	Not related to any Directors and KMP of the Company
No. of Board Meetings attended	2
Directorship in other Companies	<ul style="list-style-type: none"><li>PC Jeweller Limited</li><li>Gandhar Oil Refinery (India) Ltd.</li><li>AVG Logistics Ltd</li><li>SREI Equipment Finance Limited</li><li>Yashi Housing Finance Pvt. Ltd.</li></ul>
Justification for Appointment	<ul style="list-style-type: none"><li>36 years of rich experience in banking sector.</li><li>Ex- Executive Director of Union Bank of India.</li></ul>

**AVANSE FINANCIAL SERVICES LIMITED**

CIN No.: U67120MH1992PLC068060

Registered Office: DHFL House, 1<sup>st</sup> floor, 19, Sahar Road, Off. Western Express Highway, Vile Parle (East), Mumbai – 400 099  
Website: [www.avanse.com](http://www.avanse.com) Tel: 022 7111 2233 Fax: 022 7111 2234 Email: [investorrelations@avanse.com](mailto:investorrelations@avanse.com)

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**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 25<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, September 12, 2018 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, 2018 together with the Directors' Report and the Auditors' Report thereon.
2	To appoint a Director in place of Mr. Suresh Mahalingam (DIN 01781730) who retires by rotation and, being eligible, offers himself for re-appointment.
3	To appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Joint Statutory Auditors of the Company.
4	To appoint Mr. Suresh Kumar Jain (DIN 05103064) as Independent Director of the Company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

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

Affix Rs 1/- Revenue Stamp
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*Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting*



**AVANSE FINANCIAL SERVICES LIMITED**

CIN No. U67120MH1992PLC068060

Registered Office: DHFL House, 1<sup>st</sup> floor, 19, Sahar Road, Off. Western Express Highway, Vile Parle (East), Mumbai – 400 099

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

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**Attendance Slip**

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company held on Wednesday, September 12, 2018 at 11:00 a.m. at the Registered Office of the Company.

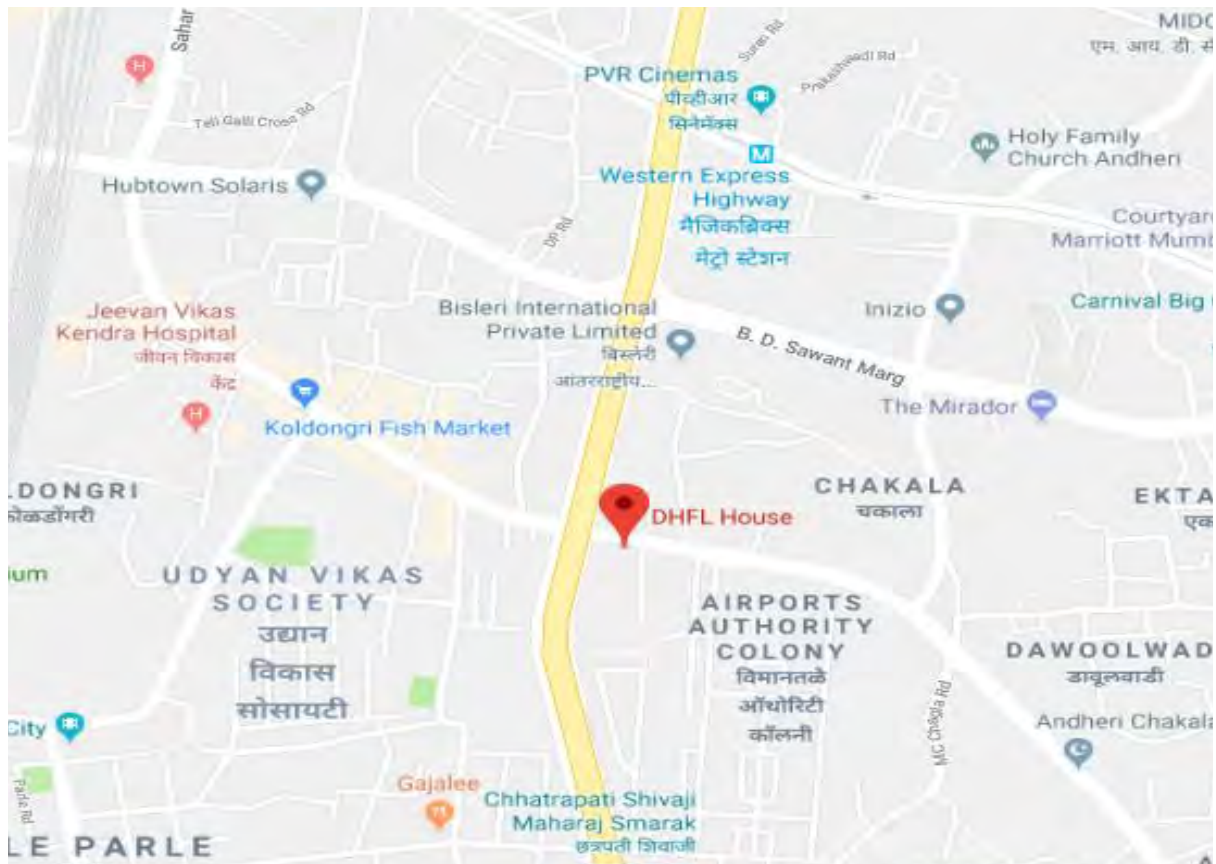
Full name of the Member (in BLOCK LETTERS) \_\_\_\_\_

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 25<sup>th</sup> Annual Report of the Company for the financial year 2017-18.

### 1. Financial Performance of the Company

(₹ In Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Gross Income	21494.91	11208.64
Depreciation	82.14	53.16
Profit Before Tax	1552.28	571.77
Provision for Tax	527.76	11.83
Profit / (Loss) After Tax	1024.51	559.94

### 2. Dividend

In order to conserve resources for future, the Board has not recommended any dividend for the financial year 2017-18.

### 3. Review of Business Operations

During the year under review, the Company has initiated its journey of becoming a diversified NBFC. We are pleased to inform that during the year the Company entered other segments of lending viz. Commercial Finance & MSME while keeping its core focus on education segment. Your Company performed remarkably well in all the sectors of lending in which it operates. Company's AUM as on March 31, 2018 was ₹ 2187 Crore compared to ₹ 982 Crore in the last financial year registering a growth of 122%. The total income of the Company in the financial year under review was ₹ 214.95 Crore compared to ₹ 112.09 Crore in the previous year up by 91 %. During the financial year ended March 31, 2018, your Company earned a net profit of ₹ 10.24 Crore compared to net profit of ₹ 5.60 Crore in the last financial year. While achieving robust growth, the Company also successfully brought down its Gross Non Performing Assets to 0.09% as compared to 0.29% in previous financial year. As on date, the Company has pan India presence and operates from eleven branches and five sales representative offices.

### 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 25.71 % as at March 31, 2018. Tier I capital was 21.73 % and Tier II capital was 3.98 %.

The Company is registered with Insurance Regulatory and Development Authority of India (IRDAI) as Corporate Agent (Composite) and the Registration No. is CA0445. The Company act as a Corporate Agent of DHFL Pramerica Life Insurance Ltd and DHFL General Insurance Ltd. The Company has complied with all the applicable Rules and Regulations prescribed by IRDAI.

## **5. Transfer to Reserve**

The Directors transferred ₹ 2.04 Crore 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, 2018.

## **6. Credit Rating**

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

## **7. Sources of funds**

### **a) Loan from Bank / Financial Institution**

During the year under review your Company received sanctions for term loan of ₹ 750 Crore and for Working Capital Demand Loan of ₹ 25 Crore from 15 Banks, of which the Company availed loans of ₹ 695 Crore. The outstanding loan as on March 31, 2018 was ₹ 1341.55 Crore.

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

During the financial year 2017-18, the Company issued Secured Non-Convertible Debentures (NCDs) amounting to ₹ 25 Crore 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, 2018 the total outstanding Secured NCDs are ₹ 145 Crore.

### **c) Subordinated Debt**

During the financial year 2017-18, the Company has issued Unsecured Subordinated Non Convertible Debentures amounting to ₹ 50 Crore. As on March 31, 2018 the total outstanding Subordinate Debt are ₹ 75 Crore.

### **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 eligible investors. As of March 31, 2018, outstanding Commercial Paper is ₹ 289.71 Crore.

## **8. Share Capital**

During the FY 2017-18, the Authorised Capital of the Company was increased from ₹ 60 Crore (consisting of 6,00,00,000 equity shares of ₹ 10/- each face value) to ₹ 100 Crore (consisting of 10,00,00,000 equity shares of ₹ 10/- each face value). Further, the Company raised funds of ₹ 26,00,89,70,400 (Two Hundred Sixty Crore Eighty Nine Lakhs Seventy Thousand and Four Hundred only) through issue and allotment of 1,44,49,428 Equity Shares of ₹ 10/- each issued at a price of ₹ 180 per share (face value of ₹ 10 each and premium of ₹ 170/-) on rights issue basis. The paid-up capital of the Company as on March 31, 2018 stands at ₹ 59,24,26,610/- comprising of 5,92,42,661 equity shares of ₹ 10/- each.

## **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 2017-18.

## **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. Change of Registered Office**

During the year under review, the Company shifted its Registered & Corporate Office from Ground Floor, Madhava Building, Near Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400 055 to DHFL House, 1<sup>st</sup> floor, 19, Sahar Road, Off. Western Express Highway, Vile Parle (East), Mumbai – 400 099 with effect from September 1, 2017.

## **15. 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.

## 16. Statutory Auditors

Based on the recommendation of the Audit Committee, the Board of Directors at their Meeting held on July 17, 2018 have appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as Joint Statutory Auditors of the Company for the first term of five consecutive years from the conclusion of 25<sup>th</sup> Annual General Meeting until the conclusion of 30<sup>th</sup> Annual General Meeting, subject to the approval of the Members of the Company. M/s Deloitte Haskins & Sells LLP has furnished a written consent and a certificate to the effect that they are not disqualified to be appointed as Statutory Auditors of the Company in terms of the provisions of the Companies Act, 2013 and rules made thereunder. Necessary resolution is included in the Notice of the ensuing Annual General Meeting for approval of the Members of the Company.

M/s T. R. Chadha & Co. LLP, Chartered Accountants (Registration No. 006711N/N500028) were appointed as the Statutory Auditors by the Members of the Company at the 24<sup>th</sup> Annual General Meeting held on August 24, 2017, to hold office from the conclusion of the 24<sup>th</sup> Annual General Meeting until the conclusion of 29<sup>th</sup> Annual General Meeting of the Company (subject to ratification of the appointment by the Members of the Company at every subsequent Annual General Meeting), in accordance with the provisions of the Companies Act, 2013. However, as per the Companies Amendment Act, 2017, the Company is no more required to ratify the appointment of Statutory Auditors and will continue as auditors of the Company for the remaining term.

## 17. 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, 2018 in the prescribed form MGT 9 forms part of this report as “Annexure - I”.

## 18. 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:

Your Company actively engages itself towards technology advancements to serve its customers better and to create technology friendly environment for its employees who in turn helps them to manage the processes efficiently and economically.

Further, for the year ended March 31, 2018, there has been no foreign exchange earnings and outgo.

## 19. a) Directors

The Board of Directors, based on the recommendation of Nomination, Remuneration and Compensation Committee, at its meeting held on October 12, 2017 appointed Mr. Suresh Kumar

Jain (DIN 05103064) as an Additional Director categorized as Independent Director of the Company with effect from same date and who will hold office of Director until the date of the ensuing Annual General Meeting. Further, based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors recommends the appointment of Mr. Suresh Kumar Jain as Independent Director of the Company for a period of 2 (two) years w.e.f. October 12, 2017, not liable to retire by rotation, in accordance with provisions of the Companies Act, 2013 and rules made thereunder and that the necessary resolution in this respect is being included in the Notice of 25<sup>th</sup> Annual General Meeting of the Company for the approval of the Members of the Company.

During the year under review, Mr. Ashok Malik and Smt. Aruna Wadhawan resigned from the directorship of the Company w.e.f. July 24, 2017 and March 30, 2018 respectively.

Mr. Suresh Mahalingam, 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 25<sup>th</sup> ensuing Annual General Meeting for the approval of the members.

#### **b) Key Managerial Personnel**

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 Gaiinda 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.

#### **20. 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.

#### **21. 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.

## 22. Board Meeting

During the financial year 2017-18, the Board met five times i.e. on April 28, 2017, July 14, 2017, October 12, 2017, January 18, 2018 and March 3, 2018. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The attendance of each director at the above said meetings is as follows;

Sr. No.	Name of the Director	Designation	Number of meetings attended
1	Mr. Kapil Wadhawan	Non-Executive Chairman	4
2	Smt. Aruna Wadhawan <sup>^</sup>	Non-Executive Director	5
3	Mr. Anoop Pabby	Non-Executive Director	3
4	Mr. Suresh Mahalingam	Non-Executive Director	5
5	Mr. Mahendra Kumar Chouhan	Independent Director	5
6	Mr. Ashok Malik <sup>*</sup>	Independent Director	0
7	Mr. Suresh Kumar Jain <sup>**</sup>	Independent Director	2

<sup>^</sup>Resigned w.e.f. March 30, 2018

<sup>\*</sup>Resigned w.e.f. July 24, 2017

<sup>\*\*</sup>Appointed w.e.f. October 12, 2017

## 23. Audit Committee

The Constitution of the Audit Committee is in compliance with the provisions of the Companies Act, 2013. 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 and as required by other applicable laws. The Company Secretary acts as the secretary to the Committee. During the year, the Committee met four times i.e. on April 28, 2017,

July 14, 2017, October 12, 2017 and January 18, 2018. The composition of the Audit Committee as on March 31, 2018 and the details of attendance of each Committee Member at the above said meetings is as follows:



Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Mahendra Kumar Chouhan (Chairman of the Committee)	4
2	Mr. Anoop Pabby	3
3	Mr. Ashok Malik*	0
4	Mr. Suresh Kumar Jain**	1

\*Resigned as Director w.e.f. July 24, 2017

\*\*Appointed as Member of the Committee w.e.f. October 12, 2017

#### 24. Nomination, Remuneration and Compensation (NRC) Committee

The constitution of the NRC Committee is in compliance with the provisions of the Companies Act, 2013. 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 and as required by other applicable laws. The Company Secretary acts as the secretary to the Committee. During the year, the Committee met two times i.e. on April 28, 2017 and October 12, 2017. The composition of the NRC Committee as on March 31, 2018 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Suresh Kumar Jain** (Chairman of the Committee)	0
2	Mr. Suresh Mahalingam	2
3	Mr. Mahendra Kumar Chouhan	2
4	Mr. Ashok Malik*	0

\*Resigned as Director w.e.f. July 24, 2017

\*\* Appointed as Member of the Committee w.e.f. October 12, 2017

#### 25. Corporate Social Responsibility Committee

During the year under review, the Board has constituted Corporate Social Responsibility (CSR) Committee as per the requirements of Section 135 of the Companies Act, 2013 and rules made there under. The terms of reference of the Committee are in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made there under. The Company Secretary acts as the secretary to the Committee. During the year, the Committee met two times i.e. on October 12, 2017 and January 18, 2018. Pursuant to the provisions of the Companies Act, 2013 an Annual Report on Corporate Social Responsibility for the FY 2017-18 is attached as “Annexure II”.

The composition of the CSR Committee as on March 31, 2018 and the details of attendance of each Committee Member at the above said meetings is as follows:

Sr. No.	Name of the Member	Number of meetings attended
1	Mr. Kapil Wadhawan (Chairman of the Committee)	2
2	Mr. Suresh Mahalingam	2
3	Mr. Ashok Malik*	0
4	Mr. Suresh Kumar Jain**	1

\*Resigned as Director w.e.f. July 24, 2017

\*\* Appointed as Member of the Committee w.e.f. October 12, 2017

## 26. 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. ALCO of the Company monitors, on an ongoing basis, liquidity, interest rate and funding risks to which the Company is susceptible. The Members of the Committee are Mr. Amit Gainda - CEO (Chairman of the Committee), Mr. Rahul Bhapkar – CFO, Mr. Samir Kumar Mohanty - COO and Mr. Sudhakar B V - CRO.

## 27. Risk Management Committee

The Members of Risk Management Committee are Mr. Amit Gainda - CEO (Chairman of the Committee), Mr. Sudhakar B V – CRO (Convenor), Mr. Rahul Bhapkar - CFO, Mr. Samir Kumar Mohanty – COO, Mr. Smitesh Shah - CTO and Mr. Vivek Baranwal – Business Head. The terms of reference of the Committee *inter alia* include ensuring formulation and implementation of the Risk Management Policy of the Company.

## 28. IT Strategy Committee

The constitution of the IT Strategy Committee of the Company is in line with requirement of RBI Master Direction – Information Technology Framework for the NBFC Sector. The terms of reference of the Committee are as per the said RBI Directions. The Members of IT Strategy Committee are Mr. Mahendra Kumar Chouhan – Independent Director (Chairman of the Committee), Mr. Suresh Mahalingam – Non-Executive Director (Member), Mr. Amit Gainda – CEO (Member - CIO) and Mr. Smitesh Shah – CTO (Member).

## 29. Borrowing Committee

The Members of Borrowing Committee are Mr. Amit Gainda - CEO (Chairman of the Committee), Mr. Rahul Bhapkar – CFO and Mr. Samir Kumar Mohanty - COO. 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.

## 30. Investment Committee

The Members of Investment Committee are Mr. Amit Gainda - CEO (Chairman of the Committee), Mr. Rahul Bhapkar – CFO and Mr. Samir Kumar Mohanty - COO. 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.

### **31. Nomination & Remuneration Policy**

Policy on Board Composition, Compensation, Evaluation and connected matters is attached as “Annexure III”.

### **32. 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](http://www.avanse.com).

### **33. 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 2017-18.

### **34. 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 was 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 IV”.

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

### **35. 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 V” & “Annexure VI”.

### **36. 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, 2018, 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, 2018 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.

**37. 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 to this report.

**38. Acknowledgements**

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

For and on behalf of the Board of Directors

Kapil Wadhawan  
Chairman  
(DIN 00028528)

Place: Mumbai

Date: July 17, 2018

## **Management Discussion and Analysis Report**

### **1. Macro Economic Scenario**

The regulatory and industry efforts in the past few years have established a strong foundation for ensuring a sustainable growth of the Indian economy. Several structural reforms are enabling the country to graduate to the next level of growth. FY18 has indeed been a very eventful year with notable reforms such as the Goods and Services Taxes (GST). While Q2 FY18 witnessed a little slowdown on account of many corporates taking a cautious approach towards GST, it is bound to bring about efficiency in the taxation structure which will in turn benefit the Indian economy. The implementation of RERA brought in the much needed transparency in the Real Estate Industry which was necessary to boost consumer and stakeholder interest. The Insolvency and Bankruptcy Code (IBC) is another landmark reform implemented to consolidate the existing framework. Further, during the year, the Government proposed to recapitalize stressed public banks to revive their lending activities and structurally address the problem of NPAs in the economy. The year has also upgraded India's rank in sovereign rating and ease of doing business, which is primarily on account of these continued reforms.

According to Central Statistics Office (CSO), India's GDP grew by 6.6% in 2017-18 as against 7.1% growth registered in 2016-17. In spite of this temporary slowdown, India is still the fastest growing economy in the world. The Indian economy has already started showing signs of improvement with increasing corporate sales, improving inventory turnover and revival of capex cycle. The long term outlook of the Indian economy remains positive. Over medium to long term tenure, India is well poised to grow at 6-7%. The financial services businesses (especially Credit business) are highly correlated with the nation's economic growth and usually grow at multiples of economic growth. Strong GDP growth to drive demand for consumption and productive credit which augurs well for overall lending industry.

### **NBFC Industry**

Banks remains a dominant source of credit in India, however the NBFC sector has been gaining ground steadily and increasing its market share. NBFC's share in overall credit has increased from ~9-10% in FY19 to ~13-14% currently. NBFC have also been gaining market share over banks on account of agility, operational efficiency, customized product offerings and faster turnaround time. NBFC's have been able to create niches across key product and customer, leading to better customer understanding and value proposition in terms of risks adjusted pricing and faster turnaround time. Outlook of the NBFC segment continues to look very positive.

### **2. Opportunities and Threats**

The Education Financing sector holds tremendous potential in India, over 260 million students are enrolled in K12 schools. This creates a huge pipeline of students who would pursue higher education in year to come. There are over 1.5 million schools in India, while government schools dominate the

market, penetration of private schools is increasing. Preference for private schools is increasing among the parents, on account of increasing urbanization, rise in disposable income and desire to provide quality education for their children.

India's higher education is one of the largest in world with over 35 million students pursuing higher education across 38,500 institutes in over 760 universities. In addition, there are over 5.5 lakhs Indian student studying abroad. With well-planned expansion and a student-centric learning-driven model of education, India has not only bettered its enrolment numbers but has also dramatically enhanced its learning outcomes. Moreover, the massification of primary and secondary education has led to a significant jump in the number of students aspiring for higher education. As a result, India's higher education system remains one of the largest in the world.

Overall, presence of this huge education ecosystem with rising education spends both in infrastructure and on tuition fees, provides huge growth potential for Education loans (both in the B2C and B2B segment) in India. Your Company with its deep domain expertise in education financing is well poised to grab this opportunity.

The economy is undergoing a paradigm shift as a result of a number of initiatives. In the financial space, the introduction of Aadhaar Card based identification, e-KYC and India Stack amongst others, will go a long way towards augmenting financial inclusion and enabling financiers to tap the vast segment of under-served individuals and MSME's whose credit needs grow with their aspirations and income levels. Further, the Government's focus on facilitating MSME's through its Make in India platform, to ensure a broad-based foundation to growth, augurs well for the Company as it caters to this segment. There are over ~50 million MSME's in India with very limited credit penetration thus providing a huge market for growth.

The biggest threat that your Company faces is from the macroeconomic factors of the Indian economy and world economies. An economic downturn both in the world economies and in the Indian economy may impact the employment opportunities, business opportunities etc. which will ultimately affect the overall profitability and business stability of the Company.

### **3. Business Overview -Segment-wise or Product- wise Performance**

Avanse Financial Services Limited, is a NBFC arm of Wadhwan Global Capital Limited (WGC), a diversified financial services group with business interest across Lending, Asset Management, Insurance and wealth management. DHFL the flagship Company of WGC group is one of the leading housing finance Company in India catering to the low and middle income segment of the Country.

Established in 2013, Avanse is one of India's fastest growing education finance Company committed to facilitating and fulfilling academic dreams of talented young students. In the education domain your Company provides loans across two segments:

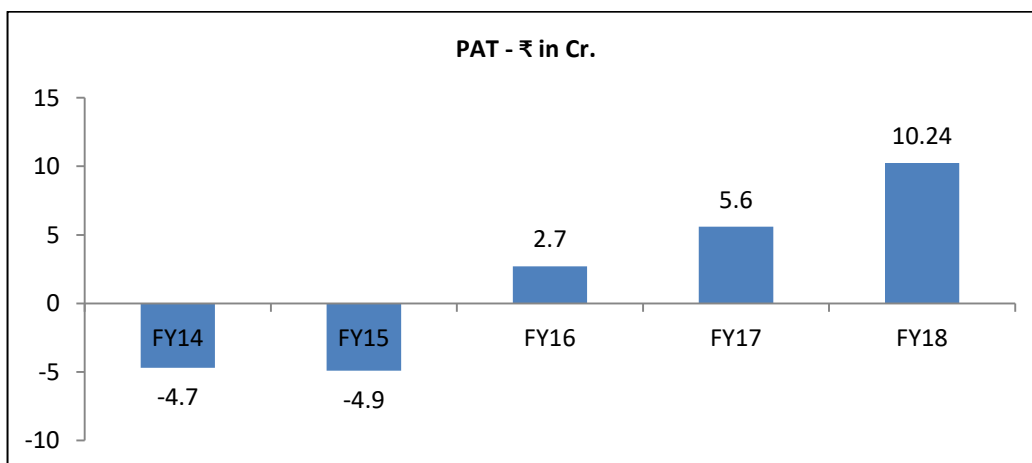
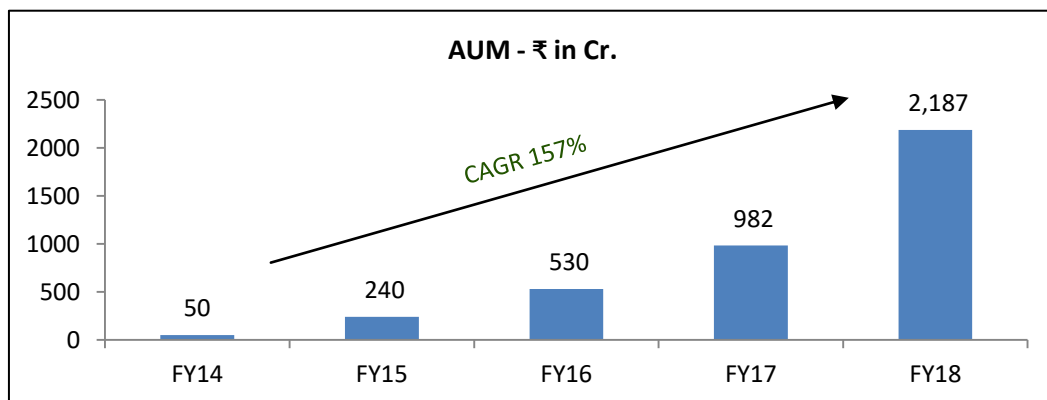
1. Education Loan (B2C) – This segment comprises of Loans for financing higher education needs of students. With its new age, flexible and tailored financial solutions, Avanse addresses higher

education needs of the Indian youth by making higher education affordable. Avanse takes student led approach whereby student academics and future employability is taken into consideration while granting an education loan instead of purely looking at the collateral. Basis its deep domain expertise, your Company has created customized solution for students based on the country and course.

2. Educational Institutional Loan (B2B) – This segment comprise of Loans for financing working and growth capital needs of educational institutes (primarily K12).

Being one of the leading Education Loan NBFC in India today, Avanse is now expanding its horizon with a vision to be India’s Leading Customer Centric Diversified NBFC focused on Profitable Growth across domains of Consumer, MSME and Commercial Businesses with Leadership position in Education Loans.

During the year, Avanse embarked on its journey of getting transformed from niche education focused NBFC to a diversified NBFC. Your Company’s endeavour is to strengthen and grow its existing education focused business with addition of new business segment in a calibrated manner having an optimal mix of risk and profits. In line with this strategy, Your Company entered into two new business segments in FY18 - MSME Loans and Commercial Finance. The performance of your Company since inception can be evidenced from the below graph:



The total portfolio of your Company as on March 31, 2018 was ₹ 2187 Crore as against ₹ 982.28 Crore in the preceding financial year registering a y-o-y growth of 122%. Education segment constitutes 89% of the total portfolio. Overall disbursement for the year was Rs 1517 crores as against Rs 585 crores in the preceding year, implying a growth of 126%. Your Company earned a net profit of ₹ 10.24 Crore compared to net profit of ₹ 5.60 Crore in the last financial year. As on March 31, 2018 Gross NPA and Net NPA is 0.09 % and 0.07 % respectively.

#### 4. Outlook

Your Company has entered other segments of lending viz. Commercial Finance & MSME keeping its core focus on education loan. The Company envisages good growth in the sectors that it caters to are not only large but growing and are still quite underpenetrated from the perspective of financing. Overall the growth outlook of the Company remains very positive.

Your Company will focus on continuous innovation in product to remain relevant to changing customer needs and will leverage technology to deliver better customer experience. The Company will continue to emphasize building capabilities in risk & controllership, analytics, underwriting, IT, people and brand to ensure that your Company gives growth which is sustainable with robust asset quality.

#### 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, operational risk etc. 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.

- *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 your 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. 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 your 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 and it can be seen by our sustained performance over the years. Your Company is building its organizational culture basis its five guiding pillars - Governance, Transparency, Meritocracy, Inclusivity and Happiness quotient. 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. As on March 31, 2018, your Company had 282 employees as compared to 178 employees as on March 31, 2017.

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 a Policy on Prevention of Sexual Harassment Policy at Workplace and any complaints in this regard will be referred to the 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 2017-18, no complaint was received by the ICC.

**Annexure I**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2018**

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

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>		
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 NBFC
5	Address of the Registered office & contact details	DHFL House, 1 <sup>st</sup> floor, 19, Sahar Road, Off. Western Express Highway, Vile Parle (East), Mumbai – 400 099. 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:  <b>Link Intime India Private Ltd.</b> C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400078. Tel. No.: +91 22-25946970-78 Fax No.: +91 22-25946969 e-mail: rnt.helpdesk @linkintime.co.in

**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	Loan Company	64920	100

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

Sr. No.	Name and address of the Company	CIN / GLN	Holding/Subsidiary /Associates	% of Shares held	Applicable Section
1	Wadhawan Global Capital Limited	U67110MH2010PLC204063	Holding	52.03%	2(46)

**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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	45,472	-	45,472	0.14	45,472	-	45,472	0.08	(0.06)
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	5,02,37,496	-	5,02,37,496	84.80	4.94
e) Banks / FI	-	-	-	0.00	-	-	-	0.00	0.00
f) Any other	-	-	-	0.00	-	-	-	0.00	0.00
<b>Sub Total (A) (1)</b>	<b>2,65,32,965</b>	<b>-</b>	<b>2,65,32,965</b>	<b>80.00</b>	<b>5,02,37,496</b>	<b>-</b>	<b>5,02,37,496</b>	<b>84.88</b>	<b>4.88</b>
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	0.00	-	-	-	0.00	0.00
b) Other Individuals	-	-	-	0.00	-	-	-	0.00	0.00
c) Bodies Corp.	-	-	-	0.00	-	-	-	0.00	0.00
d) Any other	-	-	-	0.00	-	-	-	0.00	0.00
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL (A)</b>	<b>2,65,32,965</b>	<b>-</b>	<b>2,65,32,965</b>	<b>80.00</b>	<b>5,02,37,496</b>	<b>-</b>	<b>5,02,37,496</b>	<b>84.88</b>	<b>4.88</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00	-	-	-	0.00	0.00
b) Banks / FI	-	-	-	0.00	-	-	-	0.00	0.00
c) Central Govt	-	-	-	0.00	-	-	-	0.00	0.00
d) State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
e) Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
f) Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
g) FIs	-	-	-	0.00	-	-	-	0.00	0.00
h) Foreign	-	-	-	0.00	-	-	-	0.00	0.00

Venture Capital Funds									
i) Others (Multilateral Financial Institution)	66,33,502	-	66,33,502	20.00	89,58,647	-	89,58,647	15.12	4.88
<b>Sub-total (B)(1):-</b>	66,33,502	-	66,33,502	20.00	89,58,647	-	89,58,647	15.12	4.88
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	0.00	-	-	-	0.00	0.00
ii) Overseas	-	-	-	0.00	-	-	-	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	1046	1046	0.00	-	1046	1046	0.00	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00	-	-	-	0.00	0.00
c) Others (specify)									
Non Resident Indians	-	-	-	0.00	-	-	-	0.00	0.00
Overseas Corporate Bodies	-	-	-	0.00	-	-	-	0.00	0.00
Foreign Nationals	-	-	-	0.00	-	-	-	0.00	0.00
Clearing Members	-	-	-	0.00	-	-	-	0.00	0.00
Trusts	-	-	-	0.00	-	-	-	0.00	0.00
Foreign Bodies - D R	-	-	-	0.00	-	-	-	0.00	0.00
<b>Sub-total (B)(2):-</b>	-	1,046	1,046	0.00	-	1,046	1,046	0.00	0.00
<b>Total Public (B)</b>	66,33,502	1,046	66,34,548	20.00	89,58,647	1,046	89,59,693	15.12	4.88
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	0.00	-	-	-	0.00	0.00
<b>Grand Total (A+B+C)</b>	3,31,66,467	1046	3,31,67,513	100.00	5,92,41,615	1046	5,92,42,661	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	1,92,50,719	32.49	0	(4.29)
2	Wadhawan Global Capital Ltd	1,41,28,631	42.60	0	3,08,25,437	52.03	0	9.43
3	Wadhawan Holdings Pvt Ltd	76,754	0.23	0	76,754	0.13	0	(0.10)
4	Wadhawan Consolidated Holdings Pvt. Ltd.	42,293	0.13	0	42,293	0.07	0	(0.06)
5	Infill Retail Ventures Pvt. Ltd.	42,293	0.13	0	42,293	0.07	0	(0.06)
6	Shri Kapil Wadhawan	22,736	0.07	0	22,736	0.04	0	(0.03)
7	Shri Dheeraj Wadhawan	22,736	0.07	0	22,736	0.04	0	(0.03)

**(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	Note1	1,21,97,522	36.78	1,92,50,719	32.49
2	Wadhawan Global Capital Limited	Note2	1,41,28,631	42.60	3,08,25,437	52.03
3	Wadhawan Holdings Pvt Ltd	-	76,754	0.23	76,754	0.13
4	Wadhawan Consolidated Holdings Pvt. Ltd.	-	42,293	0.13	42,293	0.07
5	Wadhawan Retail Ventures Pvt. Ltd.	-	42,293	0.13	42,293	0.07
6	Shri Kapil Wadhawan	-	22,736	0.07	22,736	0.04
7	Shri Dheeraj Wadhawan	-	22,736	0.07	22,736	0.04
	<b>Total</b>		<b>2,65,32,965</b>	<b>80.00</b>	<b>5,02,82,968</b>	<b>84.87</b>

Note:

- 1) Acquisition pursuant to Rights Issue on July 12, 2017 (42,75,420 equity shares) and on March 31, 2018 (27,77,777 equity shares).
- 2) Acquisition pursuant to Rights Issue on July 12, 2017 (50,25,155 equity shares) and on March 31, 2018 (1,16,71,651 equity shares).

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

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

Sr. No.	Name of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	International Finance Corporation	Note*	66,33,502	20	89,58,647	15.12
2	Mr. P. K. Kumar	-	305	0	305	0
3	Mr. Mohit Chaturvedi	-	305	0	305	0
4	Mr. Vijay Tambe	-	305	0	305	0
5	Mr. Pralhad Kulkarni	-	131	0	131	0

\*Acquisition pursuant to Rights Issue on July 12, 2017 (23,25,145 equity shares)

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

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

<b>V. INDEBTEDNESS</b>				
Indebtedness of the Company including interest outstanding/accrued but not due for payment.				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	8,35,62,50,000	59,37,44,800	-	89,4,99,94,800
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,23,87,725	2,00,47,615	-	7,24,35,340
<b>Total (i+ii+iii)</b>	<b>8,40,86,37,725</b>	<b>61,37,92,415</b>	<b>-</b>	<b>9,02,24,30,140</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	7,20,00,00,000	10,22,53,53,000	-	17,42,53,53,000
* Reduction	69,08,00,000	7,17,19,49,050	-	7,86,27,49,050
<b>Net Change</b>	<b>6,50,92,00,000</b>	<b>3,05,34,03,950</b>	<b>-</b>	<b>9,56,26,03,950</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	14,86,54,50,006	3,64,71,48,750	-	18,51,25,98,756
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,78,18,836	3,99,79,358	-	9,77,98,194
<b>Total (i+ii+iii)</b>	<b>14,92,32,68,842</b>	<b>3,68,71,28,108</b>	<b>-</b>	<b>18,61,03,96,950</b>

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

**A. Remuneration to Managing Director, Whole-time Director and / or Manager**

Sl. No.	Particulars of Remuneration	Name of Manager	Total Amount
1	Gross salary	-	-
	(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	-	-

**B. Remuneration to Other Directors**

Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. Mahendra Chouhan	Mr. Ashok Malik*	Mr. Suresh Kumar Jain	-		
1.	<b>Independent Directors</b>						
	Fee for attending board / committee meetings	1,45,000	0	60,000			2,05,000
	Commission	-	-	-			-
	Others, please specify	-	-	-			-
	Total (1)	1,45,000	0	60,000			2,05,000
2.	<b>Other Non-Executive Directors</b>	Mr. Kapil Wadhawan	Mr. Anoop Pabby	Mr. Suresh Mahalingam	Smt. Aruna Wadhawan		
	Fee for attending Board / Committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Overall Ceiling as per the Act	1% of the Net Profit					

Note: Sitting fees is paid only to Independent Director.

\*Resigned w.e.f July 24, 2017.



<b>C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD</b>					
SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
1	Name	Amit Gaiinda	Rahul Bhapkar	Rakesh Dhanuka	(Rs.)
2	Designation	CEO	CFO	Company Secretary	
3	Gross salary	2,00,00,000	40,00,000	12,27,000	2,52,27,000
	(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	-	-	-	
	<b>Total</b>	<b>2,00,00,000</b>	<b>40,00,000</b>	<b>12,27,000</b>	<b>2,52,27,000</b>

**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 17, 2018

Annexure II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2017-18

Sr. No.	Particulars	Remarks
1	A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and project or programs.	The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR Policy of the Company is available on the Company's website – <a href="http://www.avanse.com">www.avanse.com</a>
2	The Composition of the CSR Committee.	1) Mr. Kapil Wadhawan, Chairman 2) Mr. Suresh Kumar Jain, Member 3) Mr. Suresh Mahalingam, Member
3	Average net profit of the Company for last three financial years.	₹ 1,11,46,038/-
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above).	₹ 2,22,921/-
5	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed below:	₹ 2,25,000/- (Amount approved by Board)  Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:  (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
	<b>ConnectED Enabling digital teaching aids to government run schools</b>  Smart Classroom solution which makes use of portable projectors and surround sound systems to introduce impactful audio-video content into classrooms thereby enriching the learning experience in classrooms.	Education	Local area  Mumbai, Maharashtra	₹ 2,25,000/-	₹ 2,24,992/-	₹ 2,24,992/-	Direct
	<b>TOTAL</b>			₹ 2,25,000/-	₹ 2,24,992/-	₹ 2,24,992/-	

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

We hereby confirm that the implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the Company.

Amit Gaiinda  
(Chief Executive Officer)

Kapil Wadhawan  
(Chairman - CSR Committee)  
(DIN: 00028528)

Place: Mumbai  
Date: July 17, 2018

**Annexure III**

**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.

**f) 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.

**g) 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 IV**

**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 17, 2018

**Annexure V**

**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 Executive Officer, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 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 2017-18	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. Kapil Wadhawan Non-Executive Chairman	N.A.	N.A.
2	Mr. Mahendra K Chouhan Independent Director	N.A.	N.A.
3	Ms. Anoop Pabby Non-Executive Director	N.A.	N.A.
4	Mr. Suresh Mahalingam Non-Executive Director	N.A.	N.A.
5	Ms. Aruna Wadhawan Non-Executive Director	N.A.	N.A.
6	Mr. Suresh Kumar Jain Independent Director	N.A.	N.A.
7	*Mr. Amit Gaiinda Chief Executive Officer	N.A.	N.A.
8	*Mr. Rahul Bhapkar Chief Financial Officer	N.A.	N.A.
9	Mr. Rakesh Dhanuka Company Secretary	12%	N.A.

\*Details are not given as the KMP were appointed w.e.f. April 1, 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 2017-18 was ₹ 5,40,250/-
- iii) In the financial year 2017-18, there was an increase of 8 % in the median remuneration of employees.
- iv) There were 282 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2018.
- v) Average percentage increase made in the salaries of employees other than the Managerial Remuneration in the FY 2017-18 was 12 % whereas the increase in the Managerial Remuneration for the same FY 2017-18 was Nil



- 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 17, 2018

**Annexure VI**

**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 (₹)	Qualification	Experience	Date of Commencement of employment	Age	Last Employment	Equity Shares held in the Company (%)	Relative of any Director or KMP
Amit Gaianda	CEO	2 Crore	B.Com & MBA from IMI and INSEAD	21 years	01.04.2017	43 years	Dewan Housing Finance Corporation Ltd	Nil	No

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 17, 2018

**SECRETARIAL AUDIT REPORT**

**FORM NO. MR – 3**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

[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**

DHFL House, 1st floor, 19, Sahar Road

Off Western Express Highway,

Vile Parle (East) Mumbai -400099

I have conducted the secretarial audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by Avanse Financial Services Limited (hereinafter called the Company) for the audit period covering the financial year ended on 31<sup>st</sup> March 2018. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/Statutory compliances and expressing my opinion thereon.

Based on my verification of **Avanse Financial Services Limited** books, papers, minute books, form and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended March 31, 2018, 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, 2018 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 of Capital and Disclosure Requirements) Regulations, 2009;

- b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Related documents)

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

- a) The RBI Directions for NBFC
- b) The IRDA Regulations for Corporate Agent
- 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.
2. The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable;

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

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Non Executive Directors and Independent Directors.

Adequate notice and shorter notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at 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 further report that** there were adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** 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:** April 23, 2018

**Place:** Mumbai

# T R Chadha & Co LLP

Chartered Accountants  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email: mumbai@trchadha.com



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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, 2018, 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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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](mailto:delhi@trchadha.com)  
Regd. Office : Suite No. 11A, 2<sup>nd</sup> Floor, Gobind Mansion, H-Block, Connaught Circus, New Delhi – 110001  
Phone : 011 41513059 / 41513169

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

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# T R Chadha & Co LLP

Chartered Accountants  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email: mumbai@trchadha.com



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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, 2018;
- (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 Section 143(3) of the Act, based on our audit, 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;
- e. on the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2018, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;

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

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

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# T R Chadha & Co LLP

Chartered Accountants  
502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
Fax.: 022-49669023  
Email: mumbai@trchadha.com



- 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 A”; 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
2. 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 B”, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

Sd/-

**Pramod Tilwani  
Partner  
Membership Number: 076650**

Place: Mumbai  
Date: 24<sup>th</sup> April 2018

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## Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1 (f) under “ Report on Other Legal and Regulatory Requirements” section of our report to the Members of Avanse Financial Services Limited of even date)

### 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 31<sup>st</sup> March, 2018 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

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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 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.

## 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31<sup>st</sup> March, 2018, based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in

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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/-

**Pramod Tilwani**  
**Partner**  
**Membership No. 076650**

**Date:** 24<sup>th</sup> April 2018  
**Place:** Mumbai

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## Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under “Report on Other Legal and Regulatory Requirements” section of our report to the Members of Avanse Financial Services Limited of even date)

- (i) In respect of the Company’s fixed assets:
- (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 loans and advances. 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) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, income-tax, service tax, Goods and service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

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- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, income-tax, service tax, Goods and service Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there were no dues of income tax or service tax or Goods and Service Tax etc. have not been deposited on account of any dispute.
- (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.
- (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

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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/-

**Pramod Tilwani**  
**Partner**  
**Membership Number: 076650**

Place: Mumbai  
Date: 24<sup>th</sup> April 2018

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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, 2016, 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 5<sup>th</sup> February 2004 No. B.13.01704 from Reserve Bank of India.
2. The Company is entitled to continue to hold the Certificate of Registration in terms of Asset/ income pattern as on 31<sup>st</sup> March 2018.
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. According to information & explanation given to us, the Company has not accepted any "Public Deposit" in the financial year ended 31<sup>st</sup> March 2018.
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;

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- (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/-

**Pramod Tilwani**  
**Partner**  
**Membership No. 076650**

**Place:** Mumbai  
**Date:** 24<sup>th</sup> April, 2018

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**AVANSE FINANCIAL SERVICES LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2018**

Particulars	Note No.	As at March 31, 2018 Amt. in Rs	As at March 31, 2017 Amt. in Rs
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	2.01	59,24,26,610	33,16,75,130
(b) Reserves and Surplus	2.02	4,25,74,73,356	1,07,08,29,995
<b>2. Non - Current liabilities</b>			
(a) Long term borrowings	2.03	13,48,87,24,033	7,42,62,50,000
(b) Other Long Term liabilities	2.04	9,38,46,111	6,29,71,074
(c) Long term provisions	2.05	11,61,96,020	4,95,70,171
<b>3. Current liabilities</b>			
(a) Short term borrowings	2.06	3,39,71,48,750	84,37,44,800
(b) Trade Payables	2.07		
i) To micro and small enterprises			
ii) To Others		50,51,319	1,45,40,637
(c) Other Current liabilities	2.08	1,95,06,43,861	80,75,68,407
(d) Short term provisions	2.09	-	12,47,516
<b>TOTAL</b>		<b>23,90,15,10,060</b>	<b>10,60,83,97,730</b>
<b>II. ASSETS</b>			
<b>1. Non-Current assets</b>			
(a) Fixed Assets	2.10		
(i) Tangible assets		1,49,30,702	1,11,06,115
(ii) Intangible assets		97,68,226	37,80,360
(b) Non Current Investments	2.11	8,67,71,426	-
(c) Deferred tax assets (net)	2.12	3,82,28,334	1,39,32,827
(d) Long-term loans and advances	2.13	18,93,15,18,873	9,40,34,51,560
(e) Other non current assets	2.14	4,34,00,000	-
<b>2. Current assets</b>			
(a) Cash and Bank Balances	2.15	2,38,81,55,239	64,75,69,240
(b) Short Term Loans and Advances	2.16	2,35,48,85,270	51,88,47,107.68
(c) Other current assets	2.17	3,38,51,989	97,10,521
<b>TOTAL</b>		<b>23,90,15,10,060</b>	<b>10,60,83,97,730</b>

Significant Accounting Policies 1  
Notes forming part of financial statements 2

**As per our report of even date**

**For T R Chadha & Co LLP**

Chartered Accountants

Firm Regn. No. 06711N/N500028

**Pramod Tilwani**

Partner

Membership No. : 076650

Place : Mumbai

Date : April 24, 2018

Amit Gaiinda  
Chief Executive Officer

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

Kapil Wadhawan  
Director  
DIN 00028528

Suresh Mahalingam  
Director  
DIN 01781730

Rahul Bhapkar  
Chief Financial Officer

Rakesh Dhanuka  
Company Secretary

Place: Mumbai

Date: April 24, 2018

**AVANSE FINANCIAL SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	Note No.	For the Year ended	For the Year ended
		March 31, 2018	March 31, 2017
		Amt. in Rs	Amt. in Rs
<b>Revenue</b>			
(a) Revenue from Operations	2.18	2,08,53,62,716	1,06,30,67,618
(b) Other Income	2.19	6,41,28,348	5,77,95,934
<b>I Total Revenue</b>		<b>2,14,94,91,064</b>	<b>1,12,08,63,552</b>
<b>Expenses</b>			
(a) Employee benefit expenses	2.20	29,20,62,623	16,80,52,919
(b) Finance costs	2.21	1,19,43,21,750	64,95,65,824
(c) Depreciation and Amortization expenses	2.10	82,14,499	53,16,295
(d) Other operating expenses	2.22	41,65,13,615	21,86,11,483
(e) Provisions for non performing assets	2.42	13,68,217	36,55,846
(f) Contingent provision against standard assets	2.23	8,17,81,919	1,84,83,811
<b>II Total Expenses</b>		<b>1,99,42,62,623</b>	<b>1,06,36,86,178</b>
<b>III Profit Before Tax (I -II)</b>		<b>15,52,28,441</b>	<b>5,71,77,374</b>
<b>Tax Expense:</b>			
(a) Current tax		7,70,72,227	76,09,475
(c) Deferred tax		- 2,42,95,507	- 64,26,332
<b>IV Total Tax Expense</b>		<b>5,27,76,720</b>	<b>11,83,143</b>
<b>V Profit/(loss) for the year from Continuing Operations (III-IV)</b>		<b>10,24,51,721</b>	<b>5,59,94,231</b>
<b>VI Earnings per equity share (face value of Rs. 10 each)</b>			
(a) Basic	2.24	<b>2.46</b>	<b>1.69</b>
(b) Diluted		<b>2.46</b>	<b>1.69</b>
Significant Accounting Policies	1		
Notes forming part of financial statements	2		

As per our report of even date

For and on behalf of the Board of Directors

**For T R Chadha & Co LLP**

Chartered Accountants  
Firm Regn. No. 06711N/N500028

Kapil Wadhawan  
Director  
DIN 00028528

Suresh Mahalingam  
Director  
DIN 01781730

**Pramod Tilwani**

Partner  
Membership No. : 076650

Amit Gainda  
Chief Executive Officer

Rahul Bhapkar  
Chief Financial Officer

Rakesh Dhanuka  
Company Secretary

Place : Mumbai  
Date : April 24, 2018

Place: Mumbai  
Date: April 24, 2018

**AVANSE FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2018**

Particulars	For the year ended	For the year ended
	March 31,2018	March 31,2017
	Amt. in Rs	Amt. in Rs
<b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	15,52,28,441	5,71,77,374
<b>Adjustments to reconcile loss before tax to cash provided by operating activities</b>		
Depreciation from continuing operations	82,14,499	53,16,295
Provision for standard assets	8,17,81,919	1,84,83,811
Provision for Non Performing assets	13,68,217	36,55,846
Provision for expenses	3,91,26,412	98,77,915
Profit on sale of investments	-2,59,53,125	-3,53,67,317
Profit on sale of fixed assets	-	5,500
Loss on sale of fixed assets	-	62,756
Excess provision written back	-44,70,159	-4,80,672
Interest accrued but not due on borrowings	9,77,98,194	3,47,06,059
Interest accrued but not due on loans and advances	23,14,14,986	2,26,88,642
<b>Operating Profit before working capital changes</b>	<b>58,45,09,384</b>	<b>11,61,15,209</b>
Movement in working capital :		
Decrease / (Increase) in long term loans and advances	-9,57,40,35,531	-4,36,05,01,234
Decrease / (Increase) in short term loans and advances	-1,83,60,38,163	-25,74,21,811
(Decrease) / Increase in short term borrowings	2,55,34,03,950	84,37,44,800
(Decrease) / Increase in Long term borrowings	6,06,24,74,033	2,77,00,00,000
Decrease / (Increase) in Other Current Assets	-25,55,56,455	-51,20,702
Decrease / (Increase) in Other Non Current Assets	-4,34,00,000	-
Increase / (Decrease) in Trade Payables	-94,89,318	72,33,207
Increase / (Decrease) in Other Long Term Liabilities	3,08,75,037	3,97,47,514
Increase / (Decrease) in Long Term Provisions	-9,22,28,297	85,17,046
Increase / (Decrease) in Short Term Provisions	-12,47,516	8,86,756
Increase / (Decrease) in Other current liabilities	1,01,06,21,006	49,43,14,090
<b>Cash generated from operations during the year</b>	<b>-1,57,01,11,868</b>	<b>-34,24,85,125</b>
Taxes paid	4,46,00,000	97,59,233
<b>Net Cash Flow from Operating Activities</b>	<b>-1,52,55,11,868</b>	<b>-33,27,25,892</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	-1,80,63,500	-1,17,01,641
Asset written off	36,548	29,100
Purchase of current investments	-17,34,92,71,425	-9,08,24,23,014
Redemption of current investments	17,28,84,53,123	9,11,77,90,331
<b>Net cash Flow from Investing Activities</b>	<b>-7,88,45,254</b>	<b>2,36,94,776</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital	26,07,51,480	-
Share premium	3,08,41,91,641	-
<b>Net cash flow from financing activities</b>	<b>3,34,49,43,121</b>	<b>-</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>1,74,05,85,999</b>	<b>30,90,31,116</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>	<b>64,75,69,240</b>	<b>95,66,00,356</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>	<b>2,38,81,55,239</b>	<b>64,75,69,240</b>

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

Cash on Hand	1,18,901	6,948
Balances with Banks in Current Accounts	2,38,80,36,338	64,75,62,292

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

Kapil Wadhawan      Suresh Mahalingam  
Director                      Director  
DIN 00028528              DIN 01781730

Pramod Tilwani

Partner

Membership No. : 076650

Amit Gainda                      Rahul Bhapkar                      Rakesh Dhanuka  
Chief Executive Officer      Chief Financial Officer      Company Secretary

Place : Mumbai  
Date : April 24, 2018

Place: Mumbai  
Date: April 24, 2018

## **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 lend money by way of loans, advance, overdraft or otherwise with or without security and to solicit and procure insurance business as corporate agent. The Company was initially known as Abhivruddhi Holdings Pvt Ltd. With effect from 12th Dec 2012, the company's name was changed to "Avanse Financial Services Pvt. Ltd. " and later the name was changed to "Avanse Financial Services Limited" after obtaining necessary approval from the Registrar of Companies. The Debentures of the Company are listed on Bombay Stock Exchange (BSE) during the year, thus the Company has become Debt listed Company. The Company is Systematically Important Non-deposit taking Non-Banking Financial Company.

### **1. SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### **1.02 Operating Cycle**

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

#### **1.03 Use of Estimates**

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

#### **1.04 Revenue recognition**

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

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

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

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

##### **iii. Income from Services**

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

##### **iv. Income on Fixed Deposits**

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

**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.

**vi. Income from securitisation transactions**

Securitized receivables are derecognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria. Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV). Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

**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
Vehicle	5 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 infrastructure loans are made based on prudential norms issued by Reserve Bank of India.

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

## 2.01. SHARE CAPITAL

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
<b>AUTHORISED SHARES</b>		
100,000,000 (60,000,000) Equity Shares of Rs. 10 each	1,00,00,00,000	60,00,00,000
	1,00,00,00,000	60,00,00,000
<b>ISSUED AND PAID UP SHARES</b>		
5,92,42,661 (3,31,67,513) Equity Shares of Rs. 10 each	59,24,26,610	33,16,75,130
<b>TOTAL ISSUED AND PAID UP SHARE CAPITAL</b>	<b>59,24,26,610</b>	<b>33,16,75,130</b>

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

Particulars	As at March 31, 2018	As at March 31, 2017
Shares outstanding at the beginning of the year	3,31,67,513	3,31,67,513
Shares issued during the year (Refer note 2.01 (e))	2,60,75,148	-
Shares outstanding at the end of the year	5,92,42,661	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). Number of equity shares held by holding company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Wadhawan Global Capital Private Limited	3,08,25,437	52.03	1,41,28,631	42.60

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Dewan Housing Finance Corporation Ltd	1,92,50,719	32.49	1,21,97,522	36.78
International Finance Corporation Limited	89,58,647	15.12	66,33,502	20.00

2.01 (e). During the year the Company has made the Right issue of 1,16,25,720 and 1,44,49,428 Equity shares at a premium of Rs. 54 each (face value Rs. 10) and Rs 170 (face value Rs 10) aggregating to Rs 62,77,88,880 and Rs 2,45,64,02,760 respectively

## 2.02 RESERVES AND SURPLUS

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
<b>General Reserve</b>		
Opening Balance	14,000	14,000
Add : Transferred from surplus	-	-
Closing Balance	<b>14,000</b>	<b>14,000</b>
<b>Securities Premium Reserve</b>		
Opening Balance	1,09,14,02,324	1,09,14,02,324
Add: Premium received on shares issued during the year	3,08,41,91,640	-
Closing Balance	<b>4,17,55,93,964</b>	<b>1,09,14,02,324</b>
<b>Special Reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)</b>		
Opening Balance	1,65,58,800	53,59,954
Add: Transfer from statement of Profit and Loss	2,04,90,344	1,11,98,846
Closing Balance	<b>3,70,49,144</b>	<b>1,65,58,800</b>
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Opening Balance	-3,71,45,129	-8,19,40,514
Less: Net Profit/(Loss) for the year	10,24,51,721	5,59,94,231
Less : Transfer to Special Reserve [under Section 45-IC (1) of the Reserve Bank of India Act, 1934]	2,04,90,344	1,11,98,846
<b>Net Surplus/(Deficit) in the statement of profit and loss</b>	<b>4,48,16,248</b>	<b>-3,71,45,129</b>
<b>Total reserves and surplus</b>	<b>4,25,74,73,356</b>	<b>1,07,08,29,995</b>

## 2.03 LONG TERM BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
Term loan from banks - Secured (Refer note 2.03 (a & b))	11,03,87,24,033	5,72,62,50,000
Term loan from financial institutions - Secured (Refer note 2.03 (a & b))	75,00,00,000	75,00,00,000
Non convertible Debentures - Secured (Refer note 2.03 (c & d))	95,00,00,000	70,00,00,000
Non convertible Subordinated Debentures - Unsecured (Refer note 2.03 (e & f))	75,00,00,000	25,00,00,000
<b>Total</b>	<b>13,48,87,24,033</b>	<b>7,42,62,50,000</b>

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

#### Term Loan - Secured

Maturities	1-3 years	3-5 years	> 5 years	Total
Rates of interest 8.70% to 11.25%	4,89,24,33,222 (2,59,48,92,856)	4,62,86,75,216 (2,70,36,42,856)	2,26,76,15,595 (1,17,77,14,288)	<b>11,78,87,24,033</b> <b>(6,47,62,50,000)</b>

2.03 (b) All Term loans from Banks are secured by pari passu charge by way of hypothecation of loan receivables of the Company's underlying portfolio of education loans education infrastructure loans, lending to financial institution loans, micro enterprise loans and sme loans

### 2.03 (c) Debentures (Secured)

Maturities	1-3 years	3-5 years	> 5 years	Total
Rates of interest 8.65% to 10.10%	35,00,00,000	20,00,00,000 (10,00,00,000)	40,00,00,000 (60,00,00,000)	<b>95,00,00,000</b> <b>(70,00,00,000)</b>

2.03 (d) During the year, the Company raised Rs 25,00,00,000 (previous year Rs NIL) 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 9.35% to 10.50%	-	-	75,00,00,000 (25,00,00,000)	<b>75,00,00,000</b> <b>(25,00,00,000)</b>

2.03 (f) During the year, the Company raised Rs 50,00,00,000 (previous year Rs 25,00,00,000) through issue of Long Term unsecured Sub-ordinated debt. As on March 31, 2018 the Company's outstanding subordinated debt is Rs 75,00,00,000 (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, 2018, 75% (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, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
Installments on education loans received in advance (Including interest received in advance)	9,38,46,111	6,29,71,074
Unrealised gain on securitisation*	1,13,52,097	-
* Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation		
<b>Total</b>	<b>10,51,98,209</b>	<b>6,29,71,074</b>

## 2.05 LONG TERM PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
<b>Provision for employee benefits</b>		
Gratuity	-	41,14,506
Compensated absences (Refer note 2.29)	-	1,10,41,564
<b>Others</b>		<b>1,51,56,070</b>
Contingent provision against standard assets	3,44,14,101	1,59,30,290
Additional Provision	8,73,28,784	1,84,83,811
Utilisation/Reversal	55,46,865	-
Closing Provision	<b>11,61,96,020</b>	<b>3,44,14,101</b>
<b>Total</b>	<b>11,61,96,020</b>	<b>4,95,70,171</b>



## 2.06 SHORT TERM BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
Commercial papers-Unsecured (Unexpired discount Rs 3,79,65,312 previous year (Rs 36,83,612))	2,89,71,48,750	34,37,44,800
Non convertible Debentures - Secured (Refer note 2.06 (a & b))	50,00,00,000	50,00,00,000
<b>Total</b>	<b>3,39,71,48,750</b>	<b>84,37,44,800</b>

### 2.06 (a) Debentures (Secured)

Maturities	Upto 1 year	Total
Rates of interest 9.2% to 10.2%	50,00,00,000 (50,00,00,000)	<b>50,00,00,000</b> <b>(50,00,00,000)</b>

2.06 (b) During the year, the Company raised Rs NIL (previous year Rs 50,00,00,000) through issue of Long Term Secured Non Convertible Debentures.

## 2.07 TRADE PAYABLES

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
Trade payables other than acceptances i)To Micro Enterprises & Small Enterprises ii)To Others	50,51,319	1,45,40,637
<b>Total</b>	<b>50,51,319</b>	<b>1,45,40,637</b>

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than than 45 days as at 31st March 2018. 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.

## 2.08 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
Current maturities of long term borrowings Term loans from banks - Secured (Refer note 2.08 (a & b))	1,62,67,25,973	68,00,00,000
Interest accrued but not due on borrowing	9,77,98,194	7,24,35,340
Installments on education loans received in advance (Including interest received in advance)	8,29,06,675	2,49,60,497
Statutory Remittances	1,39,72,329	48,14,696
Amount payable under securitisation transaction	4,93,41,150	-
Outstanding liabilities for employee benefit	3,90,00,000	1,50,56,858
Lease equalisation (Refer note 2.25)	17,73,128	4,23,101
Provision for expenses	3,91,26,412	98,77,915
<b>Total</b>	<b>1,95,06,43,861</b>	<b>80,75,68,407</b>

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

Term Loan - Secured		
Maturities	up to 1 year	Total
Rates of interest 8.50% to 11.25%	1,62,67,25,973 -68,00,00,000	<b>1,62,67,25,973</b> <b>-68,00,00,000</b>

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

## 2.09 SHORT TERM PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
<b>Provision for employee benefits</b>		
Gratuity	-	1,00,059
Compensated absences (Refer note 2.29)	-	11,47,457
<b>Total</b>	<b>-</b>	<b>12,47,516</b>

## 2.11 NON CURRENT INVESTMENTS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
Pass through certificates (PTC) valued at cost unless stated otherwise Unquoted, fully paid up	2,16,85,713	-
Investment for Securitised loans as per Minimum Retention Requirement Unquoted, fully paid up	6,50,85,713	-
<b>Total</b>	<b>8,67,71,426</b>	<b>-</b>

## 2.12 DEFERRED TAX ASSETS (NET)

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

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
<b>Deferred Tax Liability</b>		
Depreciation	14,31,897	4,68,429
<b>Total Deferred tax liability (Gross) (A)</b>	<b>14,31,897</b>	<b>4,68,429</b>
<b>Deferred Tax Asset</b>		
Depreciation		
Provision of standard assets	3,84,17,890	1,13,78,334
Provision for Non performing Assets	12,42,341	6,23,817
Impact of expenditure charged to statement of profit and loss in the current year but allowed for tax purpose on Deferred tax assets on account of carry forward business loss	-	23,99,105
<b>Total Deferred tax asset (Gross) (B)</b>	<b>3,96,60,231</b>	<b>1,44,01,256</b>
<b>Closing Deferred Tax Asset (Net)</b>	<b>3,82,28,334</b>	<b>1,39,32,827</b>

## 2.10 FIXED ASSETS

Amt in Rs

Particulars	Gross Block			Accumulated depreciation / amortization			Net Block			
	Opening balance as at April 1, 2017	Additions	Deletions	Closing balance as at March 31, 2018	Opening balance as at April 1, 2017	Depreciation/ Amortization for the period *	Deletions	Closing balance as at March 31, 2018	As at March 31, 2018	As at March 31, 2017
<b>TANGIBLE ASSETS</b>										
Freehold Land	7,50,000	-	-	7,50,000	-	-	-	-	7,50,000	7,50,000
Leasehold Improvement	19,59,884	2,34,474	-	21,94,358	13,76,549	4,26,548	-	18,03,097	3,91,261	5,83,335
Computers and Computer Hardware	1,37,44,845	77,65,540	42,300	2,14,68,085	66,63,762	42,27,102	5,752	1,08,85,112	1,05,82,973	70,81,083
Office Equipment	42,02,241	1,86,267	-	43,88,508	20,04,650	7,03,517	-	27,08,167	16,80,341	21,97,591
Furniture & Fixtures	11,58,058	2,57,040	-	14,15,098	6,63,952	1,85,404	-	8,49,356	5,65,742	4,94,106
Motor Car	-	10,79,251	-	10,79,251	-	1,18,866	-	1,18,866	9,60,385	-
<b>TOTAL (A)</b>	<b>2,18,15,028</b>	<b>95,22,572</b>	<b>42,300</b>	<b>3,12,95,300</b>	<b>1,07,08,913</b>	<b>56,61,437</b>	<b>5,752</b>	<b>1,63,64,598</b>	<b>1,49,30,702</b>	<b>1,11,06,115</b>
<b>INTANGIBLE ASSETS</b>										
Software	60,08,196	85,40,928	-	1,45,49,124	22,27,836	25,53,062	-	47,80,898	97,68,226	37,80,360
<b>TOTAL (B)</b>	<b>60,08,196</b>	<b>85,40,928</b>	<b>-</b>	<b>1,45,49,124</b>	<b>22,27,836</b>	<b>25,53,062</b>	<b>-</b>	<b>47,80,898</b>	<b>97,68,226</b>	<b>37,80,360</b>
<b>Total (A+B)</b>	<b>2,78,23,224</b>	<b>1,80,63,500</b>	<b>42,300</b>	<b>4,58,44,424</b>	<b>1,29,36,749</b>	<b>82,14,499</b>	<b>5,752</b>	<b>2,11,45,496</b>	<b>2,46,98,928</b>	<b>1,48,86,475</b>

Pursuant to "AS28- Impairment of Asset" issued by the central Government under the Companies (Accounting Standard) Rule 2006 for determining impairment in carrying amount of fixed asset, the companies has concluded that since recoverable amount of fixed asset is not less than its carrying amount, therefore, 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, 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, 2017
<b>TANGIBLE ASSETS</b>										
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
<b>TOTAL (A)</b>	<b>1,41,58,564</b>	<b>79,58,189</b>	<b>3,01,725</b>	<b>2,18,15,028</b>	<b>65,61,021</b>	<b>43,63,261</b>	<b>2,15,369</b>	<b>1,07,08,913</b>	<b>1,11,06,115</b>	<b>75,97,543</b>
<b>INTANGIBLE ASSETS</b>										
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
<b>TOTAL (B)</b>	<b>22,64,744</b>	<b>37,43,452</b>	<b>-</b>	<b>60,08,196</b>	<b>12,74,802</b>	<b>9,53,034</b>	<b>-</b>	<b>22,27,836</b>	<b>37,80,360</b>	<b>9,89,942</b>
<b>Total (A+B)</b>	<b>1,64,23,308</b>	<b>1,17,01,641</b>	<b>3,01,725</b>	<b>2,78,23,224</b>	<b>78,35,823</b>	<b>53,16,295</b>	<b>2,15,369</b>	<b>1,29,36,749</b>	<b>1,48,86,475</b>	<b>85,87,484</b>

## 2.13 LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
<b>Receivable under Financing Activity</b>		
<b>Secured, considered Good (Refer note 2.13 (a &amp; b))</b>		
Education Loans	4,39,52,06,508	3,87,04,40,887
Education Infrastructure loans	5,13,06,38,920	1,52,03,75,751
Lending to Financial Institutions Loans	96,14,51,135	-
Lending to small and medium enterprises and other loans	2,61,76,907	-
	<b>10,51,34,73,470</b>	<b>5,39,08,16,638</b>
<b>Unsecured, considered Good (Refer note 2.13 (a))</b>		
Education Loans	7,97,61,25,918	3,93,12,23,205
Education Infrastructure loans	92,67,689	-
Lending to Financial Institutions Loans	-	-
Lending to small and medium enterprises and other loans	6,79,76,725	-
	<b>8,05,33,70,332</b>	<b>3,93,12,23,205</b>
Less: Provision for Non Performing Assets	53,08,726	39,40,509
	<b>18,56,15,35,076</b>	<b>9,31,80,99,334</b>
<b>Others (unsecured, considered good)</b>		
Security Deposits	3,00,57,000	96,95,500
Gratuity Fund	1,27,941	-
Compensated absences Fund	13,49,389	-
Advance Income Tax (net)	69,16,261	1,44,03,321
Prepaid expenses	7,13,48,806	2,92,79,753
Interest accrued but not due on loans	26,01,84,401	3,19,73,652
Securitisation deferred consideration receivable*	1,13,52,097	-
*Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivable in case of a par structure securitised deals		
<b>Total</b>	<b>18,93,15,18,873</b>	<b>9,40,34,51,560</b>

Particulars	As at March 31, 2018	As at March 31, 2017
	<b>2.13 (a)</b>	
Of the above		
Considered good standard assets	20,83,78,64,507	9,79,61,49,186
Others sub standard assets	1,27,90,924	2,61,68,615
Others doubtful assets	74,92,586	1,65,093
<b>2.13 (b)</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		
(d) Hypothecation of receivables		

## 2.14 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
Fixed Deposit (credit enhancement for securitisation transaction)	4,34,00,000	-
<b>Total</b>	<b>4,34,00,000</b>	<b>-</b>

## 2.15 CASH AND BANK BALANCES

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
<b>Cash and cash equivalent</b>		
Cash on hand	1,18,901	6,948
Balances with banks		
Fixed Deposit	1,50,00,00,000	-
Current Accounts	88,80,36,338	64,75,62,292
<b>Total</b>	<b>2,38,81,55,239</b>	<b>64,75,69,240</b>

## 2.16 SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
<b>Receivable under Financing Activity - Education Loans</b>		
<b>Secured, considered Good (Refer note 2.13 (a &amp; b))</b>		
Education Loans	20,01,27,428	18,63,13,216
Education Infrastructure loans	45,56,59,128	13,90,56,051
Lending to Financial Institutions Loans	1,35,07,21,072	-
Lending to small and medium enterprises and other loans	14,34,805	-
	<b>2,00,79,42,433</b>	<b>32,53,69,267</b>
<b>Unsecured, considered Good (Refer note 2.13 (a))</b>		
Education Loan	23,33,23,888	17,50,73,784
Education Infrastructure loan	1,13,73,709	-
Lending to Financial Institutions Loans	-	-
Lending to small and medium enterprises	3,86,64,185	-
	<b>28,33,61,782</b>	<b>17,50,73,784</b>
<b>Amounts due from Borrowers (considered good)</b>		
Secured	51,17,596	45,88,739
Unsecured	35,59,178	34,21,057
	<b>86,76,774</b>	<b>80,09,796</b>
<b>Others (unsecured, considered good)</b>		
Other loans and advances	2,40,99,215	8,41,245
Service tax/GST input credit receivable	1,08,91,182	10,85,913
Prepaid Expenses	1,99,13,884	84,67,102
<b>Total</b>	<b>2,35,48,85,270</b>	<b>51,88,47,108</b>

## 2.17 OTHER CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017
	Amt. in Rs	Amt. in Rs
Interest accrued but not due on loans	49,49,198	17,44,961
Interest accrued but not due on Fixed deposits with banks	5,72,919	-
Commission Receivable	2,83,29,872	79,65,560
<b>Total</b>	<b>3,38,51,989</b>	<b>97,10,521</b>

## 2.18 REVENUE FROM OPERATIONS

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Amt. in Rs	Amt. in Rs
Interest Income on loans	1,88,74,76,366	96,68,75,450
Interest Income on securitisation loans	79,70,161	-
Processing fees	17,81,57,258	9,21,24,490
Other financial services	1,17,58,931	40,67,678
<b>Total</b>	<b>2,08,53,62,716</b>	<b>1,06,30,67,618</b>

## 2.19 OTHER INCOME

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Amt. in Rs	Amt. in Rs
Interest on FD	5,72,919	-
Forex Commission	1,95,53,488	1,85,89,425
Profit on sale of investment	2,59,53,125	3,53,67,317
Insurance commission	1,00,68,831	-
Fixed Deposit Commission	33,81,906	19,95,278
Other Income	1,27,920	13,63,242
Excess provision written back	44,70,159	4,80,672
<b>Total</b>	<b>6,41,28,348</b>	<b>5,77,95,934</b>

## 2.20 EMPLOYEE BENEFITS EXPENSE

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Amt. in Rs	Amt. in Rs
Salaries, wages and bonus	26,32,46,401	15,37,02,545
Contribution to provident fund and other funds	1,15,56,239	65,26,298
Recruitment expenses	1,12,82,564	38,62,740
Staff welfare expenses	59,77,419	39,61,336
<b>Total</b>	<b>29,20,62,623</b>	<b>16,80,52,919</b>

## 2.21 FINANCE COSTS

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Amt. in Rs	Amt. in Rs
Interest on Borrowings		
- Loans from banks	84,03,29,373	49,14,21,174
- Loans from Financial Institutions	6,67,22,261	1,87,67,945
- Debentures	17,40,93,852	10,76,20,548
- Commercial Papers	9,66,20,427	2,46,57,338
Other borrowing costs	1,65,55,837	70,98,819
<b>Total</b>	<b>1,19,43,21,750</b>	<b>64,95,65,824</b>

## 2.22 OTHER OPERATING EXPENSES

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Amt. in Rs	Amt. in Rs
Advertisement, Publicity and Business Promotion	4,30,30,974	6,04,80,713
Rent, Rates and Taxes	4,53,43,362	1,58,40,336
Bank Charges	4,41,338	4,31,853
Payment to Auditors (Refer details below)	14,68,810	11,21,830
Security Charges	6,60,317	6,84,682
Rating Fees	1,37,66,600	41,68,438
Legal and professional fees	5,55,92,564	1,74,68,827
Office expenses	60,92,567	24,34,691
DSA commission	6,92,04,053	1,90,51,635
Other expenses	1,17,31,400	41,97,652
Outsourcing Charges	5,41,24,410	3,95,52,429
Service Tax / Goods and Service Tax Expense	2,74,89,298	1,34,71,995
Electricity & Water Charges	41,12,895	36,84,995
Telephone Expenses	56,74,025	47,70,879
Insurance Premium	48,25,188	28,47,986
Printing and stationery expenses	47,42,154	26,23,086
Stamp Duty	1,04,38,321	6,61,857
Housekeeping Expenses	27,14,840	20,25,189
Business Sourcing Expenses	2,73,35,037	1,24,86,007
Travelling and conveyance	2,75,00,470	1,06,06,403
Corporate Social Responsibility expenses	2,24,992	-
<b>Total</b>	<b>41,65,13,615</b>	<b>21,86,11,483</b>

Payment to Auditors (net of service tax input credit)	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Amt. in Rs	Amt. in Rs
Statutory Audit Fees	8,50,000	7,75,000
Tax Audit Fees	75,000	75,000
For other services	4,50,000	2,60,445
Reimbursement of expenses	93,810	11,385
<b>Total</b>	<b>14,68,810</b>	<b>11,21,830</b>

### 2.23 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, 2017 (Amt in Rs)	Additional Provision (Amt in Rs)	Utilization / Reversal (Amt in Rs)	As at March 31, 2018 (Amt in Rs)
Contingent Provisions against Standard Assets	3,44,14,101	8,73,28,784	55,46,865	11,61,96,020

In terms of the RBI Notification No.DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, during the year the Company has made Contingent Provisions against Standard Assets of Rs 5,41,26,179/- (Previous Year - Rs1,84,83,811/-) to carry a general provision at the rate of 0.40% of the outstanding Standard Assets as on 31st March 2018. In addition to the mandated 0.40%, the company has provided additional 0.15% on a prudent measure on the principal outstanding amounting to Rs 3,32,02,605 (Previous year NIL). The company has reversed the provision on securitised assets during the year.

### 2.24 EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit for the year after taxation (Rs)	10,24,51,721	5,59,94,231
Profit available for Equity shareholders (Rs)	10,24,51,721	5,59,94,231
Weighted average number of Equity Shares outstanding during the year	4,15,83,989	3,31,67,513
<b>Basic Earning per Share (Rs)</b>	<b>2.46</b>	<b>1.69</b>
<b>Diluted Earning per Share (Rs)</b>	<b>2.46</b>	<b>1.69</b>
<b>Face value of equity share (Rs)</b>	<b>10.00</b>	<b>10.00</b>

### 2.25 LEASE OBLIGATIONS

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

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

Particulars	For the Year ended March 31, 2018 Amt. in Rs	For the Year ended March 31, 2017 Amt. in Rs
Lease payments recognized in the Statement of Profit and Loss	2,48,21,515	1,17,35,872
The total future minimum lease payments under non cancellable operating leases for each of the following periods		
1) Not later than one year	3,95,07,171	1,15,99,835
2) Later than one year and not later than five years	11,25,90,090	1,89,75,994

### 2.26 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the Year ended March 31, 2018 Amt. in Rs	For the Year ended March 31, 2017 Amt. in Rs
Contingent Liabilities	-	-
Estimated amount of contracts remaining unexecuted on capital account and not provided for (Net of Capital Advances)	4,23,44,300	3,30,000

### 2.27 SEGMENT REPORTING

The Company operates under the principal business segment viz. "Providing loans". Further, the Company is operating in a single geographical segment. Accordingly, disclosures relating to primary and secondary business segments under the Accounting Standard on Segment Reporting (AS-17) notified u/s 133 of the Companies Act, 2013 are not applicable to the Company



**2.28 RELATED PARTY DISCLOSURES**

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

Sr. No	Nature of Relationship	Related Party
1	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) DHFL General Insurance Limited
4	Key Management Personnel	Amit Gainda (from 1st April 2017) Rahul Bhapkar (from 1st April 2017) Rakesh Dhanuka

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 17-18  For the period 16-17				Amit Gainda Rahul Bhapkar Rakesh Dhanuka  Koustubh Shaha Neeraj Saxena Rakesh Dhanuka	2,28,12,097 1,77,59,748 37,31,040 13,21,309 2,88,78,995 89,10,206 1,90,53,079 9,15,710
2	Rent & Office Maintenance paid (exclusive of service tax/ GST) For the period 17-18 For the period 16-17	3,07,11,373 5,56,059				
3	Insurance premium paid for employees For the period 17-18 For the period 16-17		4,44,610 4,32,447			
4	Consulting fees (exclusive of service tax/GST) For the period 17-18 For the period 16-17	25,04,000 25,13,500				
5	Commission/Fees income For the period 17-18 For the period 16-17	33,81,906 19,95,278	1,00,68,831			
6	Purchase of investments For the period 17-18 For the period 16-17			7,73,40,00,001 3,51,75,00,000		
7	Sale of Investments For the period 17-18 For the period 16-17			7,74,42,47,895 3,52,41,98,512		
8	Insurance premium collected and paid on behalf of For the period 17-18 For the period 16-17		12,64,51,402 8,09,49,177			
<b>Balance as at</b>						
	Security Deposit For the period 17-18 For the period 16-17 Commission receivable For the period 17-18 For the period 16-17	2,07,76,500 29,000  29,000	3,30,000  1,18,81,221			

## 2.29 EMPLOYEE BENEFITS

The company has an obligation towards gratuity, a funded defined benefit plan covering eligible employees. Vesting occurs upon completion of five years of service. Details of the funded 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	<b>Compensated absences</b>		<b>Gratuity</b>	
<b>I Assumptions</b>				
Interest discount rate	7.42%	7.31%	7.42%	7.31%
Rate of increase in compensation	8.00%	8.00%	8.00%	8.00%
Employee attrition rate	6.00%	6.00%	6.00%	6.00%
<b>II Changes in present value of obligations (PVO)</b>				
PVO at the beginning of the period	1,21,89,020	52,83,012	42,14,565	17,16,772
Interest cost	5,74,679	3,94,113	1,73,821	1,28,071
Current Service Cost (Rs)	73,12,915	21,77,079	25,18,626	10,76,990
Past Service Cost - (non vested benefits)	-	-	34,109	-
Past Service Cost - (vested benefits)	-	-	-	-
Benefits Paid	(86,54,945)	-	(36,73,420)	-
Actuarial (Gain) /Loss on obligation (Rs)	(1,30,767)	43,34,816	11,88,515	12,92,732
PVO at the end of period (Rs)	1,12,90,902	1,21,89,020	44,56,216	42,14,565
<b>III Changes in fair value of plan assets</b>				
Fair value of Plan Assets at beginning of period	-	-	-	-
Expected return on Plan Assets	-	-	-	-
Contributions	86,54,945	-	36,73,420	-
Benefits paid	(86,54,945)	-	(36,73,420)	-
Actuarial Gain (loss) on plan assets	-	-	-	-
Fair value of Plan Assets at beginning of period	-	-	-	-
<b>IV Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the period	-	-	-	-
Actual return on Plan assets	-	-	-	-
Contributions	86,54,945	-	36,73,420	-
Benefits paid	(86,54,945)	-	(36,73,420)	-
Fair value of plan assets at the end of the period	-	-	-	-
Funded status (including unrecognized past service cost) (Rs)	(1,12,90,902)	(1,21,89,020)	(44,56,216)	(42,14,565)
Excess of actual over estimated return on Plan Assets	-	-	-	-
<b>V Experience History</b>				
(Gain)/Loss on obligation due to change in Assumption	(1,41,040)	1,05,859	(64,537)	17,61,935
Experience (Gain)/Loss on obligation (Rs)	10,273	42,28,957	12,53,052	(4,69,203)
Actuarial Gain/ (Loss) on plan assets	-	-	-	-
<b>VI Actuarial Gain/(Loss) recognized</b>				
Actuarial Gain/(Loss) for the period (obligation) (Rs)	1,30,767	(43,34,816)	(11,88,515)	(12,92,732)
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-	-	-
Total Gain/(Loss) recognized for the period (Rs)	1,30,767	(43,34,816)	(11,88,515)	(12,92,732)
Actuarial Gain/(Loss) for the period (Rs)	1,30,767	(43,34,816)	(11,88,515)	(12,92,732)
Unrecognized actuarial gain / (loss) at end of period	-	-	-	-
<b>VII Past Service Cost Recognised</b>				
Past service cost - non vested benefits	-	-	34,109	-
Past service cost - vested benefits	-	-	-	-
Average remaining future service till vesting of the benefits	-	-	4	-
Recognized past service cost - non vested benefits	-	-	8,527	-
Recognized past service cost - vested benefits	-	-	-	-
Unrecognized past service cost - non vested benefits	-	-	25,582	-
<b>VIII Amounts to be recognized in the balance sheet and statement of profit and loss account</b>				
PVO at end of period (Rs)	1,12,90,902	1,21,89,020	44,56,216	42,14,565
Fair value of plan assets at end of period	-	-	-	-
Funded status (Rs)	(1,12,90,902)	(1,21,89,020)	(44,56,216)	(42,14,565)
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Unrecognized Past Service costs-non vested benefits	-	-	25,582	-
Net Asset/(Liability) recognized in the balance sheet	-	(1,21,89,020)	(44,30,634)	(42,14,565)
<b>IX Expense recognized in the statement of profit and loss account</b>				
Current Service Cost (Rs)	73,12,915	21,77,079	25,18,626	10,76,990
Interest cost	5,74,679	3,94,113	1,73,821	1,28,071
Past Service Cost - (non vested benefits)	-	-	34,109	-
Past Service Cost - (vested benefits)	-	-	-	-
Unrecognized Past Service costs-non vested benefits	-	-	25,582	-
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain)/Loss recognized for the period (Rs)	1,30,767	43,34,816	11,88,515	12,92,732
Expense recognized in the statement of P & L Ac (Rs)	77,56,827	69,06,008	38,89,489	24,97,793
<b>X Movements in the Liability recognized in Balance Sheet</b>				
Opening Net Liability	1,21,89,020	52,83,012	42,14,565	17,16,772
Expenses as above (Rs)	77,56,827	69,06,008	38,89,489	24,97,793
Contribution paid	(86,54,945)	-	(36,73,420)	-
Closing Net Liability (Rs)	1,12,90,902	1,21,89,020	44,30,634	42,14,565

### 2.30 CAPITAL TO RISK ASSETS RATIO (CRAR)

Disclosures pursuant to Reserve Bank of India Circular: DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, to the extent applicable to the Company

Items	As on March-18	As on March-17
CRAR (%)	25.71	16.50
CRAR - Tier I capital (%)	21.73	13.63
CRAR - Tier II capital (%)	3.98	2.87
Amount of subordinated debt raised as Tier-II capital (Amt in Rs)	75,00,00,000	25,00,00,000
Amount raised by issue of Perpetual Debt Instruments (Amt in Rs)	-	-

### 2.31 ASSET LIABILITY MANAGEMENT

Maturity pattern of certain items of assets and liabilities as on March 31, 2018

Particulars	Amt in Rs								
	1 day to 30 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings*	89,86,68,200	2,25,29,33,250	70,11,16,857	41,00,66,157	76,10,90,259	5,24,24,33,216	4,82,86,75,216	3,41,76,15,595	<b>18,51,25,98,750</b>
Foreign Currency Liabilities									-
<b>Assets</b>									
Advances	16,64,48,524	16,93,63,581	17,37,36,356	55,82,90,677	1,22,40,50,422	3,87,15,18,948	4,37,87,86,403	10,31,59,53,106	<b>20,85,81,48,017</b>
Investments	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-

\*Excludes interest accrued but not due Rs 9,77,98,194

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
<b>Liabilities</b>									
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	<b>8,94,99,94,800</b>
Foreign Currency Liabilities									-
<b>Assets</b>									
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	<b>9,82,24,82,894</b>
Investments	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-

\*Excludes interest accrued but not due Rs 7,24,35,340.

### 2.32 EXPOSURE TO REAL ESTATE SECTOR

	As on March 18 Amt. in Rs	As on March 17 Amt. in Rs
<b>Direct Exposure</b>		
i) Residential Mortgages Lending full secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	4,23,00,16,043	3,17,77,10,850
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	5,30,70,90,720	2,01,14,57,249
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
a) Residential Mortgages	-	-
b) Commercial Real Estate	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>9,53,71,06,763</b>	<b>5,18,91,68,099</b>

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

Rating Agency	Type	As on March 18	As on March 17
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+

2.34 The Company does not have any Capital Market Exposure.

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

2.36 The Company has securitized Rs 108,42,99,844 of its assets during the year.

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

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

2.39 PROVISIONS AND CONTINGENCIES	As on March 2018	As on March 2017
	Amt. in Rs	Amt. in Rs
<b>Break up of Provisions and Contingencies shown under the head Expenses in Statement of Profit and Loss</b>		
Provisions for depreciation on investment	-	-
Provision towards NPA	13,68,217	36,55,846
Provision made towards Income Tax (net)	7,70,72,227	76,09,475
Other Provision and Contingencies (with details)		
Provision for Employee benefits		
Compensated absences	44,30,634	1,21,89,021
Gratuity	1,12,90,902	42,14,565
Provision for Standard Assets	8,17,81,919	1,84,83,811

2.40 CONCENTRATION OF ADVANCES, EXPOSURES AND NPAs	As on March 2018	As on March 2017
	<b>Concentration of Advances</b>	
Total Advances to twenty largest borrowers (Amt in Rs.)	2,48,25,39,051	1,42,83,05,507
Percentage of Advances to twenty largest borrowers to total advances of the company	11.90%	14.54%
<b>Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers/customers (Amt in Rs.)	2,64,70,31,250	1,53,59,00,000
Percentage of Exposures to twenty largest borrowers/customers to total exposure of the company on borrowers/customers	10.16%	11.30%
<b>Concentration of NPAs</b>		
Total exposure to top four NPA accounts (Amt in Rs.)	1,47,69,188	1,88,45,480

2.41 SECTOR WISE NPAs	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
	As on March 2018	As on March 2017
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto Loans	-	-
Other personal loans	-	-
Education Loans	0.15%	0.29%
Lending to Financial Instituion Loans	0.00%	-
Education Infrastructure Loans	0.00%	0.00%

<b>2.42 MOVEMENT OF NPAs</b>		
<b>Particulars</b>	<b>As on March 2018 Amt. in Rs</b>	<b>As on March 2017 Amt. in Rs</b>
Net NPAs to Net Advances	0.07%	0.25%
<b>Movement of NPAs (Gross)</b>		
Opening balance	2,81,69,682	28,46,631
Additions during the year	85,93,156	2,53,23,051
Reductions during the year	1,64,79,328	-
Closing balances	2,02,83,510	2,81,69,682
<b>Movement of NPAs (Net)</b>		
Opening balance	2,42,29,173	25,61,968
Additions during the year	77,34,153	2,16,67,205
Reductions during the year	1,69,88,541	-
Closing balances	1,49,74,785	2,42,29,173
<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
Opening balance	39,40,509	2,84,663
Additions during the year	13,68,217	36,55,846
Reductions during the year	-	-
Closing balances	53,08,726	39,40,509

**2.43** The Company does not have any overseas assets.

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

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

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

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

<b>2.48 CUSTOMER COMPLAINTS</b>	<b>As on March 2018</b>	<b>As on March 2017</b>
No of complaints pending at the beginning of the year	2	2
No of complaints received during the year	132	159
No of complaints redressed during the year	132	159
No of complaints pending during the year	2	2

#### 2.49 Disclosures relating to Securitisation

Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitisation transactions issued by RBI vide circular no DNBSPPD No.301/3.10.01/2012-13 dated August 21, 2012

Sr. No	Particulars	As on March 2018	As on March 2017
1	No of SPVs sponsored by the NBFC for securitisation transactions	1	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	<b>1,00,85,20,682</b>	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	10,84,85,713	-
a	Off balance sheet exposures	<b>10,84,85,713</b>	-
	* First Loss	4,34,00,000	-
	* Others	6,50,85,713	-
b	On Balance sheet exposures		
	* First Loss		
	* Others		
4	Amount of exposures to securitisation transactions other than MRR	<b>2,16,85,713</b>	-
a)	Off-balance sheet exposures	<b>2,16,85,713</b>	-
i)	Exposure to own securitisations	2,16,85,713	-
	* First loss		
	* Others		
ii)	Exposure to third party securitisations		
	* First loss		
	* Others		
b	On Balance sheet exposures		
i)	Exposure to own securitisations		
	* First loss		
	* loss		
ii)	Exposure to third party securitisations		
	* First loss		
	* Others		

2.50 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 31.03.2018	Amt in Rs.		Amt in Rs.	
Particulars	As at March 2018		As at March 2017	
<b>Liabilities Side</b>				
<b>1 Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
(a) Debentures Secured	1,45,00,00,000	-	1,20,00,00,000	-
Unsecured	75,00,00,000	-	25,00,00,000	-
(Other than falling within the meaning of public deposits)	-	-	-	-
(b) Deferred credits	-	-	-	-
(c) Term Loans	13,41,54,50,000	-	7,15,62,50,000	-
(d) Inter corporate loans and borrowing	-	-	-	-
(e) Commercial paper	2,89,71,48,750	-	34,37,44,800	-
(f) Other loans (specify nature)	-	-	-	-
<b>Assets side</b>				
<b>2 Break up of Loans and advances including bills receivables (other than those included in (4) below</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
(a) Secured	12,52,14,15,903	51,17,596	5,71,61,85,905	45,88,739
(b) Unsecured	8,33,67,32,114	35,59,178	4,10,62,96,989	34,21,057
<b>3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:</b>				
<b>Current Investments :</b>				
<b>(i) Lease assets including lease rentals under sundry debtors</b>				
(a) Financial Lease	-	-	-	-
(b) Operating Lease	-	-	-	-
<b>(ii) Stock on hire including hire charges under sundry debtors</b>				
(a) Assets on hire	-	-	-	-
(b) Repossessed Assets	-	-	-	-
<b>(iii) Other loans counting towards AFC activities</b>				
(a) Loans where assets have been repossessed	-	-	-	-
(b) Loans other than (a) above	-	-	-	-
<b>4 Break up of Investments</b>				
<b>Current Investments :</b>				
<b>1 Quoted</b>				
(i) Shares : (a)Equity	-	-	-	-
(b)Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others (Please specify)	-	-	-	-
<b>Total</b>	-	-	-	-
<b>2 Unquoted</b>				
(i) Shares : (a)Equity	-	-	-	-
(b)Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others (Please specify)	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Long Term Investments</b>				
<b>1 Quoted</b>				
(i) Shares : (a)Equity	-	-	-	-
(b)Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others (Please specify)	-	-	-	-
<b>Total</b>	-	-	-	-
<b>2 Unquoted</b>				
(i) Shares : (a)Equity	-	-	-	-
(b)Preference	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others (Investment for securitisation)	-	8,67,71,426	-	-
<b>Total</b>	-	8,67,71,426	-	-
<b>Grand Total</b>		8,67,71,426		
<b>5 Borrower group wise classification of assets financed as in (2) and (3) above:</b>				
<b>Category</b>	<b>Amount net of provisions</b>			
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>	
1 Related parties	-	-	-	
(a) Subsidiaries	-	-	-	
(b) Companies in the same group	-	-	-	
(c) Other Related parties	-	-	-	
2 Other than related parties	12,52,14,15,903	8,33,67,32,114	20,85,81,48,017	
<b>Total</b>	<b>12,52,14,15,903</b>	<b>8,33,67,32,114</b>	<b>20,85,81,48,017</b>	

6 Investment group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)				
Category	Amount net of provisions		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	-	-	-	-
<b>Total</b>	-	-	-	-

7 Other Information		
Particulars	As at March 2018 Amt in Rs	As at March 2017 Amt in Rs
(i) Gross Non Performing Assets		
(a) Related parties		
(b) Other than related parties	2,02,83,510	2,81,69,682
(ii) Net Non Performing Assets		
(a) Related parties		
(b) Other than related parties	1,49,74,785	2,42,29,173
(ii) Assets acquired in satisfaction of debt		

2.51 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

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

Kapil Wadhawan  
Director  
DIN 00028528

Suresh Mahalingam  
Director  
DIN 01781730

**Pramod Tilwani**  
Partner  
Membership No. : 076550

Amit Gaiinda  
Chief Executive Officer

Rahul Bhapkar  
Chief Financial Officer

Rakesh Dhanuka  
Company Secretary

Place: Mumbai  
Date : April 24, 2018

Place: Mumbai  
Date : April 24, 2018