

October 15, 2013

CARE ASSIGNS 'IN-PRINCIPLE CARE AA (SO)' RATINGS TO THE PROPOSED BANK FACILITIES OF AVANSE FINANCIAL SERVICES PRIVATE LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	100	'In-Principle' CARE AA (SO)*	Assigned

**based on credit enhancement in the form of a 'Letter of Comfort' issued by Dewan Housing Finance Corporation Ltd. (DHFL)*

Rating Rationale

The rating is based on the credit enhancement in the form of a 'Letter of Comfort' from Dewan Housing Finance Corporation Limited (DHFL), rated CARE AA+ (Double A Plus) in favour of the lenders for the proposed bank facilities of Avanse Financial Services Pvt Ltd (AFSPL). The rating also factors in the experienced management team of AFSPL. The rating is, however, constrained by the small size of operations, limited track record with unseasoned portfolio and exposure to single asset class. The continued support from DHFL, business growth & profitability and asset quality are the key rating sensitivities.

Background

Avanse Financial Services Pvt. Ltd. (AFSPL) was formed in August 1992 and was known as Abhivruddhi Holdings Pvt. Ltd. (AHPL). Dewan Housing Finance Corporation Ltd. (DHFL) and the other promoter group entities bought 100% stake in AHPL in July 2012. The company's name was changed to AFSPL and a new certificate of registration was obtained from the RBI. International Finance Corporation (IFC) acquired 20% stake in the company for Rs.12.75 crore in July 2013. DHFL continues to hold 48.5% stake in AFSPL as on August 31, 2013.

Mr. Kapil Wadhawan is the Chairman and is supported by Mr. Neeraj Saxena, CEO.

AFSPL is engaged in the business of providing education loan for the purpose of higher studies both in India and abroad and for professional/executive courses to working professional. AFSPL started its business operations in January 2013 and has seven branches with a presence in major cities across India at the end of August 2013. The total loan sanctions and disbursement stood at Rs.50.58 crore and Rs.6.91 crore in the period January 2013 – August 2013, respectively, to 127 customers.

Note: - Mr. V. K. Chopra, who is an Independent Director on the board of DHFL, is a member of the Rating Committee in CARE. To comply with the regulations, the member has not participated in the rating process and in the rating committee meeting.

Analyst Contact

Name: Vishal Sanghavi

Tel# 022-67543430

Mobile# 9892052454

Email: vishal.sanghavi@careratings.com

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Mobile : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Mobile +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President –Bank Loan &

Instrument Rating

Mobile: +91-9819009839

mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President – Banks & Financial
Services

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LTD

HEAD OFFICE 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 | Tel: +91-022- 6754 3456 | E-mail: care@careratings.com | Fax: +91-022- 6754 3457.

KOLKATA | **Ms. Priti Agarwal** | Cell: +91-98319 67110 | Tel: +91-33- 4018 1600/ 1602 | E- mail: priti.agarwal@careratings.com | 3rd Flr., Prasad Chambers (Shagun Mall Bldg), 10A, Shakespeare Sarani, Kolkata -700 071

CHENNAI | **Mr. V Pradeep Kumar** | Cell: +91 9840754521 | Tel: +91-44-2849 7812/2849 0811 | Fax: +91-44-2849 0876 | Email: pradeep.kumar@careratings.com | Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002

AHMEDABAD | **Mr. Mehul Pandya** | Cell: +91-98242 56265 | Tel: +91-79-40265656 | Fax: +91-79-40265657 | E-mail:mehul.pandya@careratings.com | 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015.

NEW DELHI | **Ms. Swati Agrawal** | Cell: +91-98117 45677 | Tel: +91- 11- 2331 8701/ 2371 6199 | E-mail: swati.agrawal@careratings.com | 3rd Floor, B -47, Inner Circle, Near Plaza Cinema, Connaught Place, New Delhi - 110 001.

BENGALURU | **Mr. Dinesh Sharma** | Cell: +91 9900041975 | Tel: +91-80-41150445 | 41654529 | E-mail: dinesh.sharma@careratings.com | Unit No. 1101-1102, 11th Floor, Prestige Meridian II, No. 30, M.G. Road, Bengaluru- 560 001.

HYDERABAD | **Mr. Saikat Roy** | Tel: +91-40-40102030 | E-mail: saikat.roy@careratings.com | 401, Ashoka Scintilla | 3-6-520, Himayat Nagar | Hyderabad - 500 029.

PUNE | **Mr. Rahul Patni** | Cell: +91-78754 33355 | Tel: +91-20- 4000 9000 | E-mail: rahul.patni@careratings.com | 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015.

JAIPUR | **Mr. Rahul Jain** | Cell: +91-9314921496 | Tel: +91-0141-4020213/14 | E-mail: rahul.jain@careratings.com | 304, Pashupati Akshat Height, s Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park , Jaipur – 302016.