**RED HERRING PROSPECTUS**
Dated: September 9, 2024
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

*(Please scan this QR code to view the RHP)*

# NORTHERN ARC CAPITAL LIMITED

**CORPORATE IDENTITY NUMBER:** U65910TN1989PLC017021

| REGISTERED AND CORPORATE OFFICE | CONTACT PERSON | E-MAIL AND TELEPHONE | WEBSITE |
|---|---|---|---|
| No. 1, Kanagam Village<br>10th Floor, IITM Research Park Taramani<br>Chennai 600 113, Tamil Nadu, India | Prakash Chandra Panda, Company Secretary and Compliance Officer | **E- mail:** investors@northernarc.com<br>**Tel:** +91 44 6668 7000 | www.northernarc.com |

**OUR COMPANY DOES NOT HAVE AN IDENTIFIABLE PROMOTER**

**DETAILS OF THE OFFER TO THE PUBLIC**

| TYPE | SIZE OF FRESH ISSUE | SIZE OF OFFER FOR SALE | TOTAL OFFER SIZE | ELIGIBILITY AND SHARE RESERVATION AMONG QIBs, NIBs AND RIBs |
|---|---|---|---|---|
| Fresh Issue and Offer for Sale | Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹5,000.00 million | Up to 10,532,320 Equity Shares of face value ₹10 each aggregating up to ₹[●] million | Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹[●] million | The Offer is being made pursuant to Regulation 6(1) of the SEBI ICDR Regulations. For further details, see "*Other Regulatory and Statutory Disclosures—Eligibility for the Offer*" on page 525. For details in relation to share reservation among QIBs, NIBs, RIBs and Eligible Employees, see "*Offer Structure*" beginning on page 542. |

**DETAILS OF THE OFFER FOR SALE**

| NAME OF SELLING SHAREHOLDER | TYPE | NUMBER OF EQUITY SHARES OFFERED / AMOUNT | WACA (IN ₹)* | NAME OF SELLING SHAREHOLDER | TYPE | NUMBER OF EQUITY SHARES OFFERED / AMOUNT | WACA (IN ₹)* |
|---|---|---|---|---|---|---|---|
| LeapFrog Financial Inclusion India (II) Ltd | Investor Selling Shareholder | Up to 3,844,449 Equity Shares of face value ₹10 each aggregating up to ₹[●] million | 48.83 | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | Investor Selling Shareholder | Up to 1,746,950 Equity Shares of face value ₹10 each aggregating up to ₹[●] million | 121.23 |
| Accion Africa-Asia Investment Company | Investor Selling Shareholder | Up to 1,263,965 Equity Shares of face value ₹10 each aggregating up to ₹[●] million | 26.64 | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | Investor Selling Shareholder | Up to 1,344,828 Equity Shares of face value ₹10 each aggregating up to ₹[●] million | 4.10 |
| 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | Investor Selling Shareholder | Up to 1,408,918 Equity Shares of face value ₹10 each aggregating up to ₹[●] million | 197.02 | Sumitomo Mitsui Banking Corporation | Investor Selling Shareholder | Up to 923,210 Equity Shares of face value ₹10 each aggregating up to ₹[●] million | 197.02 |

**Weighted average cost of acquisition per Equity Share, as certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.*

**RISK IN RELATION TO THE FIRST OFFER**

The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and Offer Price determined by our Company, in consultation with the Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" beginning on page 166 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 38.

**ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility for and confirms the statements made or undertaken expressly by it in this Red Herring Prospectus to the extent of information specifically pertaining to it and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. The Selling Shareholders, severally and not jointly, assume no responsibility for any other statements in this Red Herring Prospectus, including, *inter alia*, any of the statements made by or relating to our Company, any other Selling Shareholder or any other person(s).

**LISTING**

The Equity Shares to be offered through this Red Herring Prospectus are proposed to be listed on the BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**" and together with BSE, the "**Stock Exchanges**"). For the purposes of the Offer, NSE is the Designated Stock Exchange.

**BOOK RUNNING LEAD MANAGERS**

| NAME OF THE BOOK RUNNING LEAD MANAGER AND LOGO | CONTACT PERSON | E-MAIL AND TELEPHONE |
|---|---|---|
| ICICI Securities Limited | Rupesh Khant | **E-mail**: northernarc.ipo@icicisecurities.com<br>**Tel**: + 91 22 6807 7100 |
| Axis Capital Limited | Pratik Pednekar/Mayuri Arya | **E-mail**: northernarc.ipo@axiscap.in<br>**Tel**: +91 22 4325 2183 |
| Citigroup Global Markets India Private Limited | Dylan Fernandes | **E-mail**: Northernarcipo@citi.com<br>**Tel**: +91 22 6175 9999 |

**REGISTRAR TO THE OFFER**

| NAME OF THE REGISTRAR | CONTACT PERSON | E-MAIL AND TELEPHONE |
|---|---|---|
| KFin Technologies Limited | M. Murali Krishna | **E-mail**: nacl.ipo@kfintech.com<br>**Tel**: +91 40 6716 2222 |

**BID / OFFER PERIOD**

| | |
|---|---|
| **ANCHOR INVESTOR BID / OFFER PERIOD** | Friday, September 13, 2024[(1)] |
| **BID / OFFER OPENS ON** | Monday, September 16, 2024 |
| **BID / OFFER CLOSES ON** | Thursday, September 19, 2024[(2)] |

(1) *Our Company, in consultation with the Book Running Lead Managers, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations.*

(2) *UPI mandate end time and date shall be at 5.00 p.m. on the Bid/Offer Closing Date.*

(Please scan this QR code to view the RHP)

**RED HERRING PROSPECTUS**
Dated: September 9, 2024
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

# NORTHERN ARC CAPITAL LIMITED

Our Company was incorporated on March 9, 1989 at Madras, India as 'Highland Leasing & Finance Private Limited', a private limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the Registrar of Companies, Tamil Nadu at Chennai ("**RoC**"). The name of our Company was changed to 'IFMR Capital Finance Private Limited' and a fresh certificate of incorporation dated June 19, 2009 was issued by the RoC. Our Company was then converted into a public limited company under the Companies Act, 2013, and consequently, the name of our Company was changed to 'IFMR Capital Finance Limited' and a fresh certificate of incorporation dated December 12, 2017 was issued by the RoC. Subsequently, the name of our Company was changed to 'Northern Arc Capital Limited' and a fresh certificate of incorporation dated February 20, 2018 was issued by the RoC. For further details in relation to changes in the name and the registered office of our Company, see "*History and Certain Corporate Matters*" beginning on page 318. Our Company is registered with the Reserve Bank of India (the "**RBI**") as a non-banking financial company ("**NBFC**") not accepting public deposits (certificate of registration No. B-07.00430). For further details, see "*Government and Other Approvals*" beginning on page 522.

**Registered and Corporate Office:** No. 1, Kanagam Village, 10th Floor, IITM Research Park, Taramani, Chennai 600 113, Tamil Nadu, India
**Contact Person**: Prakash Chandra Panda, Company Secretary and Compliance Officer
**Tel:** +91 44 6668 7000; **E-mail:** investors@northernarc.com; **Website:** www.northernarc.com
Corporate Identity Number: U65910TN1989PLC017021

**OUR COMPANY DOES NOT HAVE AN IDENTIFIABLE PROMOTER**

**INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF NORTHERN ARC CAPITAL LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹5,000.00 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 10,532,320 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION COMPRISING UP TO 3,844,449 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY LEAPFROG FINANCIAL INCLUSION INDIA (II) LTD, UP TO 1,263,965 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY ACCION AFRICA-ASIA INVESTMENT COMPANY, UP TO 1,746,950 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY EIGHT ROADS INVESTMENTS MAURITIUS II LIMITED (FORMERLY KNOWN AS FIL CAPITAL INVESTMENTS (MAURITIUS) II LIMITED), UP TO 1,344,828 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY DVARA TRUST (REPRESENTED BY ITS CORPORATE TRUSTEE, DVARA HOLDINGS (FORMERLY KNOWN AS DVARA HOLDINGS PRIVATE LIMITED AND AS DVARA TRUSTEESHIP SERVICES PRIVATE LIMITED)), UP TO 1,408,918 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY 360 ONE SPECIAL OPPORTUNITIES FUND (FORMERLY KNOWN AS IIFL SPECIAL OPPORTUNITIES FUND) AND UP TO 923,210 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY SUMITOMO MITSUI BANKING CORPORATION, (COLLECTIVELY REFERRED TO AS THE "SELLING SHAREHOLDERS", AND EACH INDIVIDUALLY, AS A "SELLING SHAREHOLDER" AND SUCH OFFER FOR SALE OF EQUITY SHARES BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE"). THE OFFER INCLUDES A RESERVATION OF UP TO 590,874 EQUITY SHARES OF FACE VALUE ₹10 EACH, AGGREGATING UP TO ₹[●] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES NOT EXCEEDING 5% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE FULLY DILUTED POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF EQUITY SHARES. THE PRICE BAND (INCLUDING DISCOUNT, IF ANY) AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER, THE FINANCIAL EXPRESS, ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER, JANSATTA AND THE CHENNAI EDITION OF THE TAMIL DAILY NEWSPAPER, MAKKAL KURAL (TAMIL BEING THE REGIONAL LANGUAGE OF TAMIL NADU, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SUCH ADVERTISEMENT SHALL BE MADE AVAILABLE TO THE BSE LIMITED (THE "BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (THE "NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.**

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the other Designated Intermediaries and the Sponsor Banks, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**") and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", and such portion, the "**QIB Portion**"), provided that our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations (the "**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the remaining QIB Portion ("**Net QIB Portion**"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from the Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price, out of which (a) one-third of such portion shall be reserved for Bidders with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two-thirds of such portion shall be reserved for Bidders with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to Bidders in the other sub-category of Non-Institutional Bidders; and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, up to 590,874 Equity Shares of face value ₹10 each aggregating up to ₹[●] million will be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Offer Price. All Bidders (except Anchor Investors) are mandatorily required to utilize the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA accounts and UPI ID in case of UPI Bidders using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs") or by the Sponsor Banks under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For further details, see "*Offer Procedure*" beginning on page 546.

**RISK IN RELATION TO THE FIRST OFFER**

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹10 each. The Floor Price, Cap Price and Offer Price determined by our Company, in consultation with the Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" beginning on page 166, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by SEBI, nor does the SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 38.

**ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility for and confirms the statements made or undertaken expressly by it in this Red Herring Prospectus to the extent of information specifically pertaining to it and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

**LISTING**

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from each of the BSE and the NSE for the listing of the Equity Shares pursuant to their letters, each dated June 19, 2024. For the purposes of the Offer, the Designated Stock Exchange shall be NSE. A signed copy of this Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with the Companies Act. For details of the material contracts and documents that will be available for inspection from the date of this Red Herring Prospectus up to the Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" beginning on page 579.

| BOOK RUNNING LEAD MANAGERS | | | REGISTRAR TO THE OFFER |
|---|---|---|---|
| **ICICI Securities Limited**<br>ICICI Venture House<br>Appasaheb Marathe Marg, Prabhadevi<br>Mumbai 400 025<br>Maharashtra, India<br>**Tel**: + 91 22 6807 7100<br>**E-mail**: northernarc.ipo@icicisecurities.com<br>**Website**: www.icicisecurities.com<br>**Investor grievance e-mail**: customercare@icicisecurities.com<br>**Contact Person**: Rupesh Khant<br>**SEBI Registration No.**: INM000011179 | **Axis Capital Limited**<br>1st Floor, Axis House<br>P.B. Marg, Worli<br>Mumbai 400 025<br>Maharashtra, India<br>**Tel**: +91 22 4325 2183<br>**E-mail**: northernarc.ipo@axiscap.in<br>**Website**: www.axiscapital.co.in<br>**Investor grievance e-mail**: complaints@axiscap.in<br>**Contact Person**: Pratik Pednekar/Mayuri Arya<br>**SEBI Registration No**.: INM000012029 | **Citigroup Global Markets India Private Limited**<br>1202, 12th Floor<br>First International Financial Center<br>G – Block<br>Bandra Kurla Complex, Bandra (East)<br>Mumbai 400 098<br>Maharashtra, India<br>**Tel**: +91 22 6175 9999<br>**E-mail**: Northernarcipo@citi.com<br>**Website**:www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm<br>**Investor grievance e-mail**: investors.cgmib@citi.com<br>**Contact Person**: Dylan Fernandes<br>**SEBI Registration No.**: INM000010718 | **KFin Technologies Limited**<br>Selenium Tower-B<br>Plot No. 31 & 32, Financial District<br>Nanakramguda, Serilingampally<br>Hyderabad 500 032<br>Telangana, India<br>**Tel**: +91 40 6716 2222<br>**E-mail**: nacl.ipo@kfintech.com<br>**Website**: www.kfintech.com<br>**Investor grievance e-mail**: einward.ris@kfintech.com<br>**Contact Person**: M. Murali Krishna<br>**SEBI Registration No.**: INR000000221 |

**BID/OFFER PROGRAMME**

| | |
|---|---|
| **BID/OFFER OPENS ON:** Monday, September 16, 2024(1) | **BID/OFFER CLOSES ON:** Thursday, September 19, 2024(2) |

(1) *Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period will be one Working Day prior to the Bid/Offer Opening Date, i.e., Friday, September 13, 2024.*
(2) *UPI mandate end time and date shall be at 5.00 p.m. on the Bid/Offer Closing Date.*

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## SECTION I: GENERAL

## DEFINITIONS AND ABBREVIATIONS

*This Red Herring Prospectus uses certain definitions and abbreviations which, unless otherwise specified or the context otherwise indicates, requires or implies, shall have the meanings as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular or notification shall be deemed to include all amendments, supplements, re-enactments, clarifications and modifications thereto, from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time thereunder.*

*The words and expressions used but not defined in this Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable.*

*Notwithstanding the foregoing, the terms used in "Industry Overview", "Key Regulations and Policies", "Statement of Special Tax Benefits", "Restated Consolidated Summary Statements", "Basis for Offer Price", "History and Certain Corporate Matters", "Financial Indebtedness", "Selected Statistical Information", "Other Regulatory and Statutory Disclosures", "Outstanding Litigation and Material Developments" and "Description of Equity Shares and Terms of the Articles of Association" beginning on pages 194, 297, 188, 354, 166, 318, 445, 495, 524, 516 and 567, respectively, shall have the respective meanings ascribed to them in the relevant sections.*

### General Terms

| Term | Description |
|---|---|
| Our Company or the Company or the Issuer or Northern Arc | Northern Arc Capital Limited, a public limited company incorporated in India under the Companies Act, 1956, whose registered and corporate office is situated at No. 1, Kanagam Village, 10th Floor, IITM Research Park, Taramani, Chennai 600 113, Tamil Nadu, India |
| We or us or our | Unless the context otherwise requires or implies, refers to our Company, our Subsidiaries and our Associates, on a consolidated basis, as applicable |

### Company Related Terms

| Term | Description |
|---|---|
| 360 ONE Funds | 360 ONE Special Opportunities Fund, 360 ONE Special Opportunities Fund – Series 2, 360 ONE Special Opportunities Fund – Series 3, 360 ONE Special Opportunities Fund – Series 4, 360 ONE Special Opportunities Fund – Series 5, 360 ONE Special Opportunities Fund – Series 6, and 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund, IIFL Special Opportunities Fund – Series 2, IIFL Special Opportunities Fund – Series 3, IIFL Special Opportunities Fund – Series 4, IIFL Special Opportunities Fund – Series 5, IIFL Special Opportunities Fund – Series 6 and IIFL Special Opportunities Fund – Series 7, respectively*) |
| AoA or Articles or Articles of Association | The articles of association of our Company, as amended |
| Accion | Accion Africa-Asia Investment Company |
| Affirma Commitment Letter | Commitment letter dated January 31, 2024 issued by Augusta |
| ALCO | The assets and liabilities committee of our Company |
| Amendment and Termination Agreement | Amendment and termination agreement dated February 2, 2024 entered into by and among our Company, Dvara Trust, Accion, LeapFrog, Eight Roads, the 360 ONE Funds, Augusta, SMBC and IFC. |
| Associate(s) | Our associate company in terms of Companies Act, 2013, being Finreach, as disclosed in "*History and Certain Corporate Matters - Associate Company*" beginning on page 325.<br><br>For the purposes of financial information, "Associate" means Finreach (as at and for the financial years ended March 31, 2023 and March 31, 2024), Northern Arc Emerging Corporates Bond Fund (as at and for the financial year ended March 31, 2023 and up to April 26, 2023) and IFMR FImpact Long Term Credit Fund (from November 22, 2023 to January 12, 2024) |

| Term | Description |
|---|---|
| Audit Committee | The audit committee of our Board of Directors as described in "*Our Management – Committees of the Board – Audit Committee*" beginning on page 341 |
| Auditors or Statutory Auditors | The statutory auditors of our Company, namely, S. R. Batliboi & Associates LLP |
| Augusta | Augusta Investments II Pte. Ltd |
| Board or Board of Directors | The board of directors of our Company. For details, see "*Our Management*" beginning on page 333 |
| CCPS | Compulsorily convertible preference shares of face value of ₹20 each of our Company |
| Chief Financial Officer or CFO | Our Company's chief financial officer, being Atul Tibrewal |
| CNCCRPS | Cumulative non-convertible compulsorily redeemable preference shares of face value of ₹10 each of our Company |
| Company Secretary and Compliance Officer | Our Company's company secretary and compliance officer for the purposes of the Offer and as required under the SEBI Listing Regulations, being Prakash Chandra Panda |
| CRISIL MI&A | CRISIL Market Intelligence & Analytics |
| CRISIL Report | Report titled "*Analysis of NBFC sector and select asset classes*" dated June, 2024 prepared and released by CRISIL MI&A – a division of CRISIL Limited, exclusively commissioned and paid for by our Company in connection with the Offer |
| Director(s) | The director(s) on our Board, as described in "*Our Management – Board of Directors"* beginning on page 333 |
| Dvara Trust | Dvara Trust, a private trust registered under the Indian Trusts Act, 1882, acting through its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*) |
| Eight Roads | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) |
| Equity Shares | Equity shares of face value of ₹10 each of our Company |
| ESOP Plan 2016 | Northern Arc Employees Stock Option Plan 2016, read along with the ESOP Schemes, as amended, as described in "*Capital Structure – Notes to Capital Structure – Employee Stock Option Schemes*" beginning on page 148 |
| ESOP Schemes | The employee stock option schemes instituted by our Company under the ESOP Plan 2016, namely, Northern Arc Employee Stock Option Scheme 2016 – "Scheme I", the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II", Northern Arc Employee Stock Option Scheme 2023 – "Scheme IIB", the Northern Arc Employee Stock Option Scheme 2018 – "Scheme– III", Northern Arc Employee Stock Option Scheme 2022 – "Scheme IV" and Northern Arc Employee Stock Option Scheme 2023 – "Scheme IVB" each as amended |
| Executive Director(s) | The executive director(s) on our Board, as described in "*Our Management – Board of Directors"* beginning on page 333 |
| Finreach | Finreach Solutions Private Limited |
| Group Company | Our group company, being Finreach, as disclosed in "*Our Group Company*" beginning on page 351 |
| IFC | International Finance Corporation |
| IFC Private Placement | Allotment of 8,491,048 CCPS to IFC in accordance with the terms of the IFC SSA. |
| IFC SSA | Subscription agreement dated February 2, 2024 entered into between our Company and IFC as amended by the first amendment to the subscription agreement dated April 18, 2024 |
| IPO Committee | The initial public offering committee of our Board of Directors |
| Key Managerial Personnel or KMP | Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, and as disclosed in "*Our Management*" beginning on page 333 |
| LeapFrog | LeapFrog Financial Inclusion India (II) Ltd |
| Managing Director and Chief Executive Officer | Our Company's managing director and chief executive officer, being Ashish Mehrotra |
| Materiality Policy | The policy adopted by our Board on January 18, 2024 for identification of: (i) group companies, (ii) material outstanding civil litigation, and (iii) material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations |
| MoA or Memorandum or Memorandum of Association | The memorandum of association of our Company, as amended |
| NAF | Northern Arc Foundation |
| NAIA | Northern Arc Investment Adviser Services Private Limited |
| NAIM | Northern Arc Investment Managers Private Limited |
| NAS | Northern Arc Securities Private Limited |

| Term | Description |
|---|---|
| Nomination and Remuneration Committee | The nomination and remuneration committee of our Board of Directors as described in "*Our Management – Committees of the Board – Nomination and Remuneration Committee*" beginning on page 342 |
| Non-Executive Independent Director(s) or Independent Directors(s) | The non-executive independent director(s) on our Board, as described in "*Our Management – Board of Directors"* beginning on page 333 |
| Non-Executive Non-Independent Director and Vice-Chairperson | The non-executive non-independent director and vice-chairperson of our Company, being Dr. Kshama Fernandes |
| Non-Executive Nominee Director(s) | The non-executive nominee director(s) on our Board, as described in "*Our Management – Board of Directors"* beginning on page 333 |
| Pragati | Pragati Finserv Private Limited |
| Principal Shareholders | Shareholders who control individually or as a group, 15% or more of the voting rights in our Company as of the date of this Red Herring Prospectus, namely LeapFrog, Augusta and the 360 ONE Funds |
| Registered and Corporate Office | The registered and corporate office of our Company, which is located at No. 1, Kanagam Village, 10th Floor, IITM Research Park, Taramani, Chennai 600 113, Tamil Nadu, India |
| Registrar of Companies or RoC | The Registrar of Companies, Tamil Nadu at Chennai |
| Restated Consolidated Summary Statements | Restated Consolidated Summary Statements of the Company comprising the Restated Consolidated Summary Statements of Assets and Liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Consolidated Summary Statements of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Summary Statements of Cash Flows and the Restated Statement of Changes in Equity for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, together with the Summary of Material Accounting Policies and explanatory information thereon, derived from the audited financial statements as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with Ind AS and each restated in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time |
| Scheme | The scheme of arrangement (demerger) and amalgamation among our Company, IFMR Holdings Private Limited and Dvara Investments Private Limited and their respective shareholders and creditors sanctioned by the National Company Law Tribunal, Single Bench, Chennai through its order dated February 20, 2019 read with the corrigendum dated February 26, 2019 and as disclosed in "*History and Certain Corporate Matters - Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets - Scheme of arrangement with IFMR Holdings Private Limited and Dvara Investments Private Limited*" beginning on page 326 |
| Selling Shareholder(s) or Investor Selling Shareholder(s) | LeapFrog, Accion, Eight Roads, Dvara Trust, 360 ONE Special Opportunities Fund and SMBC |
| Senior Management | Senior management of our Company in terms of Regulation 2(1) (bbbb) of the SEBI ICDR Regulations, and as described in "*Our Management – Senior Management of our Company*" beginning on page 346 |
| SHA | Amended and restated shareholders agreement dated February 2, 2024 entered into by and among our Company, Dvara Trust, Accion, LeapFrog, Eight Roads, the 360 ONE Funds, Augusta, SMBC and IFC read with the first amendment agreement dated April 18, 2024 |
| Shareholders | The holders of the Equity Shares and CCPS, from time to time |
| SMBC | Sumitomo Mitsui Banking Corporation |
| Stakeholders' Relationship Committee | The stakeholders' relationship committee of our Board of Directors as described in "*Our Management – Committees of the Board – Stakeholders' Relationship Committee*" beginning on page 343 |
| Subsidiaries | Subsidiaries of our Company in terms of Companies Act, 2013, namely NAF, NAIA, NAIM, NAS and Pragati<br><br>For the purposes of financial information, "Subsidiaries" means NAIM, NAIA, NAF, Pragati (each as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022), NAS (as at and for the financial year ended March 31, 2024 and March 31, 2023), |

| Term | Description |
|---|---|
| | Northern Arc Employee Welfare Trust (as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022), IFMR Fimpact Long Term Credit Fund (as at and for the financial year ended March 31, 2023 and up to November 21, 2023) |

## Offer Related Terms

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by the relevant Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form |
| Allotment or Allot or Allotted | Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale, in each case to the successful Bidders |
| Allotment Advice | Note or advice or intimation of Allotment sent to each successful Bidder who has been or is to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange |
| Allottee | A successful Bidder to whom Equity Shares are Allotted |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion, in accordance with the SEBI ICDR Regulations and this Red Herring Prospectus, who has Bid for an amount of at least ₹100 million |
| Anchor Investor Allocation Price | The price at which Equity Shares will be allocated to the Anchor Investors in terms of this Red Herring Prospectus and the Prospectus. The Anchor Investor Allocation Price shall be determined by our Company in consultation with the BRLMs |
| Anchor Investor Application Form | The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which shall be considered as an application for the Allotment in accordance with the requirements specified under the SEBI ICDR Regulations and this Red Herring Prospectus and the Prospectus |
| Anchor Investor Bid/Offer Period | One Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the BRLMs will not accept any Bids from Anchor Investors, and allocation to Anchor Investors shall be completed |
| Anchor Investor Offer Price | The final price at which Equity Shares will be Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price, but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs |
| Anchor Investor Pay-In Date | With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, no later than one Working Day after the Bid/ Offer Closing Date and not later than the time on such day specified in the revised CAN |
| Anchor Investor Portion | Up to 60% of the QIB Portion, which may be allocated by our Company, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations |
| Application Supported by Blocked Amount or ASBA | An application, whether physical or electronic, used by ASBA Bidders to make a Bid and to authorize an SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by UPI Bidders where the Bid Amount will be blocked upon acceptance of the UPI Mandate Request by UPI Bidders |
| ASBA Account | A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders, for blocking the Bid Amount mentioned in the relevant ASBA Form by such SCSB and includes the account of a UPI Bidder linked to a UPI ID, which is blocked upon acceptance of a UPI Mandate Request in relation to a Bid by a UPI Bidder Bidding using the UPI Mechanism |
| ASBA Bid | A Bid made by an ASBA Bidder |
| ASBA Bidder(s) | Bidder(s), except Anchor Investors |
| ASBA Form | An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus |
| Axis Capital | Axis Capital Limited |
| Banker(s) to the Offer | The Escrow Collection Bank(s), the Refund Bank(s), the Public Offer Account Bank(s) and the Sponsor Banks, as the case may be |

| Term | Description |
|---|---|
| Basis of Allotment | The basis on which Equity Shares shall be Allotted to successful Bidders under the Offer as described in "*Offer Procedure*" beginning on page 546 |
| Bid | An indication to make an offer during the Bid/Offer Period by ASBA Bidders pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by the Anchor Investors pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto, in accordance with the SEBI ICDR Regulations and this Red Herring Prospectus and the relevant Bid cum Application Form. The term "Bidding" shall be construed accordingly |
| Bid Amount | In relation to each Bid, the highest value of the Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, Bidding at the Cut-off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder or Eligible Employee Bidding under the Employee Reservation Portion, and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of such Bid.<br><br>In relation to Bids under the Employee Reservation Portion by Eligible Employees, such Bid Amount shall not exceed ₹500,000 (net of Employee Discount, if any). However, the initial allocation to an Eligible Employee Bidding in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion after the initial allocation, such unsubscribed portion may be allocated on a proportionate basis to all Eligible Employees Bidding in the Employee Reservation Portion for a value in excess of ₹200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any). |
| Bid cum Application Form | The Anchor Investor Application Form or the ASBA Form, as the case may be |
| Bid Lot | [●] Equity Shares of face value ₹10 each and in multiples of [●] Equity Shares of face value ₹10 each thereafter |
| Bid/Offer Closing Date | Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries shall not accept any Bids, which shall be published in all editions of the English national daily newspaper, The Financial Express, all editions of the Hindi national daily newspaper, Jansatta and Chennai edition of the Tamil daily newspaper, Makkal Kural (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation.<br><br>In case of any revision, the extended Bid/Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges and shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Banks, which shall also be notified in a public notice in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations |
| Bid/Offer Opening Date | Except in relation to any Bids received from Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of the English national daily newspaper, The Financial Express, all editions of the Hindi national daily newspaper, Jansatta and Chennai edition of the Tamil daily newspaper, Makkal Kural (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation |
| Bid/Offer Period | Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations |
| Bidder(s) | Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor |
| Bidding Centres | The centres at which the Designated Intermediaries shall accept the ASBA Forms, *i.e.*, Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |

| Term | Description |
|---|---|
| Book Building Process | The book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made |
| Book Running Lead Managers or BRLMs | The book running lead managers to the Offer, namely, I-Sec, Axis Capital and Citi |
| Broker Centres | The broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker (in case of UPI Bidders, using the UPI Mechanism). The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time. |
| CAN or Confirmation of Allocation Note | A notice or intimation of allocation of Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/Offer Period |
| Cap Price | The higher end of the Price Band, subject to any revision thereto, above which the Offer Price and the Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted, and which shall be at least 105% of the Floor Price and shall not be more than 120% of the Floor Price |
| Cash Escrow and Sponsor Bank Agreement | Agreement dated September 9, 2024 entered into among our Company, the Selling Shareholders, the BRLMs, the Bankers to the Offer and Registrar to the Offer for, *inter alia*, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof |
| Citi | Citigroup Global Markets India Private Limited |
| Client ID | Client identification number maintained with one of the Depositories in relation to dematerialized account |
| Collecting Depository Participant or CDP | A depository participant as defined under the Depositories Act, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by the SEBI and the UPI Circulars as per the respective list available on the websites of the Stock Exchanges, as updated from time to time |
| Cut-off Price | The Offer Price finalized by our Company, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders Bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. No other category of Bidders is entitled to Bid at the Cut-off Price |
| Demographic Details | The demographic details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable |
| Designated Branches | Such branches of the SCSBs which will collect the ASBA Forms used by the ASBA Bidders and a list of which is available on the website of the SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and as updated from time to time, or any such other website as may be prescribed by the SEBI |
| Designated CDP Locations | Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time |
| Designated Date | The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account(s) to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of UPI Bidders using the UPI Mechanism, instruction issued through the Sponsor Banks) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account, as the case may be, in terms of this Red Herring prospectus and the Prospectus following which Equity Shares will be Allotted in the Offer |
| Designated Intermediaries | Collectively, the Syndicate, Sub-Syndicate Members, SCSBs (other than in relation to UPI Bidders using the UPI Mechanism), Registered Brokers, CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders in the Offer.<br><br>In relation to ASBA Forms submitted by Retail Individual Bidders and the Eligible Employees Bidding in the Employee Reservation Portion by authorizing an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.<br><br>In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidder, as the case may be, using the |

| Term | Description |
|---|---|
| | UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs.<br><br>In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders (not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, SCSBs, Registered Brokers, the CDPs and RTAs |
| Designated RTA Locations | Such locations of the RTAs where Bidders can submit the ASBA Forms to the RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), updated from time to time. |
| Designated Stock Exchange | NSE |
| Draft Red Herring Prospectus or DRHP | The draft red herring prospectus dated February 2, 2024 filed with the SEBI and issued in accordance with the SEBI ICDR Regulations, read with the addendum to the draft red herring prospectus dated April 22, 2024, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer |
| Eligible Employees | Permanent employees, working in India or outside India, of our Company, the Subsidiaries or a Director of our Company, whether whole-time or not, as of the date of the filing of this Red Herring Prospectus with the RoC and who continues to be a permanent employee of our Company or the Subsidiaries, respectively, or a Director until the submission of the ASBA Form, but not including the Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company.<br><br>The initial allocation to an Eligible Employee Bidding in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any), however, an Eligible Employee may submit a Bid for a maximum Bid Amount of ₹500,000 (net of Employee Discount, if any) under the Employee Reservation Portion. Only in the event of an under-subscription in the Employee Reservation Portion, the unsubscribed portion may be allocated on a proportionate basis to all Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any). |
| Eligible NRI(s) | NRI(s) eligible to invest under Schedule 3 and Schedule 4 of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus will constitute an invitation to subscribe to or purchase the Equity Shares offered thereby |
| Employee Discount | Our Company, in consultation with the BRLMs, may offer a discount of up to [●]% of the Offer Price (equivalent to ₹[●] per Equity Share) to Eligible Employee(s) Bidding in the Employee Reservation Portion, which shall be announced at least two Working Days prior to the Bid/Offer Opening Date. |
| Employee Reservation Portion | The portion of the Offer, being up to 590,874 Equity Shares of face value ₹10 each aggregating up to ₹[●] million, not exceeding 5% of the post-Offer paid-up Equity Share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis |
| Escrow Account(s) | Account(s) to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit or NACH or NEFT or RTGS in respect of the Bid Amount when submitting a Bid |
| Escrow Collection Bank(s) | The bank(s) which are clearing members and registered with the SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account(s) shall be opened, in this case being Kotak Mahindra Bank Limited |
| First Bidder | Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also appears as the first holder of the beneficiary account held in joint names |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalized and below which no Bids will be accepted |
| Fresh Issue | The issue of up to [●] Equity Shares of face value ₹10 each aggregating up to ₹5,000.00 million by our Company |
| General Information Document or GID | The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, |

| Term | Description |
|---|---|
| | 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs |
| I-Sec | ICICI Securities Limited |
| Maximum RIB Allottees | The maximum number of Retail Individual Bidders who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price |
| Monitoring Agency | CRISIL Ratings Limited, being a credit rating agency registered with SEBI |
| Monitoring Agency Agreement | Monitoring agency agreement dated August 22, 2024 entered into between our Company and the Monitoring Agency |
| Mutual Fund(s) | Mutual fund(s) registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| Mutual Fund Portion | 5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation only to Mutual Funds on a proportionate basis, subject to valid Bids being received at or above the Offer Price |
| Net Offer | The Offer net of the Employee Reservation Portion |
| Net Proceeds | The proceeds of the Fresh Issue less our Company's share of the Offer related expenses. For further information regarding use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer*" beginning on page 160 |
| Net QIB Portion | The QIB Portion less the number of Equity Shares allocated to the Anchor Investors |
| Non-Institutional Bidders or NIBs | All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Portion | The portion of the Net Offer being not less than 15% of the Net Offer, or [●] Equity Shares, which shall be available for allocation to Non-Institutional Bidders in accordance with the SEBI ICDR Regulations, out of which (a) one-third of such portion shall be reserved for Bidders with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two-thirds of such portion shall be reserved for Bidders with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price |
| Non-Resident | Person resident outside India, as defined under FEMA |
| Offer | The initial public offer of up to [●] Equity Shares of face value ₹10 each for cash at a price of ₹[●] per Equity Share of face value ₹10 each aggregating up to ₹[●] million comprising the Fresh Issue and the Offer for Sale |
| Offer Agreement | The agreement dated February 2, 2024 read with the amendment agreement dated August 14, 2024, entered into by and among our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to 10,532,320 Equity Shares of face value ₹10 each aggregating up to ₹[●] million by the Selling Shareholders for a cash price of ₹[●] per Equity Share of face value ₹10 each, as set out below: |

| S. No. | Name of the Selling Shareholder | Number of Offered Shares |
|---|---|---|
| 1. | LeapFrog Financial Inclusion India (II) Ltd | Up to 3,844,449 Equity Shares of face value ₹10 each |
| 2. | Accion Africa-Asia Investment Company | Up to 1,263,965 Equity Shares of face value ₹10 each |
| 3. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | Up to 1,746,950 Equity Shares of face value ₹10 each |
| 4. | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | Up to 1,344,828 Equity Shares of face value ₹10 each |
| 5. | 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | Up to 1,408,918 Equity Shares of face value ₹10 each |
| 6. | Sumitomo Mitsui Banking Corporation | Up to 923,210 Equity Shares of face value ₹10 each |

| Term | Description |
|---|---|
| Offer Price | ₹[●] per Equity Share, the final price (within the Price Band) at which Equity Shares will be Allotted to successful Bidders (except for the Anchor Investors) in terms of this Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company, in consultation with the BRLMs, on the Pricing Date in accordance with the Book Building Process and this Red Herring Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price.<br><br>A discount of up to [●]% of the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees Bidding in the Employee Reservation Portion. The Employee Discount, if any, will be decided by our Company, in consultation with the BRLMs. |
| Offer Proceeds | The Net Proceeds and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 160 |
| Offered Shares | Up to 10,532,320 Equity Shares of face value ₹10 each being offered for sale by the Selling Shareholders in the Offer for Sale |
| Price Band | Price band of a minimum price of ₹[●] per Equity Share (*i.e.*, the Floor Price) and the maximum price of ₹[●] per Equity Share (*i.e.*, the Cap Price), including any revisions thereof. The Price Band and the minimum Bid Lot for the Offer will be decided by our Company in consultation with the BRLMs and shall be advertised in all editions of the English national daily newspaper, The Financial Express, all editions of the Hindi national daily newspaper, Jansatta and Chennai edition of the Tamil daily newspaper, Makkal Kural (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites |
| Pricing Date | The date on which our Company, in consultation with the BRLMs, will finalize the Offer Price |
| Prospectus | The prospectus for the Offer to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act and the SEBI ICDR Regulations, containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto |
| Public Offer Account(s) | 'No-lien' and 'non-interest-bearing' bank account(s) to be opened in accordance with Section 40(3) of the Companies Act, with the Public Offer Account Bank to receive money from the Escrow Account(s) and the ASBA Accounts maintained with the SCSBs on the Designated Date |
| Public Offer Account Bank(s) | The bank(s) which are clearing members and registered with the SEBI as bankers to an issue and with which the Public Offer Account(s) shall be opened for collection of Bid Amounts from the Escrow Account(s) and ASBA Accounts on the Designated Date, being HDFC Bank Limited |
| QIB Portion | The portion of the Offer being not more than 50% of the Net Offer, or not more than [●] Equity Shares, which shall be available for allocation on a proportionate basis to QIBs, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price or the Anchor Investor Offer Price, as applicable |
| Qualified Institutional Buyer(s), QIB(s) or QIB Bidder(s) | Qualified institutional buyer(s) as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations |
| Red Herring Prospectus or RHP | This red herring prospectus dated September 9, 2024 issued by our Company in accordance with Section 32 of the Companies Act and the SEBI ICDR Regulations, which does not have complete particulars of the Offer Price, including any addenda or corrigenda thereto. This Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date |
| Refund Account(s) | Account opened with the Refund Bank(s) from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made |
| Refund Bank(s) | The bank(s) which are clearing member(s) registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account(s) will be opened, in this case being Kotak Mahindra Bank Limited |
| Registered Brokers | The stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of the circular (No. CIR/CFD/14/2012) dated October 4, 2012 and the UPI Circulars issued by the SEBI |

| Term | Description |
|---|---|
| Registrar Agreement | The agreement dated February 2, 2024 entered into among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer, read with the withdrawal letter dated July 26, 2024 received from Augusta Investments II Pte. Ltd and the withdrawal letter received from 360 ONE Special Opportunities Fund – Series 2, 360 ONE Special Opportunities Fund – Series 3, 360 ONE Special Opportunities Fund – Series 4, 360 ONE Special Opportunities Fund – Series 5, 360 ONE Special Opportunities Fund – Series 6, and 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 2, IIFL Special Opportunities Fund – Series 3, IIFL Special Opportunities Fund – Series 4, IIFL Special Opportunities Fund – Series 5, IIFL Special Opportunities Fund – Series 6 and IIFL Special Opportunities Fund – Series 7, respectively*) dated August 12, 2024. |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with the SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available on the website of the BSE and NSE, and the UPI Circulars |
| Registrar to the Offer or Registrar | KFin Technologies Limited |
| Retail Individual Bidders or RIBs | Individual Bidders submitting Bids, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Net Offer (including HUFs applying through their karta) and Eligible NRIs |
| Retail Portion | The portion of the Offer being not less than 35% of the Net Offer, or [●] Equity Shares, which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in their Bid cum Application Forms or any previous Revision Forms. QIBs and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of the quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date |
| Self Certified Syndicate Banks or SCSBs | The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA (other than through the UPI Mechanism), where the Bid Amount will be blocked by authorizing an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and as updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile applications, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The list is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and as updated from time to time and at such other websites as may be prescribed by SEBI from time to time. |
| Share Escrow Agent | Share escrow agent appointed pursuant to the Share Escrow Agreement, namely KFin Technologies Limited |
| Share Escrow Agreement | The agreement dated August 19, 2024 entered into among our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and the credit of the Equity Shares to the demat account of the Allottees |
| Specified Locations | Bidding Centres where the Syndicate will accept ASBA Forms from the ASBA Bidders, a list of which is available of the website of SEBI (www.sebi.gov.in) and as updated from time to time |
| Sponsor Banks | Kotak Mahindra Bank Limited and HDFC Bank Limited, each, being a Banker to the Offer, appointed by our Company to act as conduits between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the UPI Bidders and carry out other responsibilities, in terms of the UPI Circulars |
| Stock Exchanges | Together, the BSE and the NSE |

| Term | Description |
| --- | --- |
| Syndicate or members of the Syndicate | The BRLMs and the Syndicate Members, collectively |
| Syndicate Agreement | The agreement dated September 9, 2024 entered into among the members of the Syndicate, the Selling Shareholders, the Registrar to the Offer and our Company in relation to the collection of Bid cum Application Forms by the members of the Syndicate |
| Syndicate Members | Syndicate members to the Offer as defined in Regulation 2(1)(hhhh) of the SEBI ICDR Regulations |
| Systemically Important NBFC | In the context of a Bidder, a systemically important non-banking financial company registered with the RBI and as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations |
| Underwriters | [●] |
| Underwriting Agreement | The agreement among the Underwriters, the Selling Shareholders and our Company to be entered into on or after the Pricing Date but prior to the filing of the Prospectus with the RoC |
| Unified Payments Interface or UPI | An instant payment mechanism developed by the NPCI |
| UPI Bidders | Collectively, individual investors applying as Retail Individual Bidders in the Retail Portion, individuals applying as Eligible Employees in the Employee Reservation Portion and individuals applying as Non-Institutional Bidders with an application size of up to ₹500,000 in the Non-Institutional Portion.<br><br>Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual investors applying in public issues where the application amount is up to ₹500,000 shall use the UPI Mechanism and shall provide their UPI ID in the Bid cum Application Form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity) |
| UPI Circulars | The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, (to the extent these circulars are not rescinded by the SEBI RTA Master Circular, as applicable to RTA), SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, the SEBI ICDR Master Circular, the SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, along with the circulars issued by the NSE having reference no. 23/2022 dated July 22, 2022 and reference no. 25/2022 dated August 3, 2022 and the notices issued by BSE having reference no. 20220722-30 dated July 22, 2022 and reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard |
| UPI ID | An ID created on the UPI for single-window mobile payment system developed by the NPCI |
| UPI Mandate Request | A request (intimating the UPI Bidder by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the UPI Bidder to such UPI linked mobile application) to the UPI Bidder initiated by the Sponsor Banks to authorize blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment |
| UPI Mechanism | The bidding mechanism that may be used by an UPI Bidder in accordance with the UPI Circulars to make an ASBA Bid in the Offer |
| UPI PIN | Password to authenticate UPI transaction |
| Working Day(s) | All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, in accordance with circulars issued by SEBI, including the UPI Circulars |

### Industry/Business Related Terms

| Term | Description |
|---|---|
| Adjusted finance cost | Adjusted finance cost represent finance cost less interest on lease liability for the relevant Fiscal |
| Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | Average Cost of Borrowing represents adjusted finance costs (*i.e.,* finance costs less interest on lease liabilities) divided by average total borrowings. Average total borrowings represents the average of debt securities, subordinated liabilities and borrowings (other than debt securities) outstanding as of the last day of each of the four quarters/ two quarters of the relevant Fiscal and as of the last day of the preceding Fiscal) during the relevant Fiscal |
| Adjusted interest income | Adjusted interest income represents aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fees and commission expense for the relevant Fiscal |
| Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | Yield on Assets is the amount of adjusted interest income earned during the relevant Fiscal divided by Average Earning Assets for the relevant Fiscal. Adjusted interest income represents aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fees and commission expense for the relevant Fiscal |
| Adjusted net interest income | Adjusted net interest income represents adjusted interest income less adjusted finance costs, for the relevant Fiscal |
| Adjusted net interest income / Average Total Assets (%) | Represents adjusted net interest income (*i.e.,* Adjusted interest income less Adjusted finance costs, for the relevant Fiscal) divided by Average Total Assets (*i.e.,* Average Total Assets represents the average of total assets as of the last day of each of the four quarters/ two quarters of the relevant Fiscal and as of the last day of the preceding Fiscal) |
| Adjusted net interest margin (%) | Adjusted net interest margin represents adjusted net interest income (as calculated above) for the relevant Fiscal as a percentage of average total assets for such Fiscal |
| ALM | Asset liability management |
| ALCO | Assets and liabilities committee |
| API | Application Programming Interface |
| APR | Annualised percentage rates |
| AUM | AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal |
| AUM growth (%) | AUM growth represents the percentage of growth in the assets under management for the relevant Fiscal over the assets under management for the previous Fiscal |
| Average Cost of Borrowings | Represents adjusted finance costs (*i.e.,* finance costs less interest on lease liability) divided by average total borrowings for the relevant Fiscal. |
| BFSI | Banking, financial services and insurance |
| CC | Credit Committee |
| CPs | Commercial papers |
| CRAR (%) | CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets) |
| Credit cost / Average Total Assets (%) | Represents Credit cost (*i.e.,* impairment on financial instruments which represents impairment loss allowance on financial instruments, net of recovery and write-off on financial instruments during the relevant Fiscal) divided by Average Total Assets |
| Credit Rating | Credit rating provided to our Company by ICRA Limited and India Ratings |
| Consumer finance sector | Consumer finance sector refers to unsecured personal loans, gold loans, and consumer durable loans given to individuals and Originator Partners operating the consumer finance sector |
| Cumulative number of Originator Partners onboarded | Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of the relevant Fiscal |
| DD | Due Diligence |
| Debt/Equity Ratio | Debt/Equity Ratio represents Total Borrowings (*i.e.,* aggregate of our borrowings (other than debt securities), debt securities and subordinated liabilities), as of the last day of the relevant Fiscal divided by Total Equity as of the last day of the relevant Fiscal |
| DFIs | Development Finance Institutions |
| Direct to Customer borrowers | Number of Direct to Customer borrowers to whom we had financed through our Lending channel and had outstanding exposure as of the relevant Fiscal |
| DRC | Disaster recovery centre |
| DSA | Direct selling agents |

| Term | Description |
|---|---|
| Direct to Customer Lending | Financing extended from our balance sheet directly to under-served households and businesses |
| Earning Assets | Earning Assets represents the aggregate of loans and investments in debentures (quoted and unquoted), securitised assets and investments in alternate investment funds outstanding as of the last day of the relevant Fiscal |
| Earnings per equity share - Basic (in ₹) | Represents net profit after tax, attributable to equity shareholders for the year/ Weighted average number of equity shares outstanding during the Fiscal |
| Earnings per equity share - Diluted (in ₹) | Represent net profit after tax, attributable to equity shareholders for the year / Weighted average number of diluted equity shares and potential additional equity shares outstanding during the Fiscal |
| EBITDA | EBITDA represents restated profit for the year after adding back total tax expense, finance costs and depreciation and amortization of the relevant year |
| ECB | External commercial borrowings |
| ECL | Expected credit losses |
| ERM Framework | Enterprise risk management framework |
| ESG | Environmental, Social and Governance |
| EV | Electronic vehicles |
| Fee and commission and other income | Fee and commission and other income represents the aggregate of fee income and commission income and other income for the relevant Fiscal |
| Fintechs | Financial technology businesses |
| FBLR | Floating Benchmark Lending Rate |
| DLG | Default loss guarantee |
| Fund Management | Our channel through which we manage debt funds and provide PMS |
| GNPA | Gross non-performing assets |
| Gross Stage 3 (%) | Gross Stage 3 (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount –investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount – investments - total as of the last day of the relevant Fiscal |
| GTV | GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal |
| GTV growth (%) | GTV growth (%) represents the percentage of growth in total GTV for the relevant Fiscal over total GTV for the previous Fiscal |
| HFC | Housing Finance Company |
| HNIs | High net-worth individuals |
| IFSC | International Finance Services Centre |
| Interest income | Interest income represents Interest income received on loans, investments, T-bills and deposits with bank, for the relevant Fiscal |
| Intermediate Retail Lending | Financing extended Originator Partners for retail on-lending |
| Investor Partners | Our network of investors across different investor classes who use us as a platform to access opportunities to invest in under-served sectors in India |
| ITeS | Information technology enabled services |
| JLG | Joint liability group |
| KYC | Know Your Customer |
| LAP | Loan against property |
| LCR | Liquidity coverage ratio |
| LSP | Loan service providers |
| Lending | Our channel through which we extend financing from our balance sheet |
| MLDs | Market-linked debentures |
| MOSEC® | Multi-originator securitization |
| Net Asset Value per Equity Share | Net Asset Value per Equity Share is calculated as Net Worth as of the end of relevant year divided by the aggregate of total number of Equity Shares and instruments entirely equity in nature outstanding at the end of such Fiscal |
| Net Stage 3 (%) | Net Stage 3 represents aggregate of gross carrying amount - loans - Stage 3 (Net) and gross carrying amount - investments - Stage 3 (Net) as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans-total and gross carrying amount – investments - total as of the last day of the relevant Fiscal |
| Net Interest Income | Net interest income represents interest income less finance costs for the relevant Fiscal |

| Term | Description |
|---|---|
| Net Interest Margin (%) | Net interest margin represents interest income reduced by finance costs for the relevant Fiscal as a percentage of total assets for such Fiscal |
| Net Worth | Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. |
| Number of branches | Represents number of branches of our Company as of the relevant Fiscal |
| Number of employees | Represents number of employees of our Company as of the relevant Fiscal |
| Number of Nu Score assessments conducted | Number of transactions executed on Nu Score represents the transactions executed by our active partners on Nu Score in the relevant Fiscal |
| Number of retail lending partners | Represents the cumulative number of retail lending partners onboarded as of the relevant Fiscal |
| Number of transactions through Nimbus | Number of financing transactions executed on Nimbus represents the total number of financing transactions for our Originator Partners whether funded by us or enabled by us and funded by other lenders or investors on Nimbus during the relevant Fiscal |
| Number of transactions through nPOS | Number of transactions executed on nPOS represents the total number of Direct to Customer Lending financial transactions executed on nPOS during the relevant Fiscal |
| NPA | Non-performing asset |
| NNPA | Net non-performing assets |
| Operating expenses | Operating expenses represents the aggregate of employee benefits expense, depreciation and amortisation expense, other expenses and interest on lease liability for the relevant Fiscal |
| Operating expenses/ Adjusted net total income (%) | Operating expenses/ Adjusted net total income represents the aggregate of employee benefits expense, depreciation and amortisation expense, other expenses and interest on lease liability for the relevant Fiscal divided by Adjusted net total income (*i.e.*, aggregate of Adjusted interest income, professional and management fee income and income other than interest and fees minus adjusted finance cost) |
| Operating expenses / Average Total Assets | Operating expenses/ Average Total Assets represents the aggregate of employee benefits expense, depreciation and amortisation expense, other expenses and interest on lease liability for the relevant Fiscal divided by Average Total assets |
| Originator Partners | Our network of financial institution partners, technology platforms (such as Fintechs), and other entities that act as business correspondents to originate financial exposure |
| PBI | Pooled bond issuance |
| PERSEC® | Persistent securitization |
| Placements | Our channel through which we enable credit for our Originator Partners through various financing products |
| Placements volumes | Placements volume represents the total financing enabled by us from our Investor Partners during the relevant Fiscal |
| PLI | Pooled loan issuance |
| PMS | Portfolio management services |
| PP-MLD | Principal protected market-linked debentures |
| Profit for the year attributable to Owners of the holding company | Represents profit for the year attributable to Owners of the holding company for the relevant Fiscal |
| Profit for the year attributable to Owners of the holding company/ Average Net Worth (Return on average net worth) (%) | Represents profit for the year attributable to Owners of the holding company / Average net worth. Average net worth represents the average of net worth as of the last day of each of the four quarters/ two quarters of the relevant Fiscal and as of the last day of the preceding Fiscal. |
| Profit for the year/ Average Total Assets (%) | Represents the profit for the year attributable to Owners of the holding company / Average total assets |
| Provision Coverage Ratio – Stage 3 assets | Provision coverage ratio - Stage 3 assets represents Stage 3 ECL Provision as of the last day of the relevant Fiscal as reported as a percentage of the aggregate of Gross Stage 3 Assets as of the last day of the relevant Fiscal |
| Retail Lending Partners | Select Originator Partners from whom we avail services such as loan origination, KYC verification and validation, loan servicing, data collection, primary borrower interface, collection and recoveries, customer service, and grievance redressal that enables us to lend directly to borrowers |
| Return on Net Worth | Return on Net Worth is calculated as Restated Profit for the year attributable to Owners of the holding company as a percentage of Net Worth. |

| Term | Description |
|---|---|
| Tier I Capital Ratio (%) | Tier I Capital has been computed as per relevant RBI Guidelines |
| Total Fund AUM | Total Fund AUM represents the aggregate investments across all live AIF and PMS funds as of the last day of the relevant Fiscal |
| UNSDGs | Sustainable development goals which form part of the '2030 Agenda for Sustainable Development' adopted by the United Nations |
| Yield on assets minus Average Cost of Borrowings (Spread) (%) | Yield on assets minus Average Cost of Borrowings (Spread) represents yield on assets minus average cost of borrowings |

### Conventional and General Terms/Abbreviations

| Term | Description |
|---|---|
| Alternative Investment Funds or AIFs | Alternative investment funds as defined in, and registered under, the SEBI AIF Regulations |
| Banking Regulation Act | The Banking Regulation Act, 1949 |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| Category I FPIs | FPIs registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations |
| Category II FPIs | FPIs registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identity Number |
| Companies Act or Companies Act, 2013 | The Companies Act, 2013, read with the rules, regulations, clarifications and modifications notified thereunder, as amended |
| Companies Act, 1956 | The Companies Act, 1956, read with the rules, regulations, clarifications and modifications notified thereunder |
| Competition Act | The Competition Act, 2002 |
| CSR | Corporate social responsibility |
| Depositories | NSDL and CDSL |
| Depositories Act | The Depositories Act, 1996 |
| Digital Lending Guidelines | The guidelines issued by the RBI on digital lending dated September 2, 2022 |
| DIN | Director Identification Number |
| DP or Depository Participant | A depository participant as defined under the Depositories Act |
| DP ID | Depository Participant's identification number |
| DPIIT | Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*) |
| EGM | Extraordinary General Meeting |
| EPS | Earnings Per Share |
| FDI | Foreign Direct Investment |
| FDI Policy | Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 15, 2020 effective from October 15, 2020 |
| FEMA | The Foreign Exchange Management Act, 1999, read with the rules and regulations thereunder |
| FEMA Non-debt Instruments Rules or the FEMA NDI Rules or FEMA Rules | The Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| Financial Year or Fiscal or Fiscal Year or FY | Unless stated otherwise, the period of 12 months ending March 31 of that particular year |
| FIR | First information report |
| FPIs | Foreign portfolio investors as defined in, and registered with, the SEBI under the SEBI FPI Regulations |
| FVCI | Foreign venture capital investors as defined in, and registered with, the SEBI under the SEBI FVCI Regulations |
| GAAR | General anti-avoidance rules |
| GDP | Gross domestic product |
| Government or Government of India | The government of India |
| GST | Goods and services tax |
| HR | Human resources |

| Term | Description |
|---|---|
| HUF | Hindu undivided family |
| IBC | Insolvency and Bankruptcy Code, 2016 |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards of the International Accounting Standards Board |
| Income-tax Act | The Income-tax Act, 1961 |
| Ind AS | The Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended under Section 133 of the Companies Act, 2013, as amended |
| Ind AS Rules | The Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, as amended |
| Indian GAAP | The Generally Accepted Accounting Principles in India |
| INR | Indian rupees |
| Insurance Act | Insurance Act, 1938 |
| IPC | Indian Penal Code, 1860 |
| IPO | Initial public offering |
| IRDAI | Insurance Regulatory and Development Authority of India |
| IRDAI Investment Regulations | Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 |
| IST | Indian Standard Time |
| IT | Information technology |
| IT Act | Information Technology Act, 2000 |
| LTLR | Long term lending rate |
| MAT | Minimum alternate tax |
| Master Directions | Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 |
| MCA | Ministry of Corporate Affairs, Government of India |
| MCLR | Marginal cost of funds based lending rate |
| N.A. | Not applicable |
| NACH | National Automated Clearing House |
| NAV | Net asset value |
| NBFC | Non-banking financial company |
| NBFC-D | Deposit-taking non-banking financial company |
| NBFC-MFI | Non-Banking Financial Company - Micro Finance Institutions |
| NBFC-ND-SI | Systemically important non-deposit taking non-banking financial company |
| NCD | Non-convertible debentures |
| NEFT | National Electronic Fund Transfer |
| NPCI | National Payments Corporation of India |
| NR or Non-resident | A person resident outside India, as defined under the FEMA, including Eligible NRIs, FPIs and FVCIs registered with the SEBI |
| NRE | Non-resident External |
| NRI | An individual resident outside India, who is a citizen of India |
| NRO | Non-resident Ordinary |
| NSDL | National Securities Depository Limited |
| NSE | The National Stock Exchange of India Limited |
| OBPPs | SEBI Circular on Registration and regulatory framework for Online Bond Platform Providers dated November 14, 2022 |
| OCB or Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately prior to such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Offer |
| p.a. | Per annum |
| P&L | Profit and loss |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent account number allotted under the Income-tax Act |
| PAT | Profit after tax |
| PFRDA | Pension Fund Regulatory and Development Authority |
| RBI | Reserve Bank of India |
| Regulation S | Regulation S under the U.S. Securities Act |
| RoNW | Return on Net Worth |

| Term | Description |
|---|---|
| RTGS | Real Time Gross Settlement |
| SCORES | SEBI Complaints Redressal System |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| SEBI BTI Regulations | Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| SEBI ICDR Master Circular | The SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI Investment Advisers Regulations | Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Merchant Bankers Regulations | Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 |
| SEBI Mutual Fund Regulations | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| SEBI Portfolio Manager Regulations | Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 |
| SEBI RTA Master Circular | The SEBI master circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/34 dated May 7, 2024, to the extent it pertains to UPI |
| SEBI SBEB Regulations | Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 |
| SEBI Stock Brokers Regulations | Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as repealed by the SEBI AIF Regulations |
| State Government | The government of a State of India |
| Stock Exchanges | The BSE and the NSE |
| STT | Securities transaction tax |
| TAN | Tax deduction and collection account number allotted under the Income-tax Act |
| TDS | Tax deducted at source |
| Trade Marks Act | Trade Marks Act, 1999 |
| U.S. or USA or United States | United States of America, its territories and possessions, any State of the United States, and the District of Columbia |
| USD or US$ | United States Dollars |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America |
| U.S. Securities Act | The United States Securities Act of 1933 |
| UTs | Union territories |
| VAT | Value added tax |
| VCFs | Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or SEBI AIF Regulations, as the case may be |
| Wilful Defaulter or Fraudulent Borrower | Wilful defaulter or a fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations |
| Year or calendar year | Unless the context otherwise requires, shall mean the twelve month period ending December 31 |

## OFFER DOCUMENT SUMMARY

*The following is a general summary of certain disclosures and terms of the Offer included in this Red Herring Prospectus and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Red Herring Prospectus or the Prospectus when filed, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Red Herring Prospectus, including "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Restated Consolidated Summary Statements", "Outstanding Litigation and Material Developments", "Offer Procedure" and "Description of Equity Shares and Terms of the Articles of Association" on pages 38, 99, 118, 160, 194, 264, 354, 516, 546 and 567, respectively.*

**Summary of the primary business of the Company**

We are a diversified financial services platform set up primarily with the mission of catering to the diverse retail credit requirements of the under-served households and businesses in India. Over the last 15 years, our approach has been to create a differentiated and comprehensive play on the retail credit ecosystem in India spread across sectors. Since 2009, we have facilitated financing of over ₹1.73 trillion that has impacted over 101.82 million lives across India, as of March 31, 2024. We have one of the lowest industry-wide credit costs amongst diversified NBFCs in India, as of March 31, 2024 (*Source: CRISIL Report*).

**Summary of the Industry** (*Source: CRISIL Report*)

The Indian retail credit market is expected to further grow at a CAGR of 17-18% between Fiscals 2024 and 2026 to reach ₹100.9 trillion by Fiscal 2026. NBFCs loan outstanding for MSME, MFI, consumer finance, vehicle, affordable housing and agriculture loans are expected to grow at a CAGR of 13-15%, 23-25%, 17-20%, 12-14%, 14-16% and 9-10%, respectively, between Fiscals 2024-2026. Rural areas, which accounted for 47% of GDP, received only 9% of the overall banking credit, as of March 31, 2024, which also shows the vast market opportunity for banks and NBFCs to lend in these areas.

**Name of Promoters**

Our Company does not have an identifiable promoter.

**Offer size**

Initial public offering of up to [●] Equity Shares of face value ₹10 each of our Company for cash at a price of ₹[●] per Equity Share of face value ₹10 each (including a premium of ₹[●] per Equity Share of face value ₹10 each) aggregating up to ₹[●] million, comprising a fresh issue of up to [●] Equity Shares of face value ₹10 each by our Company aggregating up to ₹5,000.00 million and an offer for sale of up to 10,532,320 Equity Shares of face value ₹10 each aggregating up to ₹[●] million by the Selling Shareholders, the details of which are set out below:

| S. No. | Name of the Selling Shareholder | Number of Offered Shares |
|---|---|---|
| 1. | LeapFrog Financial Inclusion India (II) Ltd | Up to 3,844,449 Equity Shares of face value ₹10 each |
| 2. | Accion Africa-Asia Investment Company | Up to 1,263,965 Equity Shares of face value ₹10 each |
| 3. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | Up to 1,746,950 Equity Shares of face value ₹10 each |
| 4. | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | Up to 1,344,828 Equity Shares of face value ₹10 each |
| 5. | 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | Up to 1,408,918 Equity Shares of face value ₹10 each |
| 6. | Sumitomo Mitsui Banking Corporation | Up to 923,210 Equity Shares of face value ₹10 each |

The Offer includes a reservation of up to 590,874 Equity Shares, aggregating up to ₹[●] million, for subscription by Eligible Employees under the Employee Reservation Portion. The Offer and the Net Offer shall constitute [●]% and [●]%, respectively, of the fully-diluted post-Offer paid-up Equity Share capital of our Company.

For further details, see “*The Offer*” and “*Offer Structure*” on pages 99 and 542, respectively.

Details of the beneficial owners of Selling Shareholders that hold more than 10% of the Equity Share capital of the Company is set out below:

| S. No. | Name of the Selling Shareholder | Beneficial Owner(s) |
|---|---|---|
| 1. | 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | 360 ONE Private Equity Fund (“Trust”) is a trust under which the 360 ONE Special Opportunities Fund, a Category II AIF was launched. There are no natural persons who are directly or indirectly holding 10% or more beneficial interest/voting rights/control in the Trust. Accordingly, Mr. Siddhartha Sengupta, Mr. Karat Venugopal Parameshwar, Mr. Ashok Kumar Garg, Mr. Pramod Kumar Nagpal and Mr. Mohan Radhakrishnan being directors of 360 ONE Asset Trustee Limited (trustee company of the Trust) are identified as Senior Management Officials (“SMOs”) of the Trust. |
| 2. | LeapFrog Financial Inclusion India (II) Ltd | There are no significant beneficial owner in relation to the shareholding of LeapFrog Financial Inclusion India (II) Ltd in our Company in accordance with the provisions of Section 90 of the Companies Act read along with the applicable provisions of the Companies (Significant Beneficial Owners) Rules, 2018. |

**Objects of the Offer**

Our Company proposes to utilize the gross proceeds, after deducting our Company’s share of the Offer related expenses, as detailed below, to meet future capital requirements towards onward lending.

| Particulars | Amount (₹ million) |
|---|---|
| Gross proceeds of the Fresh Issue | 5,000.00 |
| (Less) Offer related expenses in relation to the Fresh Issue(1)(2) | [●] |
| **Net Proceeds** | [●] |

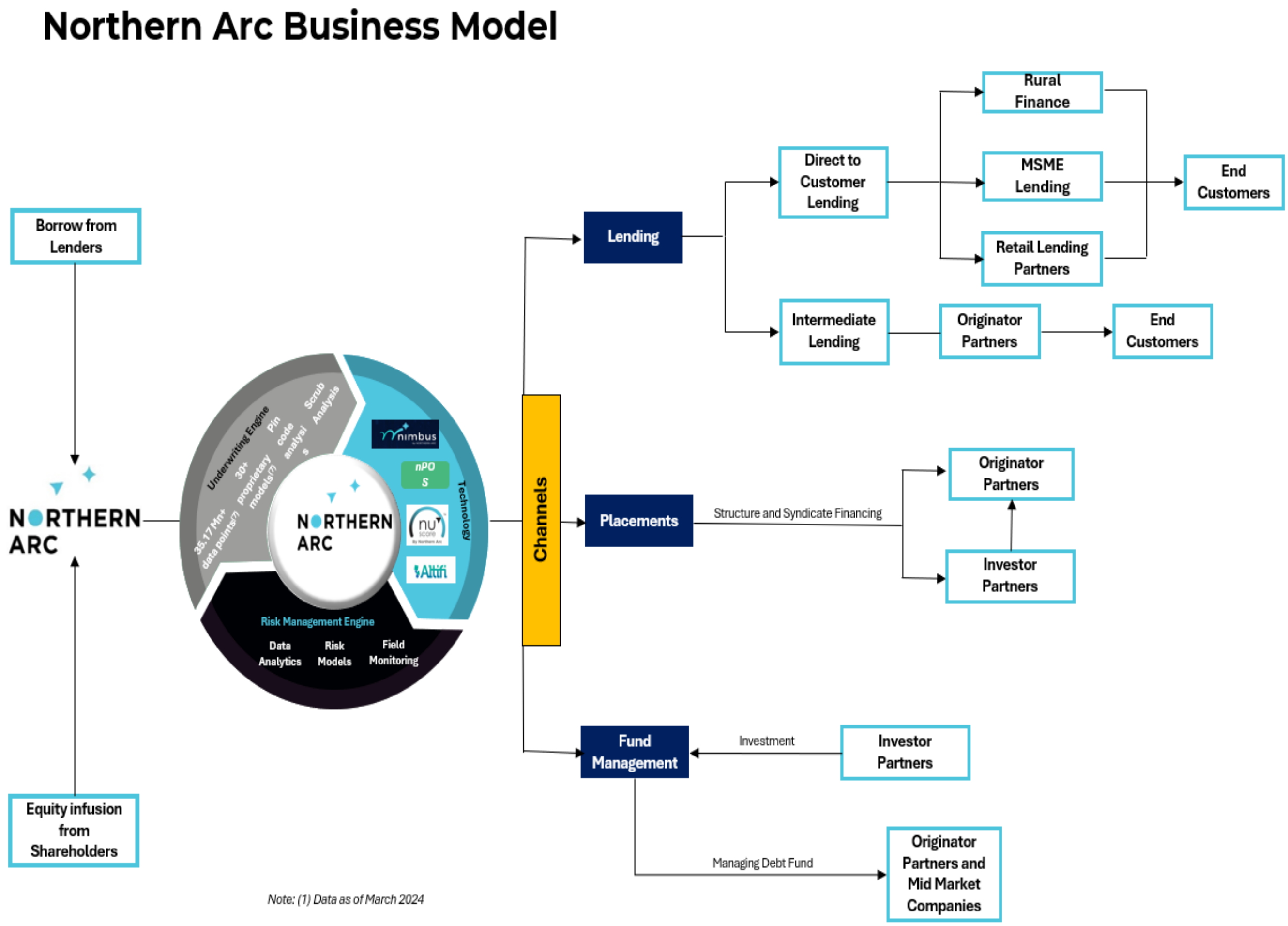
(1) *To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*
(2) *For details of the expenses related to the Offer, see “Objects of the Offer – Offer Expenses” on page 162.*

Our Company intends to utilize the Net Proceeds to meet our future capital requirements towards onward lending in our focused sectors, namely, MSME financing, MFI, consumer finance, vehicle finance, affordable housing finance and agricultural finance, and to ensure compliance with the RBI regulations on capital adequacy, for Financial Year 2025.

For further details, see “*Objects of the Offer*” beginning on page 160.

**Business Model**

Our Company is registered as an NBFC, and our business is regulated by the RBI. We are a financial services platform set up with the mission to cater to the retail credit requirements of the under-served households and businesses in India. We cater to the retail credit market in India through a multi-channel approach that includes: (i) extending financing from our balance sheet (“**Lending**”), to Originator Partners (as defined below) in the form of loans or investment in their debt to enable on-lending to the retail customer (“**Intermediate Retail Lending**”) and directly to under-served households and businesses (“**Direct to Customer Lending**”) either in collaboration with our Retail Lending Partners (as defined below) or through our branch network to offer rural finance and MSME lending; (ii) working with a large network of Investor Partners (as defined below) to structure and syndicate financing through a variety of debt, credit-enhanced debt and portfolio financing products for our Originator Partners, thus enabling credit for our Originator Partners (“**Placements**”); and (iii) managing debt funds and providing portfolio management services (“**Fund Management**”). Through our business model and operations, we engage with (i) a network of financial institution partners (such as NBFCs, NBFC-MFIs and housing finance companies or other corporates), technology platforms (such as Fintechs), and other entities that act as business correspondents to originate financial exposure (“**Originator Partners**”); (ii) select Originator Partners who enable us to lend directly to borrowers (“**Retail Lending Partners**”) and from whom we avail services such as loan origination, KYC verification and validation, loan servicing, data collection, primary borrower interface, collection and recoveries, customer service and grievance redressal; (iii) network of investors across different investor classes who use us as a platform to access opportunities to invest in under-served sectors in India ("**Investor Partners**"); (iv) network of borrowers from under-served households and businesses to whom we extend loans directly ("**Direct to Customer Borrowers**"); and (v) various other customers. Set out below is an illustrative representation of our business model:




**Revenue Model**

We generate revenue from each of our three channels as follows:

*Lending channel*

We extend financing from our balance sheet to our Originator Partners (through loans, investment in debentures (quoted and unquoted), investment in securitised assets and investments in alternate investment funds) and directly to the Direct to Customer Borrowers (through loans). We generate revenue in the form of interest income from our Lending channel.

*Placements channel*

We enable credit to our Originator Partners through various products, and we generate revenue in the form of professional fee from our Placements channel.

*Fund Management channel*

We manage debt funds and provide portfolio management services, and we generate revenue in the form of management fee from our Fund Management channel.

**Disbursements**

The following table sets forth the disbursements of our Company, on a consolidated basis, a non-GAAP measure, towards urban and non-urban, for the Fiscals indicated:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Disbursements to borrowers located in non-urban areas[1] (₹ million) | 21,199.48 | 19,899.57 | 20,255.47 |
| Disbursements to borrowers located in non-urban areas[1], as a percentage of total disbursements[2] (%) | 14.24% | 16.88% | 22.55% |
| Disbursements to borrowers located in urban areas[3] (₹ million) | 127,651.33 | 97,982.88 | 69,568.19 |
| Disbursements to borrowers located in urban areas[3], as a percentage of total disbursements[2] (%) | 85.76% | 83.12% | 77.45% |

*Note:*

1. *Non-urban areas have been identified based on the urban/non-urban segregation provided by 2011 census of India.*
2. *Disbursements represents the aggregate of amounts disbursed by us for our customers, including Originator Partners and Direct to Customer Borrowers, by way of loans or subscription to debt instruments for the relevant Fiscal.*
3. *Urban areas have been identified based on the urban/non-urban segregation provided by 2011 census of India.*

The following table sets forth the disbursements of our Company, on a consolidated basis, a non-GAAP measure, by each Lending channel for the Fiscals indicated:

| Particulars | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| Intermediate Retail Lending Disbursement[1] | 60,619.65 | 40.73% | 53,632.44 | 45.50% | 55,925.50 | 62.26% |
| Direct to Customer Lending Disbursement[2] | 88,231.16 | 59.27% | 64,250.01 | 54.50% | 33,898.11 | 37.74% |
| **Total Disbursements[3]** | **148,850.81** | **100.00%** | **117,882.44** | **100.00%** | **89,823.61** | **100.00%** |

*Notes:*

1. *Intermediate Retail Lending Disbursement represents aggregate amounts disbursed by us to our Originator Partners by way of loans or subscription to debt instruments for the relevant Fiscal.*
2. *Direct to Customer Lending Disbursement represents aggregate amounts disbursed directly to the Direct to Customer Borrowers either in collaboration with Retail Lending Partners or by us during the relevant Fiscal.*
3. *Disbursements represents the aggregate of amounts disbursed by us for our customers, including Originator Partners and Direct to Customer Borrowers, by way of loans or subscription to debt instruments for the relevant Fiscal.*

**Regulatory Approvals**

The details of the key registrations of our Company with regulatory bodies are set out below:

| S. No. | Regulator | Category of Registration | Registration No. |
|---|---|---|---|
| 1. | Reserve Bank of India | Non-banking financial company (not accepting public deposits) | B-07.00430 |
| 2. | Pension Fund Regulatory and Development Authority | Point of presence under the National Pension Scheme – Lite Swavalamban Scheme | POP39092018 |
| 3. | Insurance Regulatory and Development Authority of India | Corporate agent (composite) | CA0951 |

**Aggregate pre-Offer and post Offer shareholding of Selling Shareholders as a percentage of our paid up share capital**

The aggregate pre-Offer shareholding of the Selling Shareholders as a percentage of the pre-Offer paid-up share capital of the Company is set out below:

| Name of Selling Shareholder | Pre-Offer | | Post-Offer | |
|---|---|---|---|---|
| | No. of Equity Shares held | Percentage of the pre-Offer Equity Share capital on a fully diluted basis (%)^ | No. of Equity Shares held | Percentage of the post-Offer Equity Share capital on a fully diluted basis (%)^ |
| LeapFrog Financial Inclusion India (II) Ltd | 29,952,665 | 20.67 | [●] | [●] |
| Accion Africa-Asia Investment Company | 7,699,529 | 5.31 | [●] | [●] |
| Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | 13,610,748 | 9.39 | [●] | [●] |
| Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited*)) | 9,644,086 | 6.66 | [●] | [●] |
| 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | 4,390,170 | 3.03 | [●] | [●] |
| Sumitomo Mitsui Banking Corporation | 7,004,364 | 4.83 | [●] | [●] |
| **Total** | 72,301,562 | 49.90 | [●] | [●] |

*(1) To be completed prior to filing of the Prospectus with the RoC*

*^ The Company's Equity Share capital on a fully diluted basis includes options under the ESOP Plan 2016 that have vested as of the date of this Red Herring Prospectus (assuming exercise of all options), and for the sake of clarity, further includes the Equity Shares already issued and held by the Northern Arc Employee Welfare Trust pursuant to the ESOP Plan 2016.*

### Details of CCPS allotted to our Shareholders

Set out below are the details of the conversion ratio, conversion price, and the number of Equity Shares allotted upon conversion of the CCPS allotted to our Shareholders:

| S. No. | Name of the Shareholder | No. of CCPS held | Conversion Ratio | Price per Equity Share (based on conversion) | No. of Equity Shares allotted post conversion |
|---|---|---|---|---|---|
| 1. | Augusta Investments II Pte. Ltd | 3,256,115 | 1:1 | 197.02 | 3,256,115 |
| 2. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | 11,630,889 | 1:1 | 121.23 | 11,630,889 |
| 3. | 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | 4,161,142 | 1:1 | 197.02 | 4,161,142 |
| 4. | 360 ONE Special Opportunities Fund – Series 2 (*formerly known as IIFL Special Opportunities Fund – Series 2*) | 4,371,781 | 1:1 | 197.02 | 4,371,781 |
| 5. | 360 ONE Special Opportunities Fund – Series 3 (*formerly known as IIFL Special Opportunities Fund – Series 3*) | 1,923,059 | 1:1 | 197.02 | 1,923,059 |
| 6. | 360 ONE Special Opportunities Fund – Series 4 (*formerly known as IIFL Special Opportunities Fund – Series 4*) | 6,609,362 | 1:1 | 197.02 | 6,609,362 |
| 7. | 360 ONE Special Opportunities Fund – Series 5 (*formerly known as IIFL Special Opportunities Fund – Series 5*) | 5,423,128 | 1:1 | 197.02 | 5,423,128 |
| 8. | 360 ONE Special Opportunities Fund – Series 6 (*formerly known as IIFL Special Opportunities Fund – Series 6*) | 253,781 | 1:1 | 197.02 | 253,781 |

| S. No. | Name of the Shareholder | No. of CCPS held | Conversion Ratio | Price per Equity Share (based on conversion) | No. of Equity Shares allotted post conversion |
|---|---|---|---|---|---|
| 9. | 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 7*) | 3,693,947 | 1:1 | 197.02 | 3,693,947 |
| 10. | International Finance Corporation | 8,491,048 | 1:1.156 | 338.25 | 9,815,224 |
| 11. | Varun Jaipuria | 639,386 | 1:1.156 | 338.25 | 739,098 |
| 12. | RJ Corp Limited | 639,386 | 1:1.156 | 338.25 | 739,098 |

**Summary of Restated Consolidated Summary Statements**

The details of certain financial information as set out under the SEBI ICDR Regulations as of and for the Fiscals indicated, derived from the Restated Consolidated Summary Statements are as follows:

| Particulars | As at and for the Financial Year ended March 31 | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(₹ million, except per share data)* | | |
| Equity share capital(1) | 893.85 | 890.31 | 889.08 |
| Net worth(2) | 23,143.49 | 19,553.90 | 17,390.42 |
| Total revenue from operations(3) | 18,900.84 | 13,049.71 | 9,095.39 |
| Restated profit for the year(4) | 3,176.93 | 2,422.14 | 1,819.38 |
| Restated earnings per equity share of ₹10 each – Basic (in rupees)(5) | 34.61 | 25.85 | 19.52 |
| Restated earnings per equity share of ₹10 each – Diluted (in rupees)(5) | 23.40 | 17.38 | 13.09 |
| Net asset value per Equity Share(6) | 177.06 | 150.01 | 133.54 |
| Total Borrowings(7) | 90,477.56 | 70,345.66 | 59,829.58 |

(1) *Equity share capital for the relevant Fiscal Year.*

(2) *Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

(3) *Total revenue from operations for the relevant Fiscal Year*

(4) *Restated profit for the relevant Fiscal Year*

(5) *Restated earnings per equity share of ₹10 each – Basic and Restated earnings per equity share of ₹10 each – Diluted are calculated in accordance with Ind AS 33 – Earnings per share, prescribed under the Companies (Indian Accounting Standard) Rules, 2015*

(6) *Net asset value per Equity Share is calculated as Net Worth as of the end of relevant year divided by the aggregate of total number of equity shares and instruments entirely equity in nature outstanding at the end of such year.*

(7) *Total Borrowings represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) as of the last day of the relevant Fiscal. For further details, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*

**Auditor qualifications which have not been given effect to in the Restated Consolidated Summary Statements**

There are no audit qualifications in the auditors' reports on our consolidated financial statements for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 which have not been given effect to in the Restated Consolidated Summary Statements.

**Summary table of outstanding litigation**

A summary of outstanding litigation proceedings involving our Company, Subsidiaries and Directors as of the date of this Red Herring Prospectus, as also disclosed in "*Outstanding Litigation and Material Developments*" beginning on page 516, in terms of the SEBI ICDR Regulations and the Materiality Policy, is provided below:

| Name of Entity | Number of Criminal Proceedings | Number of Tax Proceedings | Number of Statutory or Regulatory Proceedings | Number of Material Civil Proceedings | Other civil proceedings | Aggregate amount involved *(₹ million)*[(1)] |
|---|---|---|---|---|---|---|
| ***Company*** | | | | | | |
| ***Against our Company*** | - | 2 | 1 | - | - | 42.85 |
| ***By our Company*** | 699 | - | - | 2 | 8 | 1,273.64 |
| ***Directors*** | | | | | | |
| ***Against our Directors*** | - | - | - | - | - | - |
| ***By our Directors*** | - | - | - | - | - | - |
| ***Subsidiaries*** | | | | | | |
| ***Against our Subsidiaries*** | - | 3 | - | - | - | 168.57 |
| ***By our Subsidiaries*** | 8 | - | - | - | - | 5.54 |

*(1)To the extent ascertainable*

The majority of the legal proceedings initiated by our Company are complaints filed by our Company under the Negotiable Instruments Act, 1881 and the Payment and Settlement Systems Act, 2007. As of the date of this Red Herring Prospectus, our Company has filed 15 complaints under the Negotiable Instruments Act, 1881 and 680 complaints under the Payment and Settlement Systems Act, 2007 and the aggregate amount involved in such proceedings is ₹160.41 million and ₹12.73 million, respectively.

Our Company has also, in the ordinary course of its business, initiated proceedings for the recovery of dues from its borrowers under provisions of the Insolvency and Bankruptcy Code, 2016 and the Code of Civil Procedure, 1908 and in certain instances invoked arbitration in accordance with the terms of the agreements executed with the borrowers. As of the date of this Red Herring Prospectus, the Company has filed 8 such cases and the aggregate amount involved in these matters is ₹126.23 million.

Our Group Company is not a party to any pending litigation which has a material impact on our Company.

For further details, see *"Outstanding Litigation and Material Developments"* beginning on page 516.

**Risk Factors**

For details of the risks applicable to us, see "*Risk Factors*" beginning on page 38.

**Summary table of contingent liabilities**

The following is a summary table of our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, as of the date indicated, derived from our Restated Consolidated Summary Statements:

| Particulars | As at March 31, 2024 |
|---|---|
| | *(₹ million)* |
| Claims against the Group not acknowledged as debt - income tax related matters | 52.52 |
| Guarantees outstanding | 644.16 |

**Summary of related party transactions**

The details of related party transactions for the Fiscals indicated, as per Ind AS 24 – Related Party Disclosures, read with the SEBI ICDR Regulations are as set out in the table below:

| Name of the related party | Nature of transactions | Financial Year ended March 31, | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | (₹ *million*) | | |
| **Transactions during the year** | | | | |
| **Associates** | | | | |
| Finreach Solutions Private Limited (w.e.f April 30, 2022) | Investments | 44.91 | 39.44 | - |
| | | | | |
| Finreach Solutions Private Limited (w.e.f April 30, 2022) | Guarantee Management Service Fee | 1.73 | 1.12 | - |
| | | | | |
| Finreach Solutions Private Limited (w.e.f April 30, 2022) | Fee Income | - | 3.70 | - |
| Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto April 26, 2023) | | 2.00 | - | - |
| IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024) | | 7.76 | - | - |
| | | | | |
| Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto April 26, 2023) | Investments in Alternate Investment Funds | - | 250.00 | - |
| | | | | |
| Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto April 26, 2023) | Distribution of surplus | 4.35 | 7.06 | - |
| IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024) | | 20.12 | - | - |
| Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto April 26, 2023) | Reimbursement of expenses | 0.33 | 0.35 | - |
| IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024) | | 5.00 | - | - |
| **Directors and Key Managerial Personnel** | | | | |
| Ms. Kshama Fernandes , CEO and MD - Upto March 31,2022 ; Non - Executive Director (w.e.f. April 1, 2022) | Remuneration and other benefits* | - | - | 24.01 |
| Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023) | | 21.55 | 25.13 | 2.47 |
| Mr. Atul Tibrewal, Chief Financial Officer (from May 18, 2021) | | 19.06 | 17.33 | 14.67 |
| Mr. Ashish Mehrotra, Managing Director & CEO (Director w.e.f February 14, 2022; Managing Director & CEO w.e.f April 1, 2022) | | 54.30 | 40.00 | 2.90 |
| Mrs. Srividhya, Company Secretary (upto November 20, 2023) | | 4.10 | 5.24 | 4.14 |
| Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024) | | 0.59 | - | - |
| | | | | |
| Ms. Kshama Fernandes , CEO and MD - Upto March 31,2022 ; Non - Executive Director (w.e.f. April 1, 2022) | Commission | 6.50 | 7.09 | - |
| Mr. P S Jayakumar - Independent director, Holding company | | 9.00 | 8.45 | 3.27 |

| Name of the related party | Nature of transactions | Financial Year ended March 31, | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | (₹ *million*) | | |
| **Transactions during the year** | | | | |
| **Directors and Key Managerial Personnel** | | | | |
| Ms. Kshama Fernandes , CEO and MD - Upto March 31,2022 ; Non - Executive Director (w.e.f. April 1, 2022) | Sitting fees | 1.55 | 0.87 | - |
| Mr. Ashutosh Arvind Pednekar - Independent director | | 1.65 | 0.87 | 1.30 |
| Mr. P S Jayakumar - Independent director, Holding company | | 1.90 | 1.15 | 1.55 |
| Ms. Anuradha Rao - Independent director | | 2.25 | 1.31 | 1.75 |
| Mr Arunkumar Nerur Thiagarajan - Independent Director | | 1.75 | 0.82 | - |
| | | | | |
| Ms. Kshama Fernandes , CEO and MD - Upto March 31,2022 ; Non - Executive Director (w.e.f. April 1, 2022) | Share based payment expense | - | 0.29 | 1.88 |
| Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023) | | - | 0.25 | 1.40 |
| Mr. Atul Tibrewal, Chief Financial Officer (from May 18, 2021) | | 5.72 | 3.94 | 5.52 |
| Mr. Ashish Mehrotra, Managing Director & CEO (Director w.e.f 14 February 2022; Managing Director & CEO w.e.f April 1, 2022) | | 81.25 | 8.82 | 9.81 |
| Mrs. Srividhya, Company Secretary (upto November 20, 2023) | | 0.06 | 0.20 | 0.26 |
| | | | | |
| Ms. Kshama Fernandes , CEO and MD - Upto March 31,2022 ; Non - Executive Director (w.e.f. April 1, 2022) | Equity share capital | - | - | 2.47 |
| Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023) | | - | - | 0.73 |
| | | | | |
| Ms. Kshama Fernandes , CEO and MD - Upto March 31,2022 ; Non - Executive Director (w.e.f. April 1, 2022) | Share premium | - | - | 33.63 |
| Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023) | | - | - | 9.14 |
| | | | | |
| Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023) | Post employment benefits | 6.18 | - | - |
| Mrs. Srividhya, Company Secretary (upto November 20, 2023) | | 1.76 | - | - |
| | | | | |
| Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023) | Receipt of money on issue of shares | 5.50 | - | - |
| Mr. Ashish Mehrotra, Managing Director & CEO (Director w.e.f February 14, 2022; Managing Director & CEO w.e.f April 1, 2022) | | 21.00 | - | - |
| Mrs. Srividhya, Company Secretary (upto November 20, 2023) | | 1.87 | - | - |
| | | | | |
| Mrs. Srividhya, Company Secretary (upto November 20, 2023) | Advances given | 0.40 | - | - |
| Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024) | | 0.03 | - | - |

| Name of the related party | Nature of transactions | Financial Year ended March 31, | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | (₹ *million*) | | |
| **Transactions during the year** | | | | |
| | | | | |
| Mrs. Srividhya, Company Secretary (upto November 20, 2023) | Advances repaid | 0.40 | - | - |

** Amount attributable to post-employment benefits (except actual payments) have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.*

The details of the transactions eliminated on consolidation for the Fiscals indicated as per Ind AS 24 – Related Party Disclosures, read with the SEBI ICDR Regulations, are set out below:

| Name of the related party | Nature of transactions | Financial Year ended March 31, | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | (₹ *million*) | | |
| **Transaction during the year** | | | | |
| **Northern Arc Capital Limited (Holding Company)** | | | | |
| Pragati Finserv Private Limited | Interest income | - | - | 1.64 |
| Pragati Finserv Private Limited | Loans given | - | - | 30.50 |
| Pragati Finserv Private Limited | Loans repaid | - | - | 30.50 |
| Pragati Finserv Private Limited | Investment in Equity share | - | - | 225.34 |
| Pragati Finserv Private Limited | Transfer of assembled work force | - | 23.66 | - |
| Pragati Finserv Private Limited | Fees and commission expense | 963.23 | 385.03 | - |
| Pragati Finserv Private Limited | Other expenses | 1.24 | 10.48 | 1.37 |
| Pragati Finserv Private Limited | Reimbursement of expense | 1.73 | - | - |
| Northern Arc foundation | Other expenses | 31.30 | 35.05 | 16.53 |
| | | | | |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Reimbursement of expense | 40.30 | 33.65 | 0.01 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Distribution of surplus | 65.90 | 105.08 | 117.57 |
| Northern Arc Investment Managers Private Limited | Fee Income | - | 26.10 | 12.93 |
| Northern Arc Investment Managers Private Limited | Other expenses | 13.01 | 20.47 | 15.28 |
| Northern Arc Investment Managers Private Limited | Interest income | 36.31 | 8.91 | 21.38 |
| Northern Arc Investment Managers Private Limited | Loans given | 1,417.70 | 274.54 | 757.35 |
| Northern Arc Investment Managers Private Limited | Loans repaid | 452.67 | 393.17 | 832.20 |
| Northern Arc Investment Managers Private Limited | Sale of fixed assets | - | - | 1.05 |
| Northern Arc Investment Managers Private Limited | Reimbursement of expense | 40.41 | 4.59 | - |
| Northern Arc Investment Managers Private Limited | Transfer of security deposit | - | - | - |
| Northern Arc Investment Managers Private Limited | Sale of Investment | 1,086.88 | - | - |
| Northern Arc Investment Managers Private Limited | Receipt against ESOP receivable | 17.03 | - | - |
| Northern Arc Investment Adviser Services Private Limited | Transfer of security deposit | - | - | - |
| Northern Arc Investment Adviser Services Private Limited | Reimbursement of expense | 2.02 | 3.29 | - |
| Northern Arc Investment Adviser Services Private Limited | Receipt against ESOP receivable | - | - | 0.06 |

| Name of the related party | Nature of transactions | Financial Year ended March 31, | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | (₹ *million*) | | |
| **Transaction during the year** | | | | |
| Northern Arc Investment Adviser Services Private Limited | Other expense | 3.09 | - | - |
| Northern Arc Securities Private Limited (w.e.f. February 23, 2023) | Investment in Equity share | 5.00 | 10.00 | - |
| | | | | |
| **Northern Arc Investment Managers Private Limited (Subsidiary)** | | | | |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Distribution of Surplus | 5.36 | 28.51 | 28.51 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Management fees - Income | 18.54 | 8.10 | 8.16 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Reimbursement of expense | - | 0.77 | 0.18 |
| Northern Arc foundation | Other expenses | 2.40 | 1.93 | 1.10 |
| Northern Arc Capital Limited | Other expenses | 40.41 | 4.59 | - |
| Northern Arc Capital Limited | Finance costs | 36.31 | 8.91 | 21.38 |
| Northern Arc Capital Limited | Fee expense | - | 26.10 | 12.93 |
| Northern Arc Capital Limited | Reimbursement of expense | 13.01 | 20.47 | 15.28 |
| Northern Arc Capital Limited | Transfer of security deposit | - | - | - |
| Northern Arc Capital Limited | Borrowing availed | 1,417.70 | 274.54 | 757.35 |
| Northern Arc Capital Limited | Borrowing repaid | 452.67 | 393.17 | 832.20 |
| Northern Arc Capital Limited | Purchase of fixed asset | - | - | 1.05 |
| Northern Arc Capital Limited | Purchase of Investment | 1,086.88 | - | - |
| Northern Arc Capital Limited | Payment against ESOP Payable | 17.03 | - | - |
| | | | | |
| **Northern Arc Investment Adviser Services Private Limited (Subsidiary)** | | | | |
| Northern Arc Capital Limited | Transfer of security deposit | - | - | - |
| Northern Arc Capital Limited | Other expenses | 2.02 | 3.29 | - |
| Northern Arc Capital Limited | Payment against ESOP Payable | - | - | 0.06 |
| Northern Arc Capital Limited | Reimbursement of expense | 3.09 | - | - |
| | | | | |
| **IFMR Fimpact Long term credit fund (Subsidiary until November 22, 2023)** | | | | |
| Northern Arc Capital Limited | Other expenses | 40.30 | 33.65 | 0.01 |
| Northern Arc Capital Limited | Distribution of surplus | 65.90 | 105.08 | 117.57 |
| Northern Arc Investment Managers Private Limited | Distribution of surplus | 5.36 | 28.51 | 28.51 |
| Northern Arc Investment Managers Private Limited | Investment management fees | 18.54 | 8.10 | 8.16 |
| Northern Arc Investment Managers Private Limited | Other expenses | - | 0.77 | 0.18 |
| | | | | |
| **Pragati Finserv Private Limited (Subsidiary w.e.f. April 12, 2022)** | | | | |
| Northern Arc Capital limited | Finance costs | - | - | 1.64 |
| Northern Arc Capital limited | Borrowings availed | - | - | 30.50 |
| Northern Arc Capital limited | Borrowings repaid | - | - | 30.50 |
| Northern Arc Capital limited | Issue of equity share capital | - | - | 225.34 |
| Northern Arc Capital limited | Transfer of assembled work force | - | 23.66 | - |
| Northern Arc Capital limited | Fees and commission income | 963.23 | 385.03 | - |
| Northern Arc Capital limited | Reimbursement of expenses | 1.24 | 10.48 | 1.37 |
| Northern Arc Capital limited | Other income | 1.73 | - | - |
| | | | | |
| **Northern Arc foundation (Subsidiary)** | | | | |
| Northern Arc Capital Limited | Other income | 31.30 | 35.05 | 16.53 |

| Name of the related party | Nature of transactions | Financial Year ended March 31, | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | (₹ *million*) | | |
| **Transaction during the year** | | | | |
| Northern Arc Investment Managers Private Limited | Other income | 2.40 | 1.93 | 1.10 |
| | | | | |
| **Northern Arc Securities Private Limited (Subsidiary w.e.f. February 23, 2023)** | | | | |
| Northern Arc Capital limited | Issue of equity share capital | 5.00 | 10.00 | - |

For details of the related party transactions, see "*Other Financial Information – Related Party Transactions*" on page 443.

**Details of all financing arrangements whereby Directors and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Red Herring Prospectus**

Our Directors and their relatives have not financed the purchase by any person of securities of our Company (other than in the normal course of business of the financing entity) during the period of six months immediately preceding the date of this Red Herring Prospectus.

**Weighted average price at which specified securities were acquired by Selling Shareholders, in the last one year**

Except as disclosed below, none of the Selling Shareholders have acquired any specified securities in the last one year:

| Name of the Selling Shareholder | Number of specified securities acquired in the last one year | Weighted average price of specified securities acquired in the last one year (in ₹ per specified security) |
|---|---|---|
| Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | 11,630,889# | 121.23* |
| 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | 4,161,142# | 197.02* |

*#Allotted pursuant to conversion of the CCPS on August 9, 2024.*
** Based on the conversion price of CCPS.*

**Average cost of acquisition of specified securities for the Selling Shareholders**

The average cost of acquisition of Equity Shares of face value of ₹10 each for the Selling Shareholders as of the date of this Red Herring Prospectus is as set out below:

| Name of the Selling Shareholder | Number of specified securities acquired | Average cost of acquisition per specified security *(in ₹)*(1) |
|---|---|---|
| LeapFrog Financial Inclusion India (II) Ltd | 29,952,665 | 48.83 |
| Accion Africa-Asia Investment Company | 7,699,529 | 26.64 |
| Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | 13,610,748 | 121.23 |
| Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | 9,644,086 | 4.10 |
| 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | 4,390,170 | 197.02 |
| Sumitomo Mitsui Banking Corporation | 7,004,364 | 197.02 |

*(1) As certified by M/s Kumbhat & Co, Chartered Accountants, by way of their certificate dated September 9, 2024.*

**Details of price at which specified securities were acquired in the last three years preceding the date of this Red Herring Prospectus by the Selling Shareholders or Shareholder(s) with rights to nominate Director(s) or other special rights**

Except as disclosed below, none of the Selling Shareholders or Shareholder(s) with rights to nominate Director(s) or other special rights have acquired specified securities in the last three years preceding the date of this Red Herring Prospectus.

| Name of Shareholder | Date of acquisition | Number of specified securities acquired[(1)] | Acquisition price per specified security *(in ₹)*[(1)] |
|---|---|---|---|
| Augusta Investments II Pte. Ltd | December 23, 2022 | 2,302,175 | 269.68 |
| | August 9, 2024 | 3,256,115 | 203.26[@] |
| International Finance Corporation[#] | August 9, 2024 | 9,815,224 | 338.25[*] |
| Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | August 9, 2024 | 11,630,889[#] | 121.23[*] |
| 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | August 9, 2024 | 4,161,142[#] | 197.02[*] |

*(1) As certified by M/s Kumbhat & Co, Chartered Accountants, by way of their certificate dated September 9, 2024.*
** Based on the conversion price of the CCPS.*
*@Average of the conversion price of the CCPS and the price at which CCPS were purchased from other shareholders.*
*#This pertains to the conversion of the CCPS allotted to IFC through a private placement of 8,491,048 CCPS, each for cash at a price of ₹391 per CCPS (including a premium of ₹371) aggregating to ₹3,319.99 million on April 22, 2024.*

**Weighted average cost of acquisition for all specified securities transacted over the three years, 18 months and one year preceding the date of this Red Herring Prospectus**

| Period | Weighted Average Cost of Acquisition (WACA) *(in ₹)*[(1)] | Cap Price is 'X' times the WACA[(1)(2)] | Range of acquisition price: lowest price – highest price *(in ₹)*[(1)] |
|---|---|---|---|
| Last three years | 214.51 | [●] | 10 – 338.25 |
| Last 18 months | 213.70 | [●] | 10 – 338.25 |
| Last one year | 212.83 | [●] | 10 – 338.25 |

*(1) As certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to the certificate dated September 9, 2024.*
*(2) Information will be included after finalization of the Price Band.*

**Pre-IPO Placement**

Our Company has not undertaken a Pre-IPO placement.

**Any issuance of Equity Shares in the last one year for consideration other than cash**

Our Company has not issued any Equity Shares in the one year immediately preceding the date of this Red Herring Prospectus, for consideration other than cash.

**Any split / consolidation of Equity Shares in the last one year**

Our Company has not split or consolidated the face value of the Equity Shares in the one year immediately preceding the date of this Red Herring Prospectus.

**Exemption from complying with any provisions of securities laws, if any, granted by Securities and Exchange Board of India**

Our Company has not applied for or received any exemption from complying with any provisions of securities laws from Securities and Exchange Board of India.

## CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references to "India" contained in this Red Herring Prospectus are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable. All references to the "U.S.", "USA" or the "United States" are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Red Herring Prospectus is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Red Herring Prospectus are to a calendar year.

Unless stated otherwise, all references to page numbers in this Red Herring Prospectus are to the page numbers of this Red Herring Prospectus.

### Financial Data

Our Company's Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal Year, unless stated otherwise, are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Unless the context requires otherwise, the financial information in this Red Herring Prospectus is derived from our Restated Consolidated Summary Statements of the Company comprising the Restated Consolidated Summary Statements of Assets and Liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Consolidated Summary Statements of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Summary Statements of Cash Flows and the Restated Statement of Changes in Equity for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, together with the Summary of Material Accounting Policies and explanatory information thereon, derived from the audited financial statements as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with Ind AS and each restated in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time. The financial statements of our Company as at and for the years ended March 31, 2024, 2023 and 2022 were audited by our Statutory Auditors, S.R. Batliboi & Associates LLP, Chartered Accountants.

For further information, see "*Restated Consolidated Summary Statements*" beginning on page 354.

Ind AS, U.S. GAAP and IFRS differ in certain significant respects from other accounting principles and standards with which investors may be more familiar. We have not made any attempt to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of IFRS or any other accounting principles or standards. If we were to prepare our financial statements in accordance with such other accounting principles, our results of operations, financial condition and cash flows may be substantially different. For details in connection with risks involving differences between Ind AS, U.S. GAAP and IFRS, see "*Risk Factors—Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition"*beginning on page 92. Prospective investors should consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar, and the impact on our financial data. The degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

All figures, including financial information, in decimals (including percentages) have been rounded off to two decimals. However, where any figures may have been sourced from third-party industry sources, such figures may be rounded-off to such number of decimal points as provided in such respective sources. In this Red Herring Prospectus, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Unless stated or the context requires otherwise, any percentage amounts, as disclosed in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 38, 264, and 448, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of the Restated Consolidated Summary Statements.

**Non-GAAP measures**

We use a variety of non-GAAP financial and operational performance indicators to measure and analyze our financial and operational performance and financial condition from period to period, and to manage our business. Such non-GAAP measures include, but are not limited to EBITDA, Earning Assets, Adjusted interest income, Adjusted net interest income, Adjusted net interest margin, Adjusted finance cost, Operating expenses, Net Interest Income, Net Interest Margin, Average Cost of Borrowing, Operating expenses to average total assets, Net Worth, Provision Coverage Ratio – Stage 3 assets, Net Asset Value per Equity Share, Return on Net Worth ("**Non-GAAP Measures**"). These Non-GAAP Measures are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards.

Also see "*Risk Factors–We have in this Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance that may vary from any standard methodology that is applicable across the financial services industry*" beginning on page 86.

**Currency and Units of Presentation**

All references to "₹" or "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India.

All references to "US$" or "USD" are to United States Dollars, the official currency of the United States of America.

Certain numerical information has been presented in this Red Herring Prospectus in "million" units. 1,000,000 represents one million and 1,000,000,000 represents one billion. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions, such figures appear in this Red Herring Prospectus expressed in such denominations as provided in their respective sources.

**Exchange Rates**

This Red Herring Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The table below sets forth, for the dates indicated, information with respect to the exchange rate between the Rupee and the respective foreign currencies.

| Currency | Exchange Rate as on:* (*in ₹*) | | |
|---|---|---|---|
| | **March 31, 2024** | **March 31, 2023** | **March 31, 2022** |
| 1 USD | 83.37 | 82.22 | 75.81 |

*Source: RBI reference rate and www.fbil.org.in*
*Note: Exchange rate is rounded off to two decimal places*
** In case March 31 or any date of any of the respective years is a public holiday, the previous working day, not being a public holiday, has been considered.*

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources such as a report dated June, 2024 and titled "*Analysis of NBFC sector and select asset classes*" that has been prepared by CRISIL MI&A, which report has been commissioned and paid for by our Company for the purposes of confirming our understanding of the industry in connection with the Offer (the "**CRISIL Report**"). CRISIL MI&A is an independent agency and is not a related party of our Company, our Subsidiaries, Directors, Key Managerial Personnel, Senior Management or the Book Running Lead Managers. References to segments in "*Industry Overview*" beginning on page 194 and information derived from the CRISIL Report are in accordance with the presentation, analysis and categorisation in the CRISIL Report. The segment reporting in the Restated Consolidated Summary Statements is based on the criteria set out in Ind AS 108 (Operating Segments) and accordingly, our Company does not prepare its financial statements based on the segments outlined in the "*Industry Overview*" beginning on page 194.

Additionally, certain industry related information in "*Industry Overview*", "*Our Business*", "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" on pages 194, 264, 38 and 448, respectively, has been derived from the CRISIL Report. The CRISIL Report is subject to the following disclaimer:

"*CRISIL Market Intelligence and Analytics (MI&A), a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Northern Arc Capital Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of, and does not have access to information obtained by CRISIL Ratings Limited which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval*."

The CRISIL Report is available on the website of our Company at www.northernarc.com/assets/uploads/pdf/crisil-investor-report.pdf.

These industry sources and publications are prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect. The extent to which the industry and market data presented in this Red Herring Prospectus is meaningful depends upon the reader's familiarity with, and understanding of, the methodologies used in compiling such information. There are no standard data gathering methodologies in the industry in which our Company conducts business. Methodologies and assumptions may vary widely among different market and industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 38. Accordingly, no investment decision should be made solely on the basis of such information.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" beginning on page 166 includes information relating to our peer group companies, which has been derived from publicly available sources.

**Notice to Investors**

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved.

The Equity Shares in the Offer have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside of the United States to investors in offshore transactions as defined in and in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "are likely", "believe", "continue", "expect", "estimate", "intend", "objective", "plan", "goal", "project", "propose", "seek to", "shall", "likely", "will", "will continue" or other words or phrases of similar import. Similarly, statements that describe our Company's expected financial condition, results of operations, business, prospects, strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exhaustive means of identifying forward looking statements. All forward-looking statements are based on our Company's current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, changes in competition in our industry, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- Operating a diversified business model that exposes us to various risks and an inability to manage such risks may have an adverse effect.
- Default in their repayment obligations by borrowers may lead to increased levels of non-performing assets ("NPA"), related provisions and write-offs.
- A significant portion of our investments are in credit facilities and debt instruments that are unsecured, and/or subordinated to other creditors.
- No identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act, 2013.
- Adverse developments in our focussed sectors, namely, micro, small and medium enterprises financing, microfinance, consumer finance, vehicle finance, affordable housing finance and agricultural finance.
- Inability in the future to comply with or any delay in compliance with the strict regulatory requirements with respect to our listed non-convertible debentures.
- An inability to comply with repayment and other covenants in our financing agreements.
- Operating in a highly competitive industry and our inability to compete effectively.
- Disruption in our funding sources.
- Large-scale defaults by high credit-risk borrowers in the under-served households and businesses of India.
- Any material impact on our asset quality on account of correlated risk events occurring as a result of high concentration of exposures on a single or a few borrowers, sectors, states or regions.
- We may not be successful in implementing our growth strategies or entering new markets.
- Deficiency or interruption in the services of certain third parties we utilize for our support functions.
- Any failure, disruption, downtime, inadequacy or security breach of our technology products and systems used for our business and operations.
- Non-compliance with the regulations / guidelines issued by the RBI and consequent sanctions / penalties.

Certain information in "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on pages 194, 264 and 448, respectively, of this Red Herring Prospectus have been obtained from the CRISIL Report, which has been commissioned and paid for by our Company.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 38, 264 and 448, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses in the future could materially differ from those that have been estimated and are not a guarantee of future performance.

We cannot assure investors that the expectation reflected in these forward-looking statements will prove to be correct. Given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. None of our Company, our Directors, our KMPs, Senior Management, the Selling Shareholders, the Syndicate or any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Company will ensure that investors are informed of material developments from the date of this Red Herring Prospectus until the date of Allotment. In accordance with regulatory requirements including requirements of SEBI and as prescribed under applicable law, each of the Selling Shareholders will, severally and not jointly, ensure that investors are informed of material developments in relation to the statements and undertakings specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its respective portion of the Offered Shares from the date of this Red Herring Prospectus until the date of Allotment pursuant to the Offer.

## SECTION II: RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below as well as other information as may be disclosed in this Red Herring Prospectus before making an investment in our Equity Shares. The risks described in this section are those that we consider to be the most significant to our business, results of operations, cash flows and financial condition as of the date of this Red Herring Prospectus. The risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future and may also impair our business. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, prospects, results of operations, financial condition and cash flows, could suffer, the trading price and the value of your investment in our Equity Shares could decline and you may lose all or part of your investment. In order to obtain an understanding of our Company and our business, prospective investors should read this section in conjunction with "Industry Overview", "Our Business", "Key Regulations and Policies", "Selected Statistical Information", "Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Outstanding Litigation and Material Developments" on pages 194, 264, 297, 495, 354, 448 and 516, respectively, as well as the other financial and statistical information contained in this Red Herring Prospectus.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks mentioned below. Any potential investor in our Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India, which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must consult their tax, financial and legal advisors about the particular consequences of investing in the Offer and rely on their own examinations of us and the terms of the Offer, including the merits and the risks involved. This Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. For further details, see "Forward-Looking Statements" beginning on page 36.*

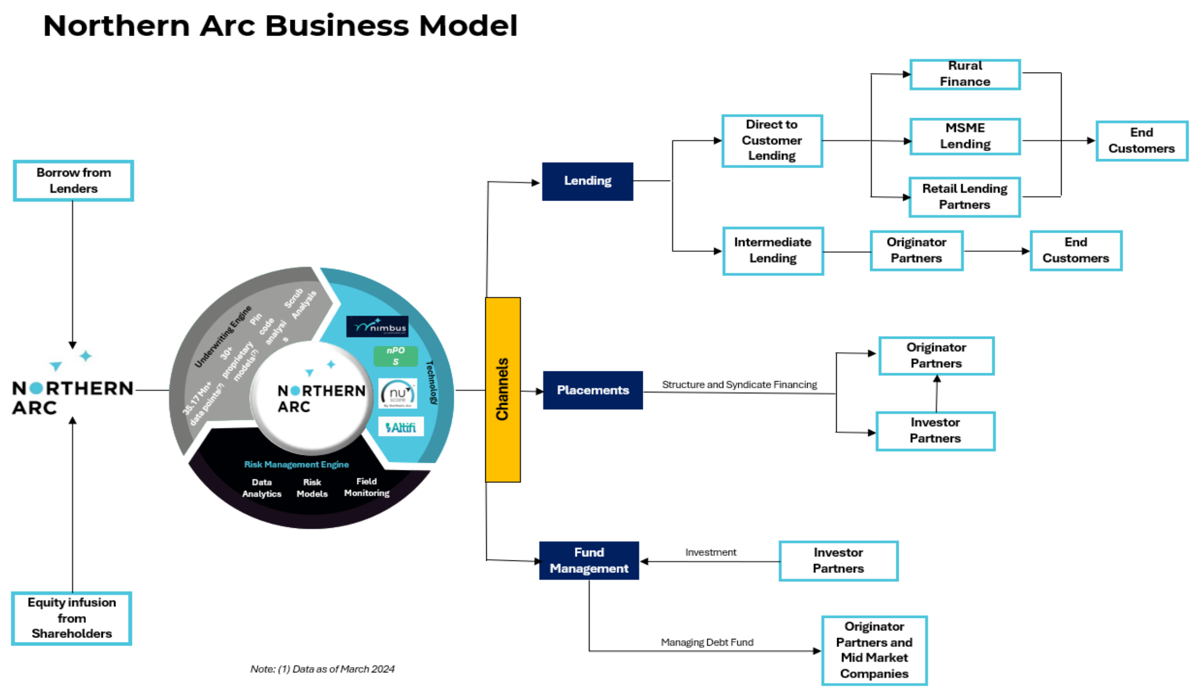
*Unless otherwise indicated or the context requires otherwise, the financial information included herein is derived from our Restated Consolidated Summary Statements for Fiscals 2024, 2023 and 2022, included in this Red Herring Prospectus. For further information, see "Financial Information" beginning on page 354. In addition, certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Red Herring Prospectus. Such non-GAAP financial measures should be read together with the nearest GAAP measure. See "Certain Conventions, Presentation of Financial, Industry and Market Data – Non-GAAP measures" on page 33. Our fiscal year ends on March 31 of each year, and references to a particular Fiscal are to the twelve months ended March 31 of that year. Unless the context otherwise requires, in this section, references to "we", "us", "our" or "the Group" refers to our Company, our subsidiaries and our associates, on a consolidated basis, as applicable, and references to "the Company" or "our Company" are to Northern Arc Capital Limited on a standalone basis.*

*Unless otherwise indicated, industry and market data used in this section have been derived from the report titled "Analysis of NBFC sector and select asset classes" dated June 2024 (the "**CRISIL Report**") prepared and released by CRISIL Research, exclusively commissioned and paid for by us in connection with the Offer, pursuant to a technical proposal dated October 6, 2023 (read with the addendum dated June 17, 2024). A copy of the CRISIL Report is available on the website of our Company at www.northernarc.com/assets/uploads/pdf/crisil-investor-report.pdf and has also been included in "Material Contracts and Documents for Inspection –Material Documents" on page 579. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "- Internal Risk Factors –Certain sections of this Red Herring Prospectus disclose information from the CRISIL Report which has been prepared exclusively for the Offer and commissioned and paid for by us in connection with the Offer, and any reliance on such information for making an investment decision in the Offer is subject to inherent risks." on page 88.*

## INTERNAL RISK FACTORS

***1. We operate a diversified business model that exposes us to various risks and an inability to manage such risks may have an adverse effect on our business, results of operations, cash flows and financial condition.***

Our business model is diversified across multiple offerings, sectors, products, geographies and borrower segments. We enable credit using three different channels (namely, Lending, Placements and Fund Management) across six focused sectors through various financial products. Through our business model and operations, we engage with (i) a network of financial institution partners (such as NBFCs, NBFC-MFIs and housing finance companies or other corporates), technology platforms (such as Fintechs), and other entities that act as business correspondents to originate financial exposure ("**Originator Partners**"); (ii) select Originator Partners who enable us to lend directly to borrowers ("**Retail Lending Partners**") and from whom we avail services such as loan origination, KYC verification and validation, loan servicing, data collection, primary borrower interface, collection and recoveries, customer service and grievance redressal; (iii) network of investors across different investor classes who use us as a platform to access opportunities to invest in under-served sectors in India ("**Investor Partners**"); (iv) network of borrowers from under-served households and businesses to whom we extend loans directly ("**Direct to Customer Borrowers**"); and (v) various other customers. Set out below is an illustrative representation of our business model:




Set out below are certain operational and financial parameters in relation to the diversification and size of our business model, as of and for the Fiscals indicated:

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Cumulative number of Originator Partners onboarded [(1)] | 328 | 298 | 278 |
| Cumulative number of Investor Partners[(2)] | 1,158 | 871 | 700 |
| Number of Retail Lending Partners[(3)] | 50 | 46 | 38 |
| Direct to Customer Borrowers[(4)] | 1,608,871 | 816,397 | 465,975 |
| Total number of end-borrowers[(5)] | 1,609,046 | 816,559 | 466,148 |
| Number of districts in India[(6)] | 671 | 676 | 636 |
| Gross Transaction Volumes ("**GTV**")[(7)] (₹ million) | 293,236.80 | 273,851.59 | 198,964.29 |
| Total income (₹ million) | 19,060.33 | 13,112.00 | 9,165.45 |
| Restated profit for the year (₹ million) | 3,176.93 | 2,422.14 | 1,819.38 |

*Notes:*

*(1) Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of the relevant Fiscal.*

*(2) Represents the cumulative number of investors with whom we have enabled credit through our Placements business for our Originator Partners and/ or have invested across our funds as of the relevant Fiscal.*

*(3) Represents the cumulative number of retail lending partners onboarded as of the relevant Fiscal.*

*(4) Number of Direct to Customer Borrowers to whom we had financed through our Lending channel and had outstanding exposure as of the relevant Fiscal.*

*(5) Represents our Direct to Customer Borrowers and the borrowers of our Originator Partners who had outstanding exposure as of the relevant Fiscal.*

*(6) Represents the districts in India where we had outstanding exposure in terms of assets under management ("**AUM**") as of the relevant Fiscal.*

*(7) GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*

For further details in relation to our business model, please see the section "*Our Business*" beginning on page 264. Also, see "- *Our business operates through various channels, which inherently carry certain risks that could adversely affect our business, results of operations, cash flows and financial condition*" on page 52**.** The diversification, size and complexity of business and operations subjects us to various risks relating to, amongst others, credit, liquidity, market (including interest rate, foreign currency, price), operational, technology, regulatory and compliance, reputational and strategic, some of which our outside our control. Potential investors should carefully consider these risks and refer to the risk factors described under "- *Internal Risk Factors*" beginning from page 39 for more details on the specific risks associated with our business model. While we continuously evaluate and adapt our risk management practices and strategies to mitigate these risks, there can be no assurance that such measures will be completely effective in preventing adverse effects on our business. Any inability to manage these risks could have an adverse effect on our reputation, business, results of operations, cash flows and financial condition.

In addition, our diversified business model might involve conflicts of interest. In the ordinary course of our business, we may encounter a conflict between our interest and the interest of our customers, as well as a conflict involving the interests of two customers. For instance, our Company acts on behalf of our borrower categories including Originator Partners, while our subsidiary, NAIM, acts on behalf of Investor Partners investing in the funds managed by it, including in certain instances as a co-investment portfolio manager in respect of certain funds. Further, our Company engages with similar Originator Partners and Investor Partners as our subsidiary, NAIM, in different capacities. Moreover, certain members of the investment committee of NAIM are employees of our Company. While such conflicts have existed in the past and continue to presently exist, none of such instances have led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024. However, there can be no assurance that such conflicts will cease to exist in the future and any such present or future conflicts could have an adverse effect on our business, financial condition, cash flows and results of operations. Moreover, to address such conflicts of interest, our Company has adopted an information arbitrage and conflicts of interest policy and NAIM has adopted a separate conflict of interest policy, however, such policies and any other measures we take to address any such conflict of interest may be unsuccessful.

***2. If our borrowers default in their repayment obligations it may lead to increased levels of non-performing assets ("NPA"), related provisions and write-offs, our business, results of operations, cash flows and financial condition may be adversely affected.***

Through our Lending channel, we either extend loans to our Direct to Customer Borrowers or extend loans to and invest in the debt of our Originator Partners for retail on-lending by them. As a result, we are vulnerable to default risks from these borrowers as well as, along with our Originator Partners, to the borrowers our Originator Partners on-lend the financing availed from us. Default risks include delay in repayment of principal or interest on our loans. Any increase in such defaults may result in an increase in our Stage 3 assets and write-offs since borrowers may default on their obligations to us for a variety of factors, including as a result of their loss of employment, intentional and wilful defaults, competition within their respective sectors, lack of liquidity, time and cost overrun, operational failure, breach of contract, government or other regulatory intervention, bankruptcy, and other reasons such as their inability to adapt to changes in the macro business environment. In addition, our Originator Partners are financial institutions, and they may default due to, amongst others, liquidity, bankruptcy, insolvency, asset quality or capitalization issues.

We may also face an increased risk of default on account of, amongst others, dilution of our underwriting and risk management practices and adverse selection of borrower categories, products, geographies and sectors.

Set out below is our assets under management ("**AUM**"), gross carrying amount of loans and investments - Stage 3, write-offs in respect of loans and investments, total impaired exposures as a percentage of total AUM, non-financial liabilities - provisions and provision coverage ratio - Stage 3 as of and for the Fiscals indicated:

| **Particulars** | **As of for the financial year ended March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **(₹ million, unless otherwise indicated)** | | |
| AUM[1] (A) | 117,100.19 | 90,086.93 | 71,083.17 |
| Gross Carrying Amount - Loans - Stage 3 (B) | 500.33 | 670.25 | 325.26 |
| Gross Carrying Amount - Investments - Stage 3 (C) | - | - | 24.90 |
| Write off on financial instruments – loans (D) | 3,228.79 | 8.56 | 337.80 |
| Write off on financial instruments – investments (E) | - | - | 750.00 |
| Write off on financial instruments –recovery (F) | (2,254.44) | (26.67) | (18.94) |
| Total impaired exposures as a percentage of AUM [G= (B + C + D +E+F) / (A)] (%) | 1.25% | 0.72% | 2.00% |
| Non-financial liabilities - Provisions | 320.66 | 333.54 | 224.57 |
| Provision coverage ratio - Stage 3 assets (%) [2] | 82.67% | 47.84% | 57.32% |

*Note:*

1. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*
2. *Provision coverage ratio - Stage 3 assets represents aggregate of impairment loss allowance – loans - Stage 3 and impairment loss allowance – investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal.*

Set out below are certain details of the gross carrying amount of loans and investments - Stage 3 and provision for gross carrying amount of loans and investments - Stage 3 in Intermediate Retail Lending and Direct to Customer Lending as of and for the Fiscals indicated:

| **Particulars** | **As of for the financial year ended March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **(₹ million)** | | |
| **Intermediate Retail** | | | |
| Gross Carrying Amount - Stage 3 | 23.71 | 85.74 | 224.94 |
| Provision for Gross Carrying Amount - Stage 3 | 22.77 | 72.75 | 150.12 |
| **Direct to Customer** | | | |
| - Rural Financing | | | |
| Gross Carrying Amount - Stage 3 | 1.08 | 0.53 | - |
| Provision for Gross Carrying Amount - Stage 3 | 0.71 | 0.34 | - |
| - Partnership Based Lending | | | |
| Gross Carrying Amount - Stage 3 | 158.88 | 337.55 | 125.22 |
| Provision for Gross Carrying Amount - Stage 3 | 93.88 | 85.54 | 50.60 |
| - MSME Lending | | | |
| Gross Carrying Amount - Stage 3 | 316.65 | 246.43 | - |
| Provision for Gross Carrying Amount - Stage 3 | 296.25 | 162.00 | - |

Historically, borrowers or borrower groups have been adversely affected by economic conditions in varying degrees. Such adverse impact may limit our ability to recover the dues from the borrowers and predictability of cash flows. Moreover, credit losses due to financial difficulties of these borrowers or borrower groups in the future could adversely affect our business, financial condition, results of operations and cash flows. We have faced certain instances of defaults from our borrowers in the past. For further details, see "- *We have and may continue to face instances of defaults from our borrowers, including Originator Partners and Direct to Customer Borrowers. An inability of our borrowers to meet their repayment obligations or any increase in defaults or any large-scale defaults from our borrowers could adversely affect our business, results of operations, cash flows and financial condition.*" on page 53 and for details of the ongoing proceedings in relation to these defaults, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516.

If our borrowers fail to repay loans in a timely manner, our business, prospects, cash flows, financial condition and results of operations will be adversely impacted.

***3. We do not have any identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act, 2013.***

Our Company does not have any identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act 2013. Accordingly, the success of our business operations is dependent on our senior management team and key management personnel as well as our ability to attract, train and retain such employees. Further, in terms of Regulation 14(1) of the SEBI ICDR Regulations, there is no requirement of minimum promoter's contribution in the Offer and as a result, none of the Equity Shares will be locked in for a period of 18 months pursuant to the Offer.

As prescribed under Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of six months from the date of Allotment of Equity Shares in the Offer including any unsubscribed portion of the Offer for Sale, other than: (i) the Equity Shares transferred pursuant to the Offer for Sale; (ii) any Equity Shares allotted to employees, whether currently an employee or not, pursuant to the ESOP Plan 2016 prior to the Offer; and (iii) the Equity Shares that are held by any VCFs, AIFs (category I or category II) or FVCIs subject to the conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares will be locked-in for a period of at least six months from the date of purchase by such VCF, AIF (category I or category II) or FVCI. For details see, "*Capital Structure*" beginning on page 118.

***4. Our Statutory Auditors have included modifications in their report on our audited consolidated financial statements for Fiscals 2024 and 2023 under 'Report on Other Legal and Regulatory Requirements', and certain other remarks/ comments in the annexure to report prescribed under the Companies (Auditor's Report) Order, 2020 for Fiscals 2024 and 2023.***

Our Statutory Auditor's 'Report on Other Legal and Regulatory Requirements' included in their report on the audited consolidated financial statements of the Group as at and for the year ended March 31, 2024 and 2023, included modifications relating to the maintenance of book of accounts, including feature of recording audit trail (edit log) facility, and other matters. In addition, our Statutory Auditors reports on the audited consolidated financial statements of the Company as at and for the year ended March 31, 2024 and 2023 also include an annexure which include a statement on certain matters specified in the Companies (Auditor's Report) Order, 2020 that includes other remarks/ comments by the auditors in the Companies (Auditor's Report) Order, 2020 on the standalone financial statements, which do not require any corrective adjustments in the Restated Consolidated Summary Statements. These matters include non-completion of physical verification of property, plant and equipment as per the planned programme, slight delays in a few cases of depositing undisputed statutory dues, including goods and service tax, provident fund, employees' state insurance, income tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditors' Observation*" on page 491.

We cannot assure you that our statutory auditors' reports for any future financial period will not contain similar matters or other emphasis of matter, modifications, adverse remarks, observations or other matters prescribed under the Companies (Auditor's Report) Order, 2020, and that such matters will not otherwise affect our results of operations and cash flows.

***5. A significant portion of our investments are in credit facilities and debt instruments that are unsecured, and/or subordinated to other creditors. An inability to recover such investments may result in increased levels of NPAs, which could adversely affect our business, prospects, results of operations, cash flows and financial condition.***

As part of our business operations, we have taken exposure in the form of credit facilities and debt instruments that are unsecured and/or subordinated to other creditors or other investors in the instrument in terms of coupon payment, principal repayment or both. Such exposures include loans, debentures, and investments in subordinated tranches of structured products such as rated securitization. As the risk profile of unsecured and subordinated exposures are usually higher than secured exposures, these are subject to a higher degree of diligence and stricter credit filters as compared to other exposures. Unsecured and subordinated exposures are governed by product-specific criteria on selection of borrowers, exposure ceilings and commensurate with the risk associated with these products. For instance, following a payment default on our investment in a subordinated non-convertible debenture, our Company had filed a claim as an unsecured creditor of an equipment finance institution, one of our Originator Partners, under the provisions of the IBC. However, in accordance with the terms of the resolution plan that was approved by the NCLT, the unsecured creditors, including our Company, were not able to recover any outstanding dues. This default resulted in a write off. The total write off on financial instruments – investments was ₹750.00 million in Fiscal 2022. We will continue to take such exposures in the future in the ordinary course of our business.

As the risk profile of each of these products vary, we calculate and monitor our exposure to each such product. Set out below is details of our unsecured exposures and exposure to subordinated debt -unsecured in terms of AUM as of the dates indicated:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Loans (₹ million) | 92,095.89 | 68,886.06 | 52,087.56 |
| Investments (₹ million) | 17,807.05 | 17,627.34 | 17,657.51 |
| Unsecured exposures[(1)] (₹ million) | 49,827.80 | 35,791.45 | 23,539.36 |
| Unsecured exposures as a percentage of Total AUM[(2)] (%) | 42.55% | 39.73% | 33.12% |
| Exposure to subordinated debt – unsecured[(3)] (₹ million) | 1,551.17 | 3,381.51 | 4,708.22 |
| Exposure to subordinated debt – unsecured, as a percentage of our total AUM (%) | 1.32% | 3.75% | 6.62% |

*Note:*

1. *Unsecured exposures represents loans or investments which are not backed by any underlying collateral.*
2. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*
3. *Exposure to subordinated debt – unsecured represents loans or investments which ranks below other loans or securities with regard to claims on assets or earnings.*

Failure to recover our investments, in whole or in part, may result in increased levels of NPAs and our business, prospects, financial condition, cash flows and results of operations being adversely affected impacted.

***6. Our inability in the future to comply with or any delay in compliance with the strict regulatory requirements with respect to our listed non-convertible debentures may have an adverse effect on our business, results of operations, cash flows and financial condition. Additionally, the trading in our NCDs may be limited or sporadic, which may affect our ability to raise debt financing in future.***

Our NCDs are listed on the debt segment of the BSE. For details, see "*Capital Structure – Non–Convertible Debentures*" on page 158. We are therefore required to comply with various applicable rules and regulations with respect to listed debentures, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the SEBI Listing Regulations. Under the SEBI Listing Regulations we are required to publish our quarterly financial results for every quarter within 45 days from the end of the relevant quarter. As on the date of this Red Herring Prospectus, we have not published our quarterly financial results for the quarter ended June 30, 2024 and expect to be able to publish our quarterly financial results only after the completion of this Offer. Non-compliance with requirements SEBI Listing Regulations may subject us to certain actions by the Stock Exchanges, including the imposition of fines. In the past, there were certain instances of non-disclosure of issuance of NCDs to certain investors to BSE and inadvertent delays by us in making certain disclosures and regulatory filings to BSE under the SEBI Listing Regulations with respect to our non-convertible debentures listed on BSE. For instance, in Fiscal 2020, the half yearly financial results were not filed within the statutory timeline, the intimation of record date for two of the scrips were not filed within the timeline prescribed. For details, see "*-There have been certain instances of delay or other non-compliance with legal or regulatory requirements, including with respect to form filings and intimations under the Companies Act, and with the SEBI, RBI and the BSE and there have been irregularities in a certain regulatory filing made with the RoC under applicable law"* on page 53. We also received an administrative warning from the SEBI in 2017 on account of our engagement of Sharepro Services (I) Private Limited ("**Sharepro**") as the registrar and share transfer agent ("**RTA**") in respect of our securities, and our Company's failure to shift operations from Sharepro in accordance with the SEBI order dated March 22, 2016 which advised all clients of Sharepro to carry out or switch over activities of an RTA either in-house or through another agent. Our Company terminated the services of Sharepo and appointed a new RTA with effect from October 2016. In the event of non-compliance with rules and regulations by us in the future, we may be subject to certain penal actions, *inter alia*, including restrictions on further issuance of securities and freezing of transfer of securities, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

Further, trading in our NCDs has been limited and we cannot assure you that the NCDs will be frequently traded on the BSE or the NSE or that there would be any market for the NCDs. Such limited trading may affect our ability to raise debt finance in the future. Further, we cannot predict if and to what extent a secondary market may develop for the NCDs or at what price the NCDs will trade in the secondary market or whether such market will be liquid or illiquid.

7. ***We are subject to certain conditions and restrictions in terms of our financing arrangements and we have not been in compliance with certain of these covenants in the past. An inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and results of operations.***

We are subject to certain conditions and restrictions in terms of our financing arrangements, which restrict our ability to conduct our business and operations in the manner we desire. Our financing agreements contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters including altering our capital structure and change in shareholding of our Company, change in ownership or control of our Company, change in our constitutional documents, entering into any scheme of amalgamation or reconstruction, change in the management set up of our Company, including key managerial personnel, carrying out any change in the general nature of business, and making any pre-payment of principal amounts due under the facilities. As on date of this Red Herring Prospectus, we have obtained necessary consents from, and made necessary intimations to, our lenders as required under our loan documentation, for undertaking the Offer and related actions. Further, certain lenders, have granted consent in relation to the Offer which is subject to certain conditions including, continuation of the lender's rights in its capacity as lender to our Company, consent being valid for a particular period and approval of the Offer by the Board. Further, our borrowings are typically secured by a first and exclusive charge by way of hypothecation on book debts both present and future, including loan receivables. For details, see "*Financial Indebtedness*" on page 445. Additionally, we are required to, among others, to maintain the prescribed financial metrics such as gross NPA and net NPA. Set out below is our total borrowing, gross and net Stage 3 loans and investments as of the dates indicated below:

| | As of March 31, | | |
|---|---|---|---|
| **Particulars** | **2024** | **2023** | **2022** |
| Total Borrowings (₹ million)[1] | 90,477.56 | 70,345.66 | 59,829.58 |
| Gross Carrying Amount - Loans - Stage 3 (₹ million) | 500.33 | 670.25 | 325.26 |
| Gross Carrying Amount - Investments - Stage 3 (₹ million) | - | - | 24.90 |
| Gross Stage 3 – Loans and Investments (%)[2] | 0.45% | 0.77% | 0.50% |
| Net carrying amount - Loans - Stage 3 [3] (₹ million) | 86.73 | 349.62 | 124.54 |
| Net carrying amount Investments - Stage 3 [4] (₹ million) | - | - | 24.90 |
| Net Stage 3 (%) [5] | 0.08% | 0.40% | 0.21% |

*Note:*

1. *Total Borrowings represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) as of the last day of the relevant Fiscal. For details of reconciliation, see "Selected Statistical Information - Reconciliation of non-GAAP Measures" on page 510.*
2. *Gross Stage 3 – Loans and Investments (%) represents aggregate of gross carrying amount–- loans–- Stage 3 and gross carrying amount–- investments–- Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount–- loans–- total and gross carrying amount–- investments–- total as of the last day of the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
3. *Net carrying amount - Loans - Stage 3 represents gross carrying amount - loans - Stage 3 less the impairment loss allowance – loans - Stage 3 as of the last day of the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
4. *Net carrying amount - Investments - Stage 3 represents gross carrying amount - investments - Stage 3 less the impairment loss allowance – investments - Stage 3 as of the last day of the relevant Fiscal.*
5. *Net Stage 3 (%) represents aggregate of net carrying amount - loans - Stage 3 and net carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount – investments – total as of the last day of the relevant Fiscal.*

Also see, "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Financial Condition and Results of Operations - Credit quality and provisioning*" on page 451.

We have, in the past, been in compliance or obtained waivers for breaches or non-compliances with certain covenants under certain of our financing agreements with lenders. For instance, in Fiscal 2024, we breached a financial covenant required to be maintained in relation to a certain guarantees provided, in connection with which we took the required corrective steps and have obtained a waiver of the breach.

As of the date of this Red Herring Prospectus, none of our lenders have issued any notice of default or required us to repay any part of our borrowings on account of such non-compliances. While we have obtained waivers for breaches or non-compliances with loan covenants in the past from certain lenders, there can be no assurance that our lenders will not, in the future, seek to enforce their rights in respect of any past, present or future breaches or that we will be able to obtain any waivers from any or all lenders. Further, such non-receipt of consent and/ or non-compliances with loan covenants by us would constitute an event of default under the relevant financing agreements which could further trigger cross-defaults under other loan agreements, and would entitle the respective lenders to declare a default against us and enforce remedies under the terms of the financing documents, that include, among others, acceleration in repayment of the amounts outstanding under the financing documents, the right to convert the loan into equity, enforcement of any security interest created under the financing documents, and taking possession of the assets given as security in respect of the financing documents. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay our debts when they fall due.

There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that may be required to operate and grow our business. In the event we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings, which if enforced may adversely affect our business, financial condition, cash flows and results of operations.

***8. We operate in a highly competitive industry and our inability to compete effectively may adversely affect our business, reputation, results of operations, cash flows and financial condition.***

We operate in a highly competitive industry and each of our businesses competes against distinct sets of market players. Our lending offerings, especially to larger, better rated borrowers, face competition from various types of lenders including private and public sector banks, certain NBFCs, development financial institutions, debt funds (including venture debt funds). Further, due to our increased Direct to Customer lending activities, our competition from certain other banks, NBFCs, MFIs, informal money lenders and commercial banks, operating in the same space has significantly increased. Further, Pragati, our dedicated rural finance partner subsidiary which acts as our business correspondent for our direct rural financing business, faces competition from banks (including small finance banks), MFIs as well as local, unorganised money lenders. A variety of players operate in the Placements channel space and provide competition to our business. At a national level, this includes the syndication desks of various private sector banks and merchant bankers, certain NBFCs that act as arrangers and structurers, and certain other entities that operate as arrangers. At a local level, various chartered accountants and unorganised players provide a sub-set of the services that we offer. Our Fund Management channel faces competition from private debt funds and venture debt funds, as also the credit risk schemes of various mutual funds. Our portfolio management services face competition from other well-established portfolio managers. In addition, technological advances and lending platforms have increased accessibility to various finance products and services for customers and resulted in an increase in competition. For further information, see "*Industry Overview – Peer Analysis*" on page 217.

Our ability to compete effectively will partly depend on our ability to maintain our margins. Our margins depend on our ability to raise low-cost funding in the future combined with our ability to decrease our operating expenses. Many of our competitors are large institutions, which may have larger customer bases, funding sources, branch networks and capital compared to us. Established banks often have a large footprint with numerous branches and ATMs spread across various regions of India and offer a wider range of products and services with more potential to cross-sell their products. These players also typically invest heavily in technology which enables them to offer a superior customer experience. Such extensive physical presence coupled with advanced technologies and cross selling capabilities can be a substantial competitive advantage as it offers customers widespread, convenient access to banking services and can enhance customer experience and loyalty, making it difficult for competitors with smaller networks to compete on the basis of accessibility. Moreover, certain competitors may be more flexible than we are and better-positioned to take advantage of market opportunities. Furthermore, the spread between the lowest and the highest rate of interest offered by various lenders continues to reduce.

Competition in our industry also depends on, among other things, the evolution of government policies relating to the industry, the entry of new participants, and the extent to which there is a consolidation among banks and financial institutions in India. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline and our business, prospects, financial condition, cash flows, results of operations, and the trading price of our Equity Shares could be adversely affected.

***9. We may face asset-liability mismatches which would expose us to interest rate and liquidity risks that could have a material and adverse effect on our business, results of operations, cash flows and financial condition.***

We face liquidity risk due to the varying periods over which our assets and liabilities mature. Asset-liability mismatches, which represent a situation when the tenure of assets and liabilities do not match, are a key financial parameter. As is typical for NBFCs, part of our funding requirement is met through short-term borrowing sources such as revolving loans and cash credit facilities. However, each of our financial assets has varying average tenure, average yield and average maturity and it may happen that maturity of assets do not match the liabilities. Our Company has adopted an asset-liability management policy which establishes the parameters for monitoring and managing liquidity risks. However, there can be no assurance that we will be able to ensure compliance with such parameters at all times. Consequently, our inability to raise further credit facilities, collect sufficient cash from borrowers as per the scheduled maturity period or renew our existing facilities in a timely and cost-effective manner or at all, may lead to mismatches in our assets and liabilities, which in turn may adversely affect our operations, financial performance and cash flows. Set out below is details of our asset and liability maturity pattern as of the date indicated:

| **As of March 31, 2024** | **Liabilities** | **Assets** | **Cumulative mismatch** |
|---|---|---|---|
| | **(₹ million)** | | |
| Less than 1 month[(1)] | 2,482.93 | 10,623.39 | 8,140.45 |
| Over 1 month up to 2 months | 3,310.38 | 8,703.62 | 13,533.70 |
| Over 2 months up to 3 months | 7,921.51 | 8,555.58 | 14,167.77 |
| Over 3 months up to 6 months | 17,236.37 | 19,368.62 | 16,300.03 |
| Over 6 months up to 1 year | 25,841.52 | 28,282.24 | 18,740.74 |
| Over 1 year up to 3 years | 38,727.51 | 40,926.66 | 20,939.89 |
| Over 3 years up to 5 years | 2,849.72 | 4,421.12 | 22,511.29 |
| Over 5 years | 22,503.53 | 8,943.16 | 8,950.91 |

*Notes:*

1. *Assets maturing in less than one month includes cash and liquid investments.*

Further, mismatches between our assets and liabilities are compounded in case the assets are restructured and we need to give the customers longer tenure loans. Additionally, if competition forces us to provide longer tenure loans to the customers, this may also result in mismatches, which could in turn have a material adverse effect on our business, financial condition, cash flows and results of operations. While we have not faced any instances of asset-liability mismatches that led to a material adverse effect on our business or operations in Fiscals 2022, 2023 and 2024, there can be no assurance that we will not experience such instances in the future.

***10. Our business requires funds regularly, and any disruption in our funding sources would have a material adverse effect on our business, results of operations, cash flows and financial condition.***

Our business and results of operations depend on our ability to raise both, debt and equity from various external funding sources, which refers to the various means of obtaining capital to finance our operations, on suitable terms and in a timely manner, along with the costs associated therewith. Our funding requirements have been met through a combination of funding sources such as (i) lenders including banks, offshore financial institutions, NBFCs, development financial institutions ("**DFIs**") and high net-worth individuals ("**HNIs**"); and (ii) instruments such as non-debt instruments, non-convertible debentures, term loans, working capital and revolving credit facilities, external commercial borrowings ("**ECBs**"), commercial papers, sale of investments, and assignment or securitization of a portion of the receivables from our loan portfolio to banks and other financial institutions. For further details on the sources of funding by type of lender and instrument, see "*Selected Statistical Information – Borrowings*" on page 502.

Our ability to borrow funds on acceptable terms and refinance existing debt may be affected by a variety of factors, such as our performance, credit ratings, regulatory restrictions, regulatory environment and government policy initiatives, liquidity in the credit markets, financial health of the lenders from whom we borrow, the amount of eligible collateral, foreign exchange (particularly in relation to ECBs) and accounting changes that may impact calculations of covenants in our financing agreements. Moreover, the capital and lending markets, particularly debt and money markets, are highly volatile and our access to liquidity could be adversely affected by prevailing economic conditions. These factors may result in increased costs of borrowing and difficulty in accessing funds in a cost-effective manner. In addition, our financing arrangements subject us to certain conditions and restrictions, which restrict our ability to conduct our business and operations. For further details, see "- *We are subject to certain conditions and restrictions in terms of our financing arrangements and we have not been in compliance with certain of these covenants in the past. An inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and results of operations.*" on page 44.

The primary source of funds, which refers to the various means of generating capital to repay our borrowings, is from collections from our financial assets and in addition, we may either need to refinance this debt, increase liquidity by assigning or securitizing loans in the ordinary course of business or raise equity capital or generate sufficient revenue to retire the debt. Set out below are certain details of our debt funding profile as of and for the Fiscals indicated:

| **Particulars** | **As of and for the Financial Year ended March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | ***(₹ million, unless otherwise stated)*** | | |
| Borrowings (other than debt securities) (A) | 76,340.31 | 57,702.99 | 45,994.26 |
| Debt securities (B) | 14,137.25 | 12,243.16 | 13,435.97 |
| Subordinated Liabilities (C) | - | 399.51 | 399.35 |
| **Total Borrowings (D=A+B+C)**[1] | **90,477.56** | **70,345.66** | **59,829.58** |
| Average Total Borrowings [2] | 78,475.61 | 62,918.78 | 47,837.66 |
| Average Cost of Borrowing (%)[3] | 9.23% | 8.84% | 8.55% |
| Net worth [4] | 23,143.49 | 19,553.90 | 17,390.42 |
| Equity capital raised [5] | 49.70 | 13.89 | 113.56 |
| Average tenure of borrowings (years)[6] | 3.07 | 3.38 | 3.03 |

*Notes:*

1. *Total Borrowings represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) as of the last day of the relevant Fiscal. For details of reconciliation, see "Selected Statistical Information - Reconciliation of non-GAAP Measures" on page 510.*
2. *Average Total Borrowings represents the average of debt securities, subordinated liabilities and borrowings (other than debt securities) outstanding as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*
3. *Average Cost of Borrowing represents adjusted finance cost (i.e., finance costs less interest on lease liability) divided by Average Total Borrowings during the relevant Fiscal.*
4. *Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. For details of reconciliation, see "Selected Statistical Information - Reconciliation of non-GAAP Measures" on page 510.*
5. *Equity capital raised represents equity shares issued during the Fiscal including securities premium.*
6. *Average tenure of borrowings (years) represents the weighted average door-to-door tenure for all borrowings outstanding as of the last day of the relevant Fiscal.*

Also, see "*Financial Indebtedness*", and "*Our Business – Strengths - Diversified sources of funding for our own deployment and proactive liquidity management*" on pages 445 and 274, respectively. While we have not faced any instances of disruption in our funding sources that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future. If we are unable to obtain adequate financing or financing on terms satisfactory to us, as and when we require it, our ability to grow or support our business and to respond to business challenges would be limited and our business, profitability, prospects, financial condition, cash flows and results of operations would be materially and adversely affected.

***11. Our premises are either leased or on seat-sharing basis. Non-renewal or dispute with lessor or co-tenants may lead to disruption of business and cost associated with shifting of our offices, which may have an adverse impact on our business, results of operations, cash flows and financial condition.***

We have entered into lease or leave and license agreements for all our premises and the Registered Office of our Company is on a seat-sharing basis. For further information, see "*Our Business - Properties*" on page 296. There can be no assurance that we will be able to renew these leasing, licensing or seat-sharing arrangements at commercially favourable terms, or at all. While we have not faced any non-renewal or termination of our leasing, licensing arrangements or seat-sharing agreements or disputes with our landlords or co-tenants that led to an adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such events will not occur in the future. If: (i) we are unable to renew all or any of our leasing, licensing arrangements or seat-sharing agreements; or (ii) there are any disputes with our landlords or co-tenants, it may cause disruptions in our business and we may incur substantial costs associated with shifting of our offices, all of which may adversely affect our operations and financial condition.

Further, some of our lease agreements and leave and license agreements may not have been duly stamped as per applicable law or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, is not admitted as evidence in any Indian court, which could adversely affect our business, results of operations, cash flows and financial condition. While there have been no instances where our Company was unable to enforce its rights under the lease agreements and leave and license agreements in Fiscals 2022, 2023 and 2024, we cannot assure you that our Company will be able to enforce its rights under the relevant agreements in the future.

***12. We have had negative cash flows in the past and may continue to have negative cash flows in the future.***

We have witnessed negative operating cash flows in the past, and it is possible that we may experience negative operating cash flows in the future. The table below sets forth selected information derived from our restated consolidated summary statement of cash flows for the Fiscals indicated below:

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Net cash flow from/ (used in) operating activities (A) | (21,344.45) | (12,956.54) | (13,255.02) |
| Net cash from/ (used in) investing activities (B) | 360.45 | (1,194.71) | (3,855.19) |
| Net cash flow from/ (used in) financing activities (C) | 20,454.61 | 9,279.53 | 20,281.19 |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | (529.39) | (4,871.72) | 3,170.98 |
| Cash and cash equivalents at the beginning of the year | 2,323.40 | 7,151.74 | 3,980.76 |
| Additions on acquisition of specified assets and liabilities | - | 43.38 | - |
| Cash and cash equivalents at the end of the year | 1,794.01 | 2,323.40 | 7,151.74 |

In Fiscals 2022, 2023 and 2024, we had negative cash flows primarily on account of funds utilised in the lending activities of our Company. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows*" on page 486.

Negative cash flows over extended periods, or significant negative cash flows in the short term, may materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition, results of operations, cash flows and prospects may be materially and adversely affected.

***13. The locations in which we operate could experience natural disasters. The occurrence of natural or man-made disasters may adversely affect our business, cash flows, results of operations and financial condition.***

A natural disaster, severe weather conditions or an accident that damages or otherwise adversely affects any of our business operations, or our customers' business operations or livelihood, could have a material adverse effect on our business, financial condition, cash flows and results of operations. Severe flooding, lightning strikes, earthquakes, extreme wind conditions, severe storms, wildfires, and other unfavourable weather conditions (including those from climate change) or natural disasters could damage our offices or other assets, or require us to shut down our or our

Retail Lending Partners field operations, impeding our ability to on-board new customers or collect repayments from our existing customers. For instance, some of the states in which we and our customers operate are prone to natural disasters and have suffered these in recent years including floods in Assam and Bihar and cyclones in Odisha, Tamil Nadu and West Bengal. Further, catastrophic events such as explosions, terrorist acts, riots or other similar occurrences could result in similar consequences or in personal injury, loss of life, environmental danger or severe damage to or destruction of our offices or field activities, or suspension of our business operations or our customers' business operations. Any of these events could have an adverse effect on our business, financial condition, cash flows, results of operations and prospects.

***14. Some of our corporate records, including those relating to allotments of our Equity Shares in the past, are not traceable. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future and that we will not be subject to any penalty imposed by the competent regulatory authority in this regard.***

Certain corporate records of our Company in relation to certain allotments of Equity Shares by our Company, which pertain to the period prior to the acquisition of our Company by IFMR Trust (now, Dvara Trust), are not traceable. In particular, minutes of meetings of our Board approving allotments of Equity Shares since 1989 until 1998 are not available. Such untraceable minutes pertain to the following allotments:

(i) allotment of 20,400 Equity Shares of face value ₹10 each on September 3, 1989;
(ii) allotment of 15,000 Equity Shares of face value ₹10 each on October 27, 1989;
(iii) allotment of 18,582 Equity Shares of face value ₹10 each on January 18, 1990;
(iv) allotment of 9,000 Equity Shares of face value ₹10 each on January 1, 1992;
(v) allotment of 5,000 Equity Shares of face value ₹10 each on July 7, 1992;
(vi) allotment of 4,000 Equity Shares of face value ₹10 each on September 9, 1992;
(vii) allotment of 27,900 Equity Shares of face value ₹10 each on October 25, 1993;
(viii) allotment of 42,800 Equity Shares of face value ₹10 each on March 31, 1995;
(ix) allotment of 24,300 Equity Shares of face value ₹10 each on July 27, 1995;
(x) allotment of 63,000 Equity Shares of face value ₹10 each on March 29, 1996;
(xi) allotment of 42,700 Equity Shares of face value ₹10 each on March 31, 1997; and
(xii) allotment of 47,300 Equity Shares of face value ₹10 each on March 31, 1998.

The Equity Shares for which the above corporate records are non-traceable aggregate to 319,982 Equity Shares of face value ₹10 each which constitute 0.22% of the paid-up Equity Share capital of the Company on a fully diluted basis as of the date of this Red Herring Prospectus. We have conducted an extensive search of our records with the RoC, both physically and on the MCA portal, and have also obtained a certificate dated July 7, 2021 from M. Damodaran and Associates LLP, Practicing Company Secretaries, in this regard. Further, the Board noting in relation to the allotment of Equity Shares pursuant to the subscription to the Memorandum of Association, is not traceable. Further, the RoC and the MCA have also been informed of the non-traceability of corporate records through correspondence dated May 22, 2024.

However, we have not been able to retrieve such documents, and accordingly, have relied on other documents, including forms filed by our Company with the ROC for corroborating the share capital history of our Company. Although no legal proceedings or regulatory actions have been initiated or pending against us in relation to such untraceable secretarial and other corporate records and documents, as on the date of this Red Herring Prospectus, if we are subject to any such liability, it may have a material adverse effect on our reputation, financial condition, cash flows and results of operations. Further, there can be no assurance that there will be no such delays or non-compliances in the future and our Company will not be subject to adverse actions by the authorities.

***15. Non-compliance with the RBI's or any other regulators' observations made during their inspections could expose us to penalties and restrictions as well as cancellation of our license, which could have a material and adverse effect on our business, financial condition, results of operation and cash flows.***

As an NBFC, we are subject to periodic inspections by the RBI under Section 45N of the RBI Act, pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI.

In its inspection report and its risk assessment report for Fiscal 2022, the RBI has made certain observations, to which our Company has responded and has taken the corresponding actions and corrective measures. These observations include certain deficiencies in our internal guidelines on corporate governance, a failure of our senior management to update the charters and terms of reference of committees, non-compliance with the requirement to implement a risk based internal audit by March 31, 2022, violations of certain of the provisions of the Credit Information Companies Act, 2005, certain instances of delays in regulatory reportings, failure to disclose the names of our digital lending partners on our website, and certain deficiencies in adherence to the KYC and AML standards and guidelines. As of the date of this Red Herring Prospectus, we have undertaken the required corrective measures and responded to the RBI's observations.

The RBI, pursuant to a letter dated July 26, 2022 issued certain observations in relation to our digital lending arrangements which include, a failure to disclose the names of the digital lending platforms that were engaged as agents on our website and a failure to adopt a code of conduct that was required to be followed by collection agencies that were engaged by our digital lending partners. We have responded to the RBI addressing their observations and have undertaken the required corrective measures.

As a point of presence, we may be subject to inspections by the Pension Fund Regulatory and Development Authority ("**PFRDA**") under Section 14 of the Pension Fund Regulatory and Development Authority Act, 2013 ("**PFRDA Act**") and the regulations notified thereunder, each as amended, pursuant to which the PFRDA inspects books of accounts, registers and any other documents for the purpose of verifying compliance with the PFRDA Act and regulations notified thereunder. Further, as a corporate agent, we also may be subject to inspections by the IRDAI under Regulation 27 of the IRDAI (Registration of Corporate Agents) Regulations, 2015. In addition, our Subsidiaries, NAIM, NAIA and NAS may also be subject to inspections by SEBI since they are registered with SEBI as a portfolio manager under the SEBI Portfolio Managers Regulations, investment adviser under the SEBI Investment Advisers Regulations and stock broker under the SEBI Stock Brokers Regulations, respectively. In addition, the AIFs managed by NAIM are also registered with SEBI.

As on the date of this Red Herring Prospectus, we have ensured compliance with the RBI, PFRDA, IRDAI, SEBI or any other regulatory authorities' observations, as applicable, by taking the required actions and/ or by responding to such observations, as and when required. However, there can be no assurance that the RBI, PFRDA, IRDAI, SEBI or any other regulatory authority will not make similar or additional observations in the future or that we will be able to respond to all such queries to the satisfaction of such regulatory authorities, which may subject us to monetary sanctions and may also restrict our ability to conduct our business. In the event of or to the extent that any grave deficiencies are found in the future, which we are unable to rectify, any levy of fines or penalties against us, or the suspension or cancellation of our registration with the RBI, the PFRDA, IRDAI, SEBI or any other regulatory authority, our reputation, business, prospects, financial condition, cash flows, results of operations, and the trading price of our Equity Shares would be adversely affected.

***16. Our success depends in large part upon our KMPs, Senior Management and certain other employees and our inability to attract, train and retain such persons could adversely affect our business, results of operations, cash flows and financial condition.***

Our ability to sustain our rate of growth depends upon our ability to manage key issues such as selecting and retaining our management team, KMPs, members of Senior Management and senior investment professionals for our Fund Management channel, developing managerial experience, upskilling our employees, addressing emerging workforce challenges, and ensuring a high standard of customer service. In order to be successful, we must attract, train, motivate and retain experienced investment professionals, industry and management professionals, and highly skilled employees, especially relationship managers and risk management personnel who are instrumental to the success of our business and on whom our business model heavily relies.

Set out below are details of our attrition rates for permanent employees, KMPs and Senior Management for the Fiscals indicated:

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Total number of permanent employees | 2,695 | 1,775 | 323 |
| Attrition rate(1) of permanent employees (%) | 43.28% | 67.82% | 32.10% |
| Total number of Senior Management | 13 | 11 | 11 |
| Attrition rate(1) of Senior Management (%) | 16.00% | 8.70% | - |
| Total number of KMPs | 4 | 4 | 3 |
| Attrition rate(1) of KMPs (%) | 28.57% | - | - |

*Note:*

1. *Attrition rate represents the number of resignations in the relevant category as percentage of average number of employees in the relevant category for the relevant Fiscal. Average number of employees represents the average of employees as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*

Competition for qualified personnel with relevant industry expertise in India is intense. We compete with several other banking and other financial institutions for such personnel and no assurance can be given that we will be successful in hiring or retaining appropriately qualified people. If we cannot hire or retain appropriately qualified people, our ability to expand our business could be impaired and our revenue could decline. For instance, our erstwhile Chief Operating Officer, Bama Balakrishnan, concluded her tenure on March 31, 2024 and is no longer an employee of our Company. Further, recruiting new employees who require training tailored to our business and business operations, as well as providing training to our existing employees on our internal policies, procedures, controls and risk management frameworks, could be costly, in terms of time, money and resources. In addition, we may be required to increase our levels of employee compensation more rapidly than in the past in order to remain competitive in retaining existing employees or attracting new employees that our business requires.

Hiring and retaining qualified and skilled employees is critical to the future of our business and our business model, which depends on our credit-appraisal and our people-led operations. Our inability to attract and retain talented professionals, or the resignation or loss of our KMPs or Senior Management, may have an adverse impact on our business, reputation and future financial performance.

17. ***We depend on certain key lenders for a significant portion of our borrowings (our top five and 10 lender sources accounted for 34.13% and 52.15%, respectively, of our borrowings as of March 31, 2024). Any decrease in the amount of borrowings from any of our key lender sources or any loss of these lender sources may adversely affect our business, financial condition, cash flows and results of operations.***

Our ability to identify and build relationships with reliable lenders contributes to our growth. While we had 49 lender sources, as of March 31, 2024, we derived a significant portion of our borrowings from certain key lender sources. Set out below are details of the concentration of our borrowings from our top 5 and top 10 funding sources by lenders as of the dates indicated:

| Borrowing Sources by lenders* | As of March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | Amount (₹ million) | % of total borrowings (%) | Amount (₹ million) | % of total borrowings (%) | Amount (₹ million) | % of total borrowings (%) |
| Top 5 lender sources | 30,875.53 | 34.13% | 24,476.14 | 34.79% | 19,530.89 | 32.64% |
| Top 10 lender sources | 47,184.52 | 52.15% | 41,341.53 | 58.77% | 32,557.00 | 54.42% |

*Note:*

**The top borrowing sources by lenders indicated above are in terms of total borrowings as of each of the respective Fiscals and may not necessarily be the same borrowing source as of each Fiscal.*

Our dependence on these key lender sources subject us to various risks which may include, but are not limited to, failure to renegotiate favourable terms with our key lenders or the loss of these key lenders entirely (due to factors such as disputes, bankruptcy or liquidation, changes in governmental or regulatory policies, adverse market conditions or the economic environment generally, such as the COVID-19 pandemic). If we were to experience a reduction in the amount of borrowings from any of our key lenders and cannot procure borrowings from other sources, we may be unable to extend credit to our borrowers, which may adversely affect our business and reputation. Further, we cannot assure you that our lenders will continue to be associated with us on reasonable terms, or at all. If any of these factors materialize, it could have a material adverse effect on our business, financial condition, cash flows and results of operations. Also, see "- *Our business requires funds regularly, and any disruption in our funding sources would have a material adverse effect on our business, results of operations, cash flows and financial condition.*" on page 46.

***18. Our business operates through various channels, which inherently carry certain risks that could adversely affect our business, results of operations, cash flows and financial condition.***

We cater to the retail credit market in India through a multi-channel approach that includes: (i) extending financing from our balance sheet ("**Lending**"), to Originator Partners, such as NBFCs, NBFC-MFIs and housing finance companies or other corporates, in the form of loans or investment in their debt to enable on-lending to the retail customer ("**Intermediate Retail Lending**") and directly to under-served households and businesses ("**Direct to Customer Lending**") either in collaboration with our Retail Lending Partners or through our branch network to offer rural finance and MSME lending; (ii) enabling credit for our Originator Partners through various financing products ("**Placements**"); and (iii) managing debt funds and providing portfolio management services ("**Fund Management**"). Set out below are certain operational and financial parameters in relation to our various channels, as of and for the Fiscals indicated:

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Gross Transaction Volume (GTV)** | | | |
| Disbursements(1) (₹ million) | 148,850.81 | 117,882.44 | 89,823.61 |
| Placements volume(2) (₹ million) | 117,559.19 | 130,642.25 | 73,257.47 |
| Fund deployment volume(3) (₹ million) | 26,826.80 | 25,326.90 | 35,883.20 |
| **Total GTV**(4) (₹ million) | **293,236.80** | **273,851.59** | **198,964.29** |
| | | | |
| AUM(5) (₹ million) | 117,100.19 | 90,086.93 | 71,083.17 |
| - Intermediate Retail Lending AUM(6) (₹ million) | 58,767.46 | 56,232.07 | 54,493.41 |
| *As a % of total AUM (%)* | 50.19% | 62.42% | 76.66% |
| - Direct to Customer Lending AUM(7) (₹ million) | 58,332.73 | 33,854.87 | 16,589.76 |
| *As a % of total AUM (%)* | 49.81% | 37.58% | 23.34% |
| | | | |
| Total Fund AUM(8) (₹ million) | 28,581.27 | 27,756.74 | 29,964.03 |

*Notes:*

1. *Disbursements represents the aggregate of amounts disbursed by us for our customers, including Originator Partners and Direct to Customer Borrowers, by way of loans or subscription to debt instruments for the relevant Fiscal.*
2. *Placements volume represents the total financing enabled by us from our Investor Partners through our Placements channel during the relevant Fiscal.*
3. *Fund deployment volume represents financing extended by the alternative investment funds ("**AIFs**") managed by us during the relevant Fiscal.*
4. *GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*
5. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*
6. *Intermediate Retail Lending AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans guaranteed by us to our Originator Partners outstanding as of the last day of the relevant Fiscal.*
7. *Direct to Customer Lending AUM represents aggregate of loans and investments in debentures (quoted and unquoted), and securitised assets to the Direct to Customer Borrowers either in collaboration with Retail Lending Partners or by us as of the last day of the relevant Fiscal.*
8. *Total Fund AUM represents the aggregate investments across all live AIF and PMS funds as of the last day of the relevant Fiscal.*

For further details in relation to our business model, see "*Our Business – Overview - What we do - Multi-channel approach to enable access to debt capital*" beginning on page 265. Through our multi-channel approach which caters to the under-served households and businesses in India, we are exposed to various risks such as market, credit, liquidity, regulatory, reputational, operational and business risks. Moreover, the management of multiple channels adds complexity to our operations. Each channel has its own market dynamics and risks, which can impact the performance and reliability of these channels. Managing multiple channels also requires sophisticated operational capabilities and the allocation of resources across these channels. Further, each channel may be subject to specific regulatory requirements and compliance obligations. For detailed discussion on the specific risks associated with each of channels, refer to the risk factors described under "- *Internal Risk Factors*" beginning from page 39. Any inability to manage each of our channels efficiently could result in over reliance on one of the channels for a significant portion of our business as well as adversely affect our reputation, business, results of operations, cash flows and financial condition.

***19. We have and may continue to face instances of defaults from our borrowers, including Originator Partners and Direct to Customer Borrowers. An inability of our borrowers to meet their repayment obligations or any increase in defaults or any large-scale defaults from our borrowers could adversely affect our business, results of operations, cash flows and financial condition.***

We have faced certain instances of defaults from our borrowers in the past. For example, we faced defaults in repayment obligations from Originator Partners, including from: (i) an equipment finance institution, resulting in a write off. The total write off on financial instruments – investments was ₹750.00 million in Fiscal 2022; and (ii) Sambandh Finserve Private Limited, a microfinance institution, due to an alleged fraud in the underlying portfolio by its employees and key management in Fiscal 2021. Our Company has initiated recovery proceedings against Sambandh Finserve Private Limited including filing of a first information report in Fiscal 2021. Further, we have also faced defaults from Direct to Customer Borrowers, including from (i) Shapos Services Private Limited, wherein a fixed deposit provided as collateral to our Company was encashed by the said borrower, which resulted in us in making a provision of ₹87.24 million in Fiscal 2024. Our Company has also filed a complaint against Shapos Services Private Limited and its director in 2023 requesting the police to register an FIR under the various provisions of the Indian Penal Code, 1860; and (ii) Upscalio India Private Limited, an e-commerce aggregator company, which resulted in us making a provision of ₹98.23 million in Fiscal 2024. Our Company filed an application under the Insolvency and Bankruptcy Code, 2016 ("**IBC**") before the NCLT seeking initiation of the corporate insolvency resolution process against Upscalio India Private Limited. The corporate insolvency resolution process under the IBC has been initiated for Upscalio India Private Limited based on the application by our Company. For details of the ongoing proceedings in relation to these defaults, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. If our borrowers continue to fail to fulfil their repayment obligations, or if there is a rise in such defaults or a widespread occurrence of defaults among our borrowers, it could adversely affect our business, results of operations, cash flows and financial condition.

***20. There have been certain instances of delays in payment of statutory dues in the past. Any delay in payment of statutory dues in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition, results of operation and cash flows.***

Our Company is required to pay certain statutory dues including employee provident fund contributions and employee state insurance contributions under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' State Insurance Act, 1948, respectively, GST and professional taxes. In compliance with the provisions of the Income-tax Act, we are also required to deduct taxes at source at prescribed rates. Set out below are the details of statutory dues paid for the Fiscals indicated:

| **Statutory Due** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Employee state insurance contributions | 9.95 | 4.90 | 0.02 |
| Employee provident fund contribution | 204.78 | 104.28 | 76.23 |
| Professional taxes | 3.68 | 2.61 | 0.68 |
| Labour Welfare Fund | 0.21 | 0.13 | 0.02 |
| GST | 992.43 | 578.29 | 318.18 |
| Tax deducted at source | 783.76 | 505.21 | 335.40 |
| **Total** | **1,994.80** | **1,195.42** | **730.52** |

For Fiscal 2024, we had made employee provident fund contributions aggregating to ₹204.78 million for 2,695 employees. As of March 31, 2024, there were no employees for which we had not made the applicable employee provident fund contributions. There have been certain instances of delays in the payment of statutory dues in the past by our Company and the Subsidiaries. The details of all such delays are set out below:

| Statutory Due | Details of the delay |
|---|---|
| **Fiscal 2022** | |
| Employee state insurance contributions | • Our Company delayed payment of ₹0.007 million on account of delays in registration of the sub-codes for the certain branches of our Company with the Employee State Insurance Corporation |
| GST | • Our Company delayed payment of ₹0.01 million due to clerical errors identified after filing of the relevant return.<br>• Our Subsidiary, NAIM, delayed payment of ₹1.04 million on account of, inter alia, administrative errors identified after filing of the relevant returns. |
| Professional tax | • Our Company delayed payment ₹0.008 million on account of delays in obtaining the professional tax registrations for certain branches of our Company.<br>• Our Subsidiary, Pragati, delayed payment of ₹0.003 million on account of delays in obtaining the professional tax registrations for certain branches of Pragati. |
| TDS | • Our Subsidiary, Pragati, delayed payment of ₹0.013 million on account of administrative errors in previous filings. |
| **Fiscal 2023** | |
| Employee state insurance contributions | • Our Company delayed payment of ₹0.05 million on account of, inter alia, delays in registration of the sub-codes for certain branches of our Company with the Employee State Insurance Corporation. |
| Employee provident fund contributions | • Our Company delayed payment of ₹0.06 million on account of delays by certain employees in linking their Aadhaar numbers with their UAN (universal account number). |
| GST | • Our Subsidiary, NAIA, delayed payment of ₹0.50 million on account of, inter alia, administrative errors identified after filing of the relevant returns.<br>• Our Subsidiary, NAIM, delayed payment of ₹4.97 million on account of, inter alia, administrative errors identified after filing of the relevant returns. |
| TDS | • Our Company delayed payment ₹7.82 million on account of administrative delays.<br>• Our Subsidiary, NAIM, delayed payment of ₹0.15 million on account of, inter alia, administrative errors identified after filing of the relevant returns. |
| Professional tax | • Our Company delayed payment ₹0.03 million on account of delays in obtaining the professional tax registration for certain branches of our Company.<br>• Our Subsidiary, Pragati, delayed payment of ₹0.67 million on account of, inter alia, delays in obtaining the professional tax registration of certain branches of Pragati. |
| Labour welfare fund contributions | • Our Subsidiary, Pragati, delayed payment of ₹0.02 million on account of, inter alia, delays in registering certain branches of Pragati with the relevant labour welfare board. |
| **Fiscal 2024** | |
| GST | • Our Company delayed payment of ₹0.13 million due to administrative errors identified after filing of the relevant return.<br>• Our Subsidiary, NAIM, delayed payment of ₹0.72 million on account of administrative errors identified after filing of the relevant return.<br>• Our Subsidiary, Pragati, delayed payment of ₹0.001 million on account delay in receipt of invoices. |
| Professional tax | • Our Company delayed payment of ₹0.085 million on account of, *inter alia*, delays in obtaining the professional tax registration for certain branches of our Company, administrative delays and technical issues with the relevant payment portal.<br>• Our Subsidiary, Pragati, delayed payment of ₹0.05 million on account of, inter alia, technical issues with the relevant payment portal. |
| Labour welfare fund contributions | • Our Subsidiary, NAIM, delayed payment of ₹0.001 million on account of technical issues with the relevant payment portal.<br>• Our Company delayed payment of ₹0.008 million on account of, inter alia, technical issues with the relevant payment portal. |
| Employee state insurance contributions | • Our Company delayed payment of ₹0.002 million on account of, *inter alia*, delays in registration of the sub-codes for certain branches of our Company with the Employee State Insurance Corporation. |

| Statutory Due | Details of the delay |
|---|---|
| | • Our Subsidiary, Pragati, delayed payment of ₹0.92 million on account of technical issues with the relevant payment portal. |
| TDS | • Our Company delayed payment ₹0.15 million on account of clerical errors. |

Our Company has undertaken corrective actions to avoid any such delays in payment of statutory dues in the future. While these pending dues have not had a material adverse effect on our business or financial condition in Fiscals 2022, 2023 and 2024, we cannot assure you that no such delays will occur in the future. Any delays in payment of statutory dues in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition, results of operation and cash flows.

***21. Our business operations involve direct and indirect exposures to relatively high credit risk borrowers in the under-served households and businesses of India. Any large-scale defaults in this category could adversely affect our business, results of operations, cash flows and financial condition.***

We extend loans directly to relatively high credit risk borrowers in the under-served households and businesses of India and in collaborations with our Originator Partners, who disburse loans to such under-served category after availing financing from us, and Retail Lending Partners (*i.e.*, select Originator Partners from whom we avail services such as loan origination, KYC verification and validation, loan servicing, data collection, primary borrower interface, collection and recoveries, customer service, and grievance redressal that enables us to lend directly to our Direct to Customer Borrowers). Such borrowers can be perceived as higher credit risk to us, our Retail Lending Partners and our Originator Partners due to reasons such as vulnerability to adverse economic conditions, unestablished business models, limited or no access to formal sources of credit due to their low income which may be informal with a low degree of predictability, lack of adequate collateral, informal employment, lack of or relatively weak credit history or geographic remoteness. These borrowers in the under-served households and businesses may also be first time borrowers or new-to-credit borrowers as well as borrowers who do not have any credit rating. Further, since Originator Partners are borrowers of our Company, we assess the risk profile and conduct KYC assessment on them. However, the borrowers who the Originator Partners disburse loans to, after availing financing from us, are not borrowers of our Company and accordingly, we do not conduct KYC assessment on them. The Originator Partner assess the risk profile and conduct KYC assessment on their borrowers. Moreover, certain of our Originator Partners may also be perceived as high credit risk borrowers due to, amongst others, being relatively lower credit rated or unrated Originator Partners that are typically vulnerable to declining economic conditions which affects their portfolio quality and financial position.

Set out below are certain details in relation to high credit risk borrowers in terms of Originator Partners with below BBB- credit rating as of and for the Fiscals indicated:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Number of Originator Partners below BBB- credit rating[1] | 52 | 44 | 58 |
| AUM to Originator Partners below BBB- credit rating (₹ million) | 9,597.94 | 5,389.03 | 6,283.83 |
| Total AUM[2] to Originator Partners (₹ million) | 117,100.19 | 90,086.93 | 71.083.17 |
| AUM to Originator Partners below BBB- as a percentage of Total AUM[2] to Originator Partners (%) | 8.20% | 5.98% | 8.84% |

*Notes:*

1. *Number of Originator Partners below BBB- credit rating to whom financing was made and of which the exposure lies at the end of the relevant Fiscal.*
2. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*

Earning capacity of these borrowers depends on various macro and micro economic factors that affect them from time to time. Such borrowers are generally considered to be less financially resilient than borrowers from other high-income groups or better rated corporate borrowers. They may typically face higher levels of economic and social vulnerability and may have difficulty in repaying their loans in times of stress, such as natural disasters, pandemics, political unrest, regulatory changes or personal emergencies. In addition, certain of our borrowers, including Originator Partners, may also default on their obligations as a result of various factors including bankruptcy, capitalization, insolvency, lack of liquidity, asset quality and/or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Moreover, Originator Partners may also default on account of their customers failing to meet their repayment obligations leading to insolvency and bankruptcy, failure of the Originator Partner's business model, mismanagement or large frauds by customers, employees or management of the Originator Partner or changes in regulation and government policy.

We have faced certain instances of defaults from such relatively high credit risk borrowers in the past. For further details, see "- *We have and may continue to face instances of defaults from our borrowers, including Originator Partners and Direct to Customer Borrowers. An inability of our borrowers to meet their repayment obligations or any increase in defaults or any large-scale defaults from our borrowers could adversely affect our business, results of operations, cash flows and financial condition*" on page 53 and for further details of the ongoing proceedings in relation to these defaults, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516.

As a result, we have a greater risk of loan defaults and losses in the event there are adverse economic conditions, occurrences of fraud or mismanagement, and cases of insolvency or bankruptcy or the failure of borrowers business models, which may have a negative effect on the ability of these under-served borrowers to make timely payments of their loans, thereby adversely affecting our business and financial condition.

***22. Any adverse developments in our focused sectors could adversely affect our business, results of operations, cash flows and financial condition.***

The success of our business depends on various factors that affect credit demand under each of our focused sectors, namely, micro, small and medium enterprises ("**MSMEs**") financing, microfinance ("**MFI**"), consumer finance, vehicle finance, affordable housing finance and agriculture finance. Set out below is the sector-wise break-up of our GTV for the Fiscals indicated:

| Sectors | Fiscal 2024 | | Fiscal 2023 | | Fiscal 2022 | |
|---|---|---|---|---|---|---|
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| MSME | 81,609.16 | 27.83% | 76,077.66 | 27.78% | 70,764.08 | 35.57% |
| MFI | 76,229.91 | 26.00% | 81,337.50 | 29.70% | 52,658.69 | 26.47% |
| Consumer finance | 101,174.93 | 34.50% | 85,742.80 | 31.31% | 32,067.31 | 16.12% |
| Vehicle finance | 19,012.61 | 6.48% | 20,760.89 | 7.58% | 34,636.25 | 17.41% |
| Affordable housing finance | 10,154.50 | 3.46% | 6,632.74 | 2.42% | 4,797.01 | 2.41% |
| Agriculture finance | 5,055.69 | 1.72% | 3,300.00 | 1.21% | 4,040.94 | 2.03% |
| **Total GTV(1)** | **293,236.80** | **100.00%** | **273,851.59** | **100.00%** | **198,964.29** | **100.00%** |

*Note:*
*(1) GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*

For details of our Assets under Management ("**AUM**") by sector, see "*Selected Statistical Information – Earning Assets and AUM – AUM by sector*" on page 500.

- MSME finance sectors, particularly the micro and small borrowers, may be negatively impacted by various factors, including due to pandemics, industry downturns, natural disasters, calamities, political and social risks, including any adverse publicity or litigation relating to these loan products thereby adversely impacting the ability of borrowers to repay their loans availed from us and our Originator Partners. Moreover, we lend to medium enterprises operating in various diverse industries and if we do not develop the requisite industry understanding and expertise, our ability to lend in such industries may be limited.

- MFI is a highly regulated sector and the legal and regulatory framework is constantly evolving. This sector depends on various factors, including the ability of our borrowers to repay their loans, the results of operations of the businesses of such borrowers, changes in regulations and policies, pandemics, demonetization, natural disasters, calamities, political and social risks, including any adverse publicity or litigation relating to the microfinance sector, public criticism of the microfinance sector and religious beliefs relating to loans and interest payments. Moreover, our operations in the microfinance sector involve a significant portion of cash transactions which exposes us to the risk of fraud, theft, embezzlement, misappropriation or unauthorised transactions by employees responsible for dealing with such cash collections.

- Consumer finance sector may be negatively impacted by the retail consumptions trends, decrease in disposable income of the target customer category, regulatory environment and regulations and policies on digital lending practices and customer protection principles including collection practices. In particular, pursuant to RBI's recent notification on 'Regulatory measures towards consumer credit and bank credit to NBFCs' dated November 16, 2023, the availability and cost of funding for banks and NBFC financing for the consumer finance sector may be impacted due to higher risk weight for such portfolios. This may reduce our growth potential in this sector.

- Vehicle finance sector is dependent on the industry for mobility and is therefore additionally affected by the demand for transportation services in India, changes in Indian regulations and policies affecting utility vehicles, tractors, commercial vehicles and cars, fuel prices, vehicle scrappage policies and other macroeconomic conditions in India and globally.

- Affordable housing finance sector may be negatively impacted by factors such as the housing market in India and changes in Indian regulations and policies.

- Agriculture finance sector may be negatively impacted by factors such as monsoon failure, excess rainfall, droughts, floods and other natural disasters and locust attacks.

Apart from the adverse impact of the COVID-19 pandemic on the overall business activities in certain of our focused sectors in certain periods of Fiscal 2022, we have not faced any other instances of adverse developments in the focused sectors we operate that led to any adverse effect on our business and operations in Fiscals 2022, 2023 and 2024. However, occurrence of any of these factors may adversely affect our and our Originator Partners' ability to recover loans advanced or our fee income from such offerings and consequently affect our business, operations, financial condition, cash flows and results of operations.

***23. Our asset quality may be materially impacted on account of correlated risk events occurring as a result of high concentration of exposures on a single or a few borrowers, sectors, states or regions, which could adversely affect our business, results of operations, cash flows and financial condition.***

As per our business model, we assume credit exposures to Originator Partners and Direct to Customer borrowers through multiple products and channels including loans, debentures, guarantees, and rated securitizations. This exposure is spread across 671 districts in 28 states and seven union territories of India as of March 31, 2024. Such exposures can be secured, unsecured or subordinated to other lenders and investors.

Under the Master Directions, we are required to calculate and monitor exposure to a single borrower and group of borrowers. In addition, we also calculate and monitor other exposure ceilings set by our Board across multiple parameters including exposure to a single borrower, subordinated exposure to a single borrower and exposure to a group of borrower. We also calculate and monitor portfolio-level exposures by sector, geography, security and seniority. We will continue to take exposures to sectors, borrowers and geographies in which we choose to operate. Set out below are certain concentration details of our top 1, 5, 10 and 20 borrowers, top two sectors and top 1, 5 and 10 states in terms of AUM as of the dates indicated:

| **Particulars*** | **As of March 31,** | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | **2023** | | **2022** | |
| | **AUM (₹ million)** | **% of Total AUM(1) (%)** | **AUM (₹ million)** | **% of Total AUM(1) (%)** | **AUM (₹ million)** | **% of Total AUM(1) (%)** |
| Top 1 borrower | 1,810.66 | 1.55% | 2,078.21 | 2.31% | 1,513.92 | 2.13% |
| Top 5 borrowers | 8,137.04 | 6.95% | 8,319.74 | 9.04% | 6,615.18 | 9.31% |
| Top 10 borrowers | 14,602.66 | 12.47% | 13,789.59 | 15.31% | 12,258.30 | 17.25% |
| Top 20 borrowers | 25,123.51 | 21.45% | 23,114.87 | 25.66% | 21,294.29 | 29.96% |
| Top 2 sectors | 76,845.43 | 65.62% | 58,208.00 | 64.61% | 47,547.00 | 66.89% |

| Particulars* | As of March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | AUM (₹ million) | % of Total AUM(1) (%) | AUM (₹ million) | % of Total AUM(1) (%) | AUM (₹ million) | % of Total AUM(1) (%) |
| Top 1 state | 17,082.57 | 14.59% | 15,752.44 | 17.49% | 12,057.07 | 16.96% |
| Top 5 states | 55,406.96 | 47.32% | 44,812.05 | 49.74% | 40,305.65 | 56.70% |
| Top 10 states | 82,233.33 | 70.22% | 63,555.11 | 70.55% | 56,894.76 | 80.04% |

*Notes:*

*(1) AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*

**The top borrowers, states and sectors indicated above are in terms of AUM as of each of the respective Fiscals and may not necessarily be the same borrowers, states and sectors as of each Fiscal.*

Set out below are details of our top 5 states in terms of AUM based on the end borrower as of the dates indicated:

| S. No. | As of March 31, 2024 | | | As of March 31, 2023 | | | As of March 31, 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Details of Top 5 States | AUM (₹ million) | % of Total AUM(1) (%) | Details of Top 5 States | AUM (₹ million) | % of Total AUM(1) (%) | Details of Top 5 States | AUM (₹ million) | % of Total AUM(1) (%) |
| 1. | Tamil Nadu | 17,082.57 | 14.59% | Tamil Nadu | 15,752.44 | 17.49% | Tamil Nadu | 12,057.07 | 16.96% |
| 2. | Maharashtra | 14,042.39 | 11.99% | Maharashtra | 10,377.15 | 11.52% | Maharashtra | 8,847.92 | 12.45% |
| 3. | Karnataka | 11,067.85 | 9.45% | Karnataka | 7,726.97 | 8.58% | Karnataka | 8,022.41 | 11.29% |
| 4. | Gujarat | 7,015.24 | 5.99% | Delhi | 6,254.92 | 6.94% | Delhi | 7,293.95 | 10.26% |
| 5. | Rajasthan | 6,198.91 | 5.29% | Uttar Pradesh | 4,700.57 | 5.22% | Rajasthan | 4,084.30 | 5.75% |

*Note:*

*(1) AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*

While we have not faced any other instances of correlated risk events occurring as a result of high concentration of exposures that led to any adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there can be no assurance that any default by one or more large borrowers, adverse changes in the market scenario, adverse changes in regulations, or other adverse credit events impacting one or more sectors or states would not have an adverse impact on our business, results of operations, cash flows and financial position.

***24. We depend on the accuracy and completeness of information about borrowers for certain key elements of our credit assessment and risk management process. Any misrepresentation, fraud, errors in or incompleteness of such information could adversely impact the quality of underwriting decisions and in turn adversely affect our asset quality, business, results of operations, cash flows and financial condition.***

In deciding whether to extend credit or enter into other transactions directly or in collaboration with our Retail Lending Partners and Originator Partners, for certain key elements of the credit assessment process we rely on information furnished to us by or on behalf of borrowers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our borrowers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may also depend on the respective registrars and sub-registrars of assurances, on credit information companies or credit bureaus, on independent valuers in relation to the value of the collateral, on third-party service providers to source data from or on behalf of borrowers, and on our borrowers to self-certify the value of receivables against the collateral for loans obtained from us, and our reliance on any misleading information given may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations, cash flows and financial condition.

In the past, there have been instances where loans have been obtained from our Company by borrowers based on misleading or incorrect financial information provided to us. For instance, certain employees and key management of Sambandh Finserve Private Limited, a microfinance institution, one of our Originator Partners, committed an alleged fraud in Fiscal 2021 whereby it was identified that the information furnished to us was incorrect. It was also identified that the actual assets of the said Originator Partner were significantly lower than originally stated. Our Company has filed a complaint based on which a first information report for criminal offences (including fraud) has been registered in Fiscal 2021. For details of the ongoing proceedings in relation to these defaults, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. While we have pursued appropriate regulatory action in such cases, including reporting such fraud to the RBI, filing police complaints and initiating civil litigation, as appropriate, there can be no assurance as to the outcome of such proceedings or that the Company will be able to detect all such cases of fraud in the future. Set out below are the losses incurred due to instances of fraud, as reported by us to the RBI, in the Fiscals indicated:

| **Particulars** | **Fiscal** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **(₹ million)** | | |
| Losses incurred due to instances of fraud as reported to the RBI | 1.58 | 0.11 | 0.11 |

Further, our risk management measures may not be able to identify such inaccurate information or prevent or deter such activities in all cases, which may adversely affect our business, financial condition, cash flows and results of operations. We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information. Moreover, the availability of accurate and comprehensive credit information on borrowers and small businesses in the underserved categories of India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Difficulties in assessing credit risks associated with our operations could adversely affect our reputation, business, prospects, cash flows, financial condition and results of operations.

***25. We may be unable to recover the full amounts due to us through our collections mechanism, which could expose us to losses, which could have an adverse impact on our business, profitability, results of operations, cash flows and financial position.***

We may not be able to recover all amounts due to us through realisation of collateral or our collections and recovery mechanisms. Our profitability depends on our ability to evaluate the right income levels of our borrowers and repayment capabilities, assess the credit risks and price our loans accordingly. While we maintain collections management systems, combining data analytics with field intelligence to provide us with early warning signals on the health of assets in our portfolio, we may be unable to predict losses due to delinquencies or ensure a lower delinquency rate, which could have an adverse impact on our profitability, cash flows and financial position. In certain cases, we also depend on third parties for collections; for instance, our Retail Lending Partners are responsible for collections, and we may be unable to control the manner in which such third parties operate. Set out below is our Gross Stage 3 rate on a sector-wise basis as of the dates indicated:

| | **As March 31,** | | |
|---|---|---|---|
| **Particulars** | **2024** | **2023** | **2022** |
| Gross Stage 3 – Loans and Investments (%) [(1)] | 0.45% | 0.77% | 0.50% |
| **Sector-wise Gross Stage 3 – Loans and Investments (%)** | | | |
| MSME finance | 0.74% | 1.13% | 0.42% |
| MFI | 0.01% | 0.08% | 0.10% |
| Consumer finance | 0.38% | 1.24% | 0.25% |
| Vehicle finance | 0.82% | 0.49% | 1.79% |
| Affordable housing finance | 0.00% | 0.00% | 2.01% |
| Agriculture | 0.00% | 0.00% | 0.00% |

*Note:*

1. *Gross Stage 3 – Loans and Investments (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans - total and gross carrying amount - investments – total as of the last day of the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*

For details on our total Stage 3 assets, write-offs in respect of loans and write-offs in respect of investments as well as delinquency rates, see "*-If our borrowers default in their repayment obligations it may lead to increased levels of non-performing assets ("NPA"), related provisions and write-offs, our business, results of operations, cash flows and financial condition may be adversely affected*" on page 40. Set out below are details of our collection efficiency for the Fiscals indicated.

| | **Fiscal** | | |
|---|---|---|---|
| **Collection Efficiency[(1)] (%)** | **2024** | **2023** | **2022** |
| Direct to Customer Lending | 98.11% | 99.42% | 99.11% |

| Collection Efficiency[(1)] (%) | Fiscal | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Intermediate Retail Lending | 99.63% | 99.56% | 99.10% |
| **Overall** | **99.00%** | **99.51%** | **99.10%** |

*Note:*

*(1) Collection efficiency is arrived at by dividing total amount collected (excluding foreclosures) by total amount due during the relevant Fiscal.*

In addition, MFI, consumer finance and certain products in the MSME finance sector, are unsecured and are susceptible to higher levels of credit risks and limit our ability to recover the loans disbursed by us. Additionally, although vehicle finance, affordable housing finance and certain products in the MSME finance sectors involve certain collateral, these portfolios may still be exposed to defaults in payment, which may impact our ability to fully recover dues on both direct and indirect exposure. In relation to secured loans provided to our borrowers, we may contractually stipulate two forms of collateral requirements: (i) a fixed charge over specific and identifiable assets; or (ii) a floating charge over all assets, present and future, of the borrower. Further, in cases where we are to have a *pari-passu* charge over any asset of borrowers, the other lender may delay or refuse to cede *pari-passu* charge, which may adversely affect our right to enforce the security, resulting in our inability to recover the full amount due to us. Set forth below are the details of our secured, unsecured and subordinated loans in terms of AUM as of the dates as indicated:

| Particulars | As of March 31, | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | **2023** | | **2022** | |
| | **AUM (₹ million)** | **% of Total AUM[(1)] (%)** | **AUM (₹ million)** | **% of Total AUM[(1)] (%)** | **AUM (₹ million)** | **% of Total AUM[(1)] (%)** |
| Secured-Senior | 67,272.39 | 57.45% | 54,295.48 | 60.27% | 47,543.81 | 66.88% |
| Unsecured-Senior | 48,276.63 | 41.23% | 32,409.94 | 35.98% | 18,831.15 | 26.49% |
| Subordinated-Unsecured | 1,551.17 | 1.32% | 3,381.51 | 3.75% | 4,708.22 | 6.62% |

*Note:*

*(1) AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*

In addition, based on the assessment of stress in a specific asset, we also take appropriate legal actions against a borrower which may include filing of criminal complaints, initiating proceedings under the IBC or civil suits for recovery or invoking arbitration under agreements entered into with our borrowers, however there can be no assurance that the outcome of these matters will be in our favour. For details of instances where we have taken legal action against our borrowers for defaults in their repayment obligations in the past, see "- *We have and may continue to face instances of defaults from our borrowers, including Originator Partners and Direct to Customer Borrowers. An inability of our borrowers to meet their repayment obligations or any increase in defaults or any large-scale defaults from our borrowers could adversely affect our business, results of operations, cash flows and financial condition*" on page 53 and for further details of the ongoing proceedings in relation to these defaults, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. Moreover, while we have clearly defined code of conduct and oversight on collection practices, we are susceptible to litigations from borrowers in regard to collections and recovery mechanisms adopted by us, and any such litigation will consume management time and require us to incur additional cost.

***26. There have been certain instances of delay or other non-compliance with legal or regulatory requirements, including with respect to form filings and intimations under the Companies Act, and with the SEBI, RBI and the BSE and there have been irregularities in a certain regulatory filing made with the RoC under applicable law.***

There have been certain instances of delays in complying with, or non-compliance with, legal or regulatory requirements, including with respect to mandatory form filings by our Company as noted in the secretarial audit report for Fiscal 2020. In the past, there have been certain instances of non-compliance with secretarial standards in relation to service of notice for board meetings within prescribed time limits. For instance, in Fiscal 2023 and Fiscal 2024, form filings in relation to the appointment of the Statutory Auditors, appointment of an Independent Director and registration of charges, were not filed within prescribed time limits. Further, in the past, there have been factual inaccuracies, including with respect to the number of Equity Shares allotted, in a return of allotment filed by our Company and the number of ESOPs issued, in the committee resolution passed by our Company. With respect to such issues in filings of forms with the RoC, we have filed such forms along with the payment of a late filing fee or filed rectified forms with the RoC, as applicable.

Further, our Company has previously filed a compounding application with the RoC for its failure to transfer certain amounts to its capital redemption reserve as required under Section 55 of the Companies Act. The compounding application, filed before the RoC was accepted and the non-compliance was compounded in Fiscal 2020 subject to the payment of a compounding fee of: (a) ₹ 100,000 by our Company; and (b) ₹ 50,000 by each of the erstwhile managing director and erstwhile company secretary. The compounding fee has since been paid and the same has been taken on record by the RoC. Further, there have been instances of non-compliance of the provisions of the SEBI Listing Regulations in relation to the listed non-convertible debentures issued by our Company. Set forth below are the details of penalties/ fines levied by the BSE during Fiscals 2024, 2023 and 2022:

| S. No. | ISIN | Regulation/Circular Reference | Period of non-compliance | Fine/penalty levied (₹) |
|---|---|---|---|---|
| 1. | INE850M14BU4 | Paragraph 8.4 of Chapter XVII of SEBI circular dated August 10, 2021 | December 2023 | 119,180 |
| 2. | INE850M14B07 | Regulation 57(1) of the SEBI Listing Regulations | August 2023 | 247,800 |
| 3. | INE850M08085<br>INE850M07244<br>INE850M07269<br>INE850M07327<br>INE850M07442<br>INE850M07376<br>INE850M07384 | Regulation 57(5) of the SEBI Listing Regulations | March 2023 | 8,260 |
| 4. | INE850M14BG3 | Regulation 57(1) of the SEBI Listing Regulations | January 2023 | 155,760 |
| 5. | INE850M14BE8 | | December 2022 | 182,900 |
| 6. | INE850M14BC2 | | November 2022 | 212,400 |
| 7. | INE850M14BD0 | | November 2022 | 207,680 |
| **Total** | | | | **1,133,980** |

In addition to the above, the BSE also imposed the following penalties/fines on our Company:

(i) penalty/fine aggregating to ₹18,880 for a delay in submission of our Company's annual report in Fiscal 2022;
(ii) penalty/fine aggregating to ₹5,900 for a delay in intimation of the annual general meeting of our Company in Fiscal 2022; and
(iii) penalty/fine aggregating to ₹287,920 for a delay in submission of the statement of investor complaints for the quarter ended June 30, 2023.

In addition, there have been certain delays in respect of (a) intimations that were required to be made by our Company to BSE under Regulation 50 and 60 (during Fiscals 2019 and 2021); and (b) publication that was required to be made in the newspapers post approval of our Company's financial statements by the Board under Regulation 52(8) of the SEBI Listing Regulations (during Fiscal 2020) which were thereafter resolved and complied by our Company.

We have also received an e-mail from the Department of Debt and Hybrid Securities, Securities and Exchange Board of India, in relation to non-compliance with the requirement to submit a quarterly corporate governance report, in accordance with Regulation 27(2)(a) of the SEBI Listing Regulations. We have responded to the SEBI pursuant to our email dated February 8, 2024 and provided the relevant details in connection with the submission of the quarterly corporate governance reports for the relevant quarter. Additionally, the RBI has previously taken note of a failure on the part of our Company to make applicable form filings within 21 days of detection of fraud as required under the Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 and certain delays in regulatory reporting in its inspection report for Fiscal 2022.

With the expansion of our operations there can be no assurance that such non-compliances will not arise in future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such non compliances, in a timely manner or at all. Any penalty or regulatory action taken against us may adversely impact our cash flows and results of operations.

***27. We are highly dependent on our relationships with our Originator Partners, Retail Lending Partners and Investor Partners for our operations. Any deterioration or inability to maintain such relationships with them could adversely affect our business, reputation, results of operations, cash flows and financial condition.***

Our operations rely on relationships with certain third parties, such as: (i) Originator Partners for our Intermediate Retail Lending and Placements channel; (ii) Retail Lending Partners for our Direct to Customer lending; and (iii) Investor Partners for our Placement and Fund Management channel. Set our below are certain details of our relationships with Originator Partners and Investor Partners:

| **Particulars** | **As of March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| **Cumulative number of Originator Partners[(1)]** | **328** | **298** | **278** |
| Vintage up to 1 year | 30 | 20 | 40 |
| Vintage 1-3 years | 98 | 109 | 107 |
| Vintage >3 years | 200 | 169 | 131 |
| **Cumulative number of Investor Partner[(2)]** | **1,158** | **871** | **700** |
| Vintage up to 1 year | 287 | 171 | 372 |
| Vintage 1-3 years | 670 | 667 | 300 |
| Vintage >3 years | 201 | 33 | 28 |

*Note:*

*(1) Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of the relevant Fiscal.*

*(2) Represents the cumulative number of investors with whom we have enabled credit through our Placements business for our Originator Partners and/ or have invested across our funds as of the relevant Fiscal.*

As part of our business model, we disburse credit to Originator Partners by way of loans or subscription to debt instruments (i.e., Intermediate Retail Lending Disbursement) and enable financing from our Investor Partners for Originator Partners through our Placements channel (i.e., Placements volume). Moreover, in our Direct to Customer Lending, we disburse credit directly to Direct to Customer Borrowers either in collaboration with Retail Lending Partners or by us (i.e., Direct to Customer Lending Disbursement). Set out below are certain details of Intermediate Retail Lending Disbursement, Direct to Customer Lending Disbursement and Placements Volume in the Fiscals indicated:

| **Particulars** | **As of and for the financial year ended March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Disbursements[(1)] (₹ million) | 147,278.06 | 117,882.44 | 89,823.61 |
| - Intermediate Retail Lending Disbursements[(2)] (₹ million) | 60,619.65 | 53,632.44 | 55,925.50 |
| As a % of total disbursement (%) | 40.73% | 45.50% | 62.26% |
| - Direct to Customer Lending Disbursements[(3)] (₹ million) | 88,231.16 | 64,250.01 | 33,898.11 |
| As a % of total disbursement (%) | 59.27% | 54.50% | 37.74% |

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| o Direct to Customer Lending Disbursements in collaboration with Retail Lending Partners[4] (₹ million) | 61,357.90 | 47,129.61 | 26,786.31 |
| o Direct to Customer Lending Disbursements by our Company[5] (₹ million) | 26,873.26 | 17,120.40 | 7,111.80 |
| | | | |
| Placements volume[6] | 1,17,549.17 | 130,642.25 | 73,257.47 |

*Notes:*

1. *Disbursements represents the aggregate of amounts disbursed by us for our customers, including Originator Partners and Direct to Customer Borrowers, by way of loans or subscription to debt instruments for the relevant Fiscal.*
2. *Intermediate Retail Lending Disbursement represents aggregate amounts disbursed by us to our Originator Partners by way of loans or subscription to debt instruments for the relevant Fiscal.*
3. *Direct to Customer Lending Disbursement represents aggregate amounts disbursed directly to the Direct to Customer Borrowers either in collaboration with Retail Lending Partners or by us during the relevant Fiscal.*
4. *Direct to Customer Lending Disbursement in collaboration with Retail Lending Partners represents aggregate amounts disbursed directly to the Direct to Customer Borrowers in collaboration with Retail Lending Partners during the relevant Fiscal.*
5. *Direct to Customer Lending Disbursement by our Company represents aggregate amounts disbursed directly to the Direct to Customer Borrowers by us during the relevant Fiscal.*
6. *Placements volume represents the total financing enabled by us from our Investor Partners through our Placements channel during the relevant Fiscal.*

Set out below are certain concentration details of our top 10 Originator Partners, Investor Partners and Retail Lending Partners in terms of GTV for the Fiscals indicated:

| Particulars | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | GTV (₹ million) | % of Total GTV[(1)] (%) | GTV (₹ million) | % of Total GTV[(1)] (%) | GTV (₹ million) | % of Total GTV[(1)] (%) |
| Top 10 Originator Partners | 88,870.52 | 30.31% | 91,013.45 | 33.23% | 60,172.37 | 30.24% |
| Top 10 Investor Partners | 74,047.23 | 25.25% | 79,038.88 | 28.86% | 39,328.90 | 19.77% |
| Top 10 Retail Lending Partners | 51,325.24 | 17.50% | 39,749.54 | 14.51% | 24,674.05 | 12.40% |

*Notes:*

*(1) GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*

**The top 10 Originator Partners, Investor Partners and Retail Lending Partners above are in terms of GTV for each of the respective Fiscals and may not necessarily be the same Originator Partners, Investor Partners and Retail Lending Partners in each Fiscal.*

We seek to maintain close and collaborative relationships with such partners and monitor their performance and compliance. However, we cannot guarantee that we will be able to identify, prevent, or mitigate all potential risks or disputes that may arise from our interactions with our partners. Moreover, we may not be able to replace or diversify our partners in a timely or cost-effective manner if we are unable to maintain relationships with them. Moreover, these partners are independent entities that have their own interests, strategies, and challenges. They may compete with us or with each other, reduce or terminate their partnership with us, demand higher fees/ commission or more favourable terms (including in terms of risk participation by our Retail Lending Partners), or fail to comply with our standards, contractual obligations, or applicable laws and regulations. Any of these factors could reduce the volume, quality, or profitability of our offerings, increase our credit losses or operational costs, or expose us to legal or regulatory risks.

While we have not faced any instances of deterioration or failure to maintain relationships with our Originator Partners, Retail Lending Partners and Investor Partners that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future. If we fail to maintain strong and mutually beneficial relationships with our such partners, or if they experience financial, operational, regulatory, or reputational difficulties, our business, financial condition, and results of operations could be adversely affected.

***28. We may not be successful in implementing our growth strategies or entering new markets, which could adversely affect our business, results of operations, cash flows and financial condition.***

We have experienced significant growth in recent years. Set out below details of the growth in our GTV and total income for the Fiscals indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| GTV[1] (₹ million) | 293,236.80 | 273,851.59 | 198,964.29 |
| Growth in GTV[2] (%) | 7.08% | 37.64% | - |
| Total Income (₹ million) | 19,060.33 | 13,112.00 | 9,165.45 |
| Growth in Total Income[3] (%) | 45.37% | 43.06% | - |

*Notes:*

1. *GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*
2. *GTV growth (%) represents the percentage of growth in total GTV for the relevant Fiscal over total GTV for the previous Fiscal.*
3. *Growth in Total Income (%) is computed as follows:*

$$\text{Growth in Total Income (\%)} = \frac{\text{Total Income for the relevant Fiscal}}{\text{Total Income for the previous Fiscal}} \times 100$$

For details on our business strategies, see "*Our Business – Strategies*" on page 277. However, our strategies may not be as successful as we had initially anticipated and may ultimately be unsuccessful. Even if such strategies are partially successful, we cannot assure you that we will be able to manage our growth effectively, continue to grow our business at a rate similar to what we have experienced in the past or fully deliver on our growth objectives.

In addition, our growth strategies also face various challenges, such as ability to manage geographically-diverse operations and to efficiently and optimally allocate management, technology and other resources across our network, maintain level of customer service, keep up with the changes in the regulatory framework and apply our risk management policy effectively. Further, our competitors may introduce products that may be more attractive than ours. We may also fail to develop or retain the technical expertise required to develop and grow our digital capabilities. Moreover, if we are able to successfully implement our strategy to expand in existing as well as new products, we will be exposed to an increased concentration risk in case of correlated defaults. While we have not faced any instances of our inability to implement our growth strategies or enter new markets that led to any adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future. Any such inability may adversely affect our business growth and, as a result, impact our business, prospects, financial condition, cash flows and results of operations, as well as the market price of the Equity Shares.

***29. Our financial performance is vulnerable to interest rate risk, and an inability to manage our interest rate risk may have a material adverse effect on our net interest income, operations and cashflows.***

Our results of operations depend substantially on the level of our net interest income and net interest margin. Any change in interest rates would affect the interest expenses on our floating interest-bearing liabilities as well as our net interest income and net interest margins. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin. The table below sets out certain details in relation to our net interest income and net interest margin along with certain key financial parameters for the Fiscals indicated.

| Particulars | Fiscal | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **(₹ million, unless otherwise indicated)** | | |
| Total revenue from operations | 18,900.84 | 13,049.71 | 9,095.39 |
| Interest income | 17,121.12 | 11,483.88 | 7,808.45 |
| Finance costs | 7,263.85 | 5,574.49 | 4,106.72 |
| Fees and commission expense | 2,208.19 | 1,214.20 | 527.32 |
| Net interest income[1] | 9,857.27 | 5,909.39 | 3,701.73 |
| Net interest margin (%)[2] | 8.42% | 6.31% | 4.64% |
| Adjusted net interest income[3] | 8,637.07 | 5,461.19 | 3,670.06 |
| Adjusted net interest margin (%)[4] | 8.33% | 6.48% | 5.53% |

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ million, unless otherwise indicated) | | |
| Average Cost of Borrowing (%)[(5)] | 9.23% | 8.84% | 8.55% |

*Notes:*

1. *Net interest income represents interest income less finance costs for the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
2. *Net interest margin (%) represents interest income reduced by finance costs for the relevant Fiscal as a percentage of total assets for such Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
3. *Adjusted net interest income represents adjusted interest income (i.e., aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fees and commission expense) less adjusted finance costs (i.e., finance costs less interest on lease liability) for the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
4. *Adjusted net interest margin (%) represents adjusted net interest income (as calculated above) for the relevant Fiscal as a percentage of average total assets for such Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
5. *Average Cost of Borrowing represents adjusted finance costs (i.e., finance costs less interest on lease liability) divided by Average Total Borrowings during the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Return on Equity and Assets" on page 499.*

Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. In the event of an increase in the interest rates that we are required to pay on our borrowings, we cannot assure you that we will be able to pass such increased costs to our borrowers and the borrowers may find the interest rate relatively high and as a result, prepay the credit availed. Such a risk is even higher in our fixed rate products. Further, we are prohibited under the Master Directions from charging foreclosure charges or pre-payment penalties on all floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligants. In addition, to the extent that our borrowings are linked to market interest rates, which increase, or to the extent that we are unable to supplement our sources of liquidity with borrowings from lenders, we may have to pay interest on our borrowings at a higher rate. Separately, our Company has entered into derivative contracts to hedge forex exposure relating to principal and interest payments on external commercial borrowings. Set out below are details of our floating interest-bearing liabilities as a percentage of our total outstanding borrowings as of the dates indicated below:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Floating interest-bearing liabilities (₹ million) | 63,686.50 | 49,299.00 | 33,020.68 |
| Floating interest-bearing liabilities, as a percentage of total borrowings (%) | 70.39% | 70.08% | 55.19% |

While we have not had faced any instances of our inability to manage interest rate risk that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our net interest income and margins, and in turn have a material adverse effect on our business, financial condition, cash flows and results of operations.

***30. We utilize the services of certain third parties for our support functions. Any deficiency or interruption in their services could adversely affect our business, reputation, results of operations, cash flows and financial condition.***

We rely on third party service providers from time to time for a variety of support and ancillary functions such as: (i) Retail Lending Partners for loan origination, loan servicing, data collection, borrower interface, collection and recoveries, customer service and grievance redressal; (ii) credit bureaus for availing data such as relating to the credit history of borrowers, for our credit risk assessment during on-boarding and monitoring; (iii) conducting online and offline know-your-client ("**KYC**") verification and validation particularly in our Lending and Fund Management channels; (iv) relevant third-parties as we outsource a portion of operations of our Fund Management channel such as registrar and transfer activity, custodians of securities and software to facilitate accounting for our funds; (v) IT vendors for software for the functionalities of our loan processing platform as well as information security operations, data center operations, application support for various business-critical applications and application development; and

(vi) collection agency for recovery management and valuation agencies. In addition, we depend on Retail Lending Partners and external direct selling agents ("**DSAs**"), who act as lead providers to our sales teams in return for referral fees, to source a portion of our borrowers by generating a database of potential customers. Set out below are the details of our source-wise disbursements for the Fiscals as indicated:

| Particulars | Fiscal 2024 | | Fiscal 2023 | | Fiscal 2022 | |
|---|---|---|---|---|---|---|
| | **Amount (₹ million)** | **% of total disbursements[2] (%)** | **Amount (₹ million)** | **% of total disbursements[2] (%)** | **Amount (₹ million)** | **% of total disbursements[2] (%)** |
| Inhouse sourcing | 60,619.65 | 40.73% | 53,632.43 | 45.50% | 55,925.50 | 62.26% |
| Partnership based sourcing[1] | 88,231.16 | 59.27% | 64,250.01 | 54.50% | 33,898.11 | 37.74% |
| **Total** | **148,850.81** | **100.00%** | **117,882.44** | **100.00%** | **89,823.61** | **100.00%** |

*Note:*

1. *Partnership based sourcing refers to the sourcing from Retail Lending Partners and DSAs.*
2. *Disbursements represents the aggregate of amounts disbursed by us for our customers, including Originator Partners and Direct to Customer Borrowers, by way of loans or subscription to debt instruments for the relevant Fiscal.*

Our arrangements with Retail Lending Partners and DSAs are typically on a non-exclusive basis and they may work for our competitors in the future, which may adversely affect our ability to increase our customer base or may result in adverse selection of borrowers. Further, although due diligence is conducted before entering into any arrangement with any Retail Lending Partner or DSA, there can be no assurance that there shall be no disruptions in the provision of their services to us or that these third parties will adhere to their contractual obligations. Moreover, as part of our Lending channel activities, we may undertake obligations to act as an alternate servicer to our Direct to Customer lending loan portfolios in situations where the primary servicer, which is a third party, is unable to discharge its obligations. We may also undertake collection and servicing activities for underlying loan pools against term loan or securitization exposures to mitigate losses. We had in Fiscal 2023 undertaken the collection of the underlying loan pool from a MSME finance Originator Partner to mitigate losses. There is no assurance that we will be able to manage these additional obligations relating to servicing the loan portfolio or that we would have the necessary capabilities or resources that may be required for specific products or borrower categories.

Our ability to control the manner in which services are provided by third parties is limited. We may be held liable on account of any deficiency of services on the part of such service providers or non-compliance with regulatory requirements, including anti-money laundering laws and regulations. Such liabilities emanating from our arrangements with third parties may include direct financial, reputational, business and regulatory liabilities. Moreover, our Company continues to remain liable for compliance with the requirements of Prevention of Money Laundering Act, 2002 ("**PMLA**"), even if we rely on third parties for providing certain services to meet the obligations under PMLA. The arrangements entered into with such service providers may not adequately indemnify us against such liabilities or such indemnities may be difficult to enforce. We may also face instances of disputes with such third parties as a result of any deficiency in their services or non-compliance with regulatory requirements, including anti-money laundering laws and regulations. In such an event, we may not be able to assume control of the outsourced processes without having an adverse impact on our asset quality, reputation and business. We have, in the past, received complaints from our borrowers alleging deficiency in service of certain Retail Lending Partners. Moreover, in certain instances, our Company took over the servicing of certain loans from the Retail Lending Partners due to, amongst other reasons, deficiency in their collection services. The extent of financial impact of such deficiencies and complaints is not quantifiable. Moreover, while these instances have not resulted into any legal proceedings or had any adverse impact on our business, operations and financial condition, similar instances of complaints from our borrowers or disruption or inefficiency in the services provided by third parties in the future could potentially impact business, results of operations, cash flows, financial condition and reputation.

***31. We are subject to stringent regulations governing the financial services industry in India. We may fail to obtain, maintain or extend our statutory and regulatory approvals to operate or expand our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licenses, which may impede our business, operations, results of operations, cash flows and financial condition.***

Our Company is registered with and our business is regulated by the RBI as an NBFC (not accepting public deposits). We are also registered with the IRDAI as a corporate agent (composite) and the PFRDA as a point of presence and are subject to regular scrutiny and supervision. Our subsidiary NAIA, is registered with the SEBI as an investment adviser. Additionally, the AIFs managed by our subsidiary NAIM are registered with SEBI and NAIM is registered with SEBI as a portfolio manager under the SEBI Portfolio Managers Regulations (Registration number INP200007265). In addition, our Subsidiary, Northern Arc Securities Private Limited, is registered as a stockbroker with the SEBI and has received the approval of the NSE pursuant to its letter dated July 18, 2024 to operate as an online bond platform provider in accordance with the SEBI Circular – Registration and regulatory framework for Online Bond Platform Providers dated November 14, 2022. We therefore require certain statutory and regulatory approvals, licenses and, registrations for operating and expanding our business and are subject to stringent regulatory guidelines and we cannot assure you that we will be able to obtain such statutory and regulatory approvals, licenses and, registrations in a timely manner or at all. For instance, an application filed by our Subsidiary, Pragati with the RBI in Fiscal 2022 for registration as an NBFC-MFI was returned by the RBI in Fiscal 2023. Further, any non-compliance of such existing statutory and regulatory approvals and licenses could result in the RBI, SEBI or any other relevant statutory or regulatory authority to revoke our license or approval, which could adversely affect our business, operations and financial condition.

While we obtain a number of necessary approvals for our operations, certain of such approvals are subject to renewal in the ordinary course of business, may require to be updated or may expire. While we have not faced any instances of non-compliance of or failure to obtain, renew, maintain or extend our statutory and regulatory approvals that led to an adverse effect on our business or operations in Fiscals 2022, 2023 and 2024, there can be no assurance that we will not experience such instances in the future. For further details on approvals, including applications filed for renewal or modification of such approvals, see "*Government and Other Approvals – Approvals in Relation to our Business for which applications have been filed by our Company*" on page 523. Our Company had applied to the RBI under Regulation 42 of the Master Directions for its prior consent to changes in the shareholding of our Company pursuant to the Offer, and subsequent changes, as applicable, upon listing and commencement of trading of the Equity Shares on the Stock Exchanges. Pursuant to an email dated May 20, 2024, the RBI has taken our submissions on record and instructed us to provide an updated shareholding pattern of our Company within 15 days of completion of the Offer.

Applicable laws and regulations impose numerous requirements on us, including those relating to asset classification and prescribed levels of capital adequacy, reserves and provisioning as. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to redesign our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance. In particular, the regulatory environment for digital lending and customer protection in the digital financial transactions space and online bond platforms are currently evolving and any material or adverse changes in regulations could have an impact on our business and operations. Also, see "- *External Risks –Changing laws, rules and regulations and legal uncertainties, including adverse application or interpretation of corporate and tax laws and regulations, may adversely affect our business, prospects and results of operations*" on page 90. For details of the key regulations applicable to us and the key approvals and licenses we are required to maintain, see "*Key Regulations and Policies*" and "*Government and Other Approvals*" beginning on pages 297 and 522, respectively.

***32. We rely significantly on our technology platforms and systems for our business and operations and any failure, disruption, downtime, inadequacy or security breach in such systems could adversely affect our business, reputation, results of operations, cash flows and financial condition.***

Our business and operations rely heavily on our proprietary technology platforms such as *Nimbus*, *nPOS*, *AltiFi* and *Nu Score*, as well as other systems and third-party software used by us or third parties such as Retail Lending Partners, throughout the entire borrower and customer lifecycle. For further details, see "*Our Business – Strengths - Proprietary technology product suite transforming the debt market ecosystem*" on page 272. We may be subject to disruptions, downtime, failures or infiltrations of our technology systems and platforms arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, phishing, cyber-attacks or similar events, or loss of support services from third-parties, such as internet backbone providers), for which we may be held liable. Further, the technology products that our Retail Lending Partners use may also be subject to such disruptions. Additionally, our financial, accounting, analytics or other data processing systems may fail to operate adequately, or at all, as a result of events that are beyond our control, including a disruption of electrical or communications services in markets in which we primarily operate. The size and complexity of our or our Retail Lending Partners' technology systems may make them potentially vulnerable to breakdowns, system integration problems, malicious intrusion and computer viruses. Also, see "- *Internal Risk Factors –Any privacy or data security breach, and any changes in laws or regulations relating to privacy or the protection or transfer of data or any actual or perceived failure by us to comply with such laws and regulations, could adversely affect our business, reputation, results of operations, cash flows and financial condition*" on page 68.

Our business model is evolving as we seek to leverage new technologies to enhance our offerings and improve our operational efficiency and customer satisfaction. However, this evolution also involves significant investments, uncertainties, and challenges, such as developing and maintaining the necessary technology competencies and capabilities to design, develop, deploy, and scale our solutions, and to keep up with the rapid changes and innovations in the technology landscape as well as ensuring the reliability, security, availability, and performance of our technology platforms and infrastructure, and mitigating the risks of cyberattacks, data breaches, system failures, or disruptions. Moreover, technology platforms for underwriting are constantly evolving and our technology-driven underwriting solutions and risk management models may not be able to effectively identify, monitor or mitigate the risks in our operations. This may result in inaccurate underwriting and false reporting, and may adversely impact our business, reputation, legal liability, financial condition, cash flows and results of operations.

We have faced certain instances of technology-related issues in the past involving our own technology products as well as third party software that resulted in temporary disruption/ downtime in certain processes. For instance, on August 19, 2024, we discovered a cyber attack on certain of our IT servers, following which, as a precautionary measure, we temporarily restricted access to some of our systems. This resulted in us conducting such business processes manually in our lending business. We reported the incident, including the fact that client data may have been accessed, to the relevant regulatory authorities including the RBI, IRDAI and CERT-In. Further, our Subsidiaries, NAIM and NAS reported the incident to the SEBI. All material system access was restored on August 21, 2024, and we engaged a third-party cyber security firm to conduct an analysis of the incident and suggest remedial action and security measures to further strengthen our IT systems. Further, our Company filed a criminal complaint in connection with this incident. For details, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. While the financial impact of such instances is not quantifiable and these instances have not had any material adverse impact on our business and operations, similar instances for a prolonged period of time and/or at a large scale in the future could potentially impact business, operations, results of operations, cash flows, financial condition and reputation. Further, our Company has initiated a criminal proceeding in relation to unauthorized access and data breach of the systems of one of our direct origination partners. In this regard, our direct origination partner has also initiated a criminal proceeding against certain of its employees and other unknown persons in relation to unauthorized access of its computer resources and computer networks. For details, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. In addition, the future success of our business will depend in part on our ability to respond to technological advances and to emerging industry standards and practices on a cost-effective and timely basis, particularly in relation technology platforms for underwriting and risk management. Moreover, any delay in implementation or disruption of the functioning of our technology systems or inability to integrate new technology systems could disrupt our ability to track, record and process financial information or customer repayments, manage creditors and debtors or engage in normal business activities, which could adversely affect our business, operations, cash flows, results of operations, financial condition and reputation.

33. ***Any privacy or data security breach, and any changes in laws or regulations relating to privacy or the protection or transfer of data or any actual or perceived failure by us to comply with such laws and regulations, could adversely affect our business, reputation, results of operations, cash flows and financial condition.***

Being a financial services platform using digital systems, our business generates and processes a large quantity of personal, transactional and demographical data relating to borrowers. We face risks inherent in handling and protecting large volumes of data, including protecting the data hosted in our system as well as the data obtained through our third party partners such as Retail Lending Partners, detecting and prohibiting unauthorized data share and transfer, preventing attacks on our system by outside parties or fraudulent behaviour or improper use by our employees, and maintaining and updating our database. We may also face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our business and financial performance. We also have access to a large amount of confidential information pertaining to our Originator Partners, Investor Partners, Direct to Customer Borrowers and other customers through our day-to-day operations as well as third party partners such as Retail Lending Partners. Any system failure, breach or ineffectiveness of our information wall, security breach or third-party attacks or attempts to illegally obtain the data that result in any actual or perceived release of user data or improper collection, hosting, use or disclosure of data, could damage our reputation and brand, deter current and potential consumers from using our services, damage our business, and expose us to potential legal liability. For instance, on August 19, 2024, we faced a cyberattack on certain of our IT servers, which caused us to temporarily restrict access to certain of our systems. For further details, see "- *We rely significantly on our technology platforms and systems for our business and operations and any failure, disruption, downtime, inadequacy or security breach in such systems could adversely affect our business, reputation, results of operations, cash flows and financial condition*" on page 67.

Numerous domestic and international laws and regulations address privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data. The GoI has enacted the Digital Personal Data Protection Act, 2023 ("**DPDP Act**") which provides for personal data protection and privacy of individuals, regulates cross border data transfer, and provides several exemptions for personal data processing by the Government, and lays down norms for cross-border transfer of personal data including ensuring the accountability of entities processing personal data. It also provides for the establishment of a Data Protection Board of India for taking remedial actions and imposing penalties for breach of the provisions of the DPDP Act. It imposes restrictions and obligations on data fiduciaries, resulting from dealing with personal data and further, provides for levy of penalties for breach of obligations prescribed under the DPDP Act. For further details, see "*Key Regulations and Policies - Key Regulations applicable to our Company - The Digital Personal Data Protection Act, 2023 (the "DPDP Act")*" on page 310.

We have incurred, and may continue to incur, expenses in an effort to comply with privacy, data protection, and information security standards and protocols imposed by laws, regulations, industry standards, or contractual obligations. While we or our third party providers/ partners on our platform have not faced any instances of non-compliance with applicable privacy and data protection laws and regulations in the past, there is no assurance that such instances will not occur in the future. Further, our Company has initiated a criminal proceeding in relation to unauthorized access and data breach of the systems of one of our direct origination partners. In this regard, our direct origination partner has also initiated a criminal proceeding against certain of its employees and other unknown persons in relation to unauthorized access of its computer resources and computer networks. For details, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. Our actual or perceived failure, or the failure by our third party providers or partners on our platform, to comply with applicable laws or regulations or any other obligations relating to privacy, data protection, or information security, or any compromise of security that results in unauthorized access to, or use or release of personally identifiable information or other data, or the perception that any of the foregoing types of failure or compromise has occurred, could damage our reputation, or result in fines, investigations, or proceedings by governmental agencies and private claims and litigation, any of which could adversely affect our business, reputation, financial condition, cash flows, and results of operations.

34. ***There are outstanding legal proceedings/matters involving our Company and our Subsidiaries. Any adverse outcome in such legal proceedings/ matters may affect our business, results of operations, prospects, cash flows, reputation and financial condition.***

There are outstanding legal proceedings/matters involving our Company and our Subsidiaries which are pending at different levels of adjudication before various courts, tribunals and other authorities. The amounts claimed in these proceedings/ matters have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally. Any unfavourable decision in connection with such proceedings/ matters, individually or in the aggregate, could adversely affect our reputation, prospects, cash flows, business, financial condition and results of operations.

The summary of such outstanding legal proceedings/ matters as of the date of this Red Herring Prospectus is set out below:

| **Name of Entity** | **Number of Criminal Proceedings** | **Number of Tax Proceedings** | **Number of Statutory or Regulatory Proceedings** | **Number of Material Civil Proceedings** | **Other civil proceedings** | **Aggregate amount involved** *(₹ million)*[1] |
|---|---|---|---|---|---|---|
| ***Company*** | | | | | | |
| ***Against our Company*** | - | 2 | 1 | - | - | 42.85 |
| ***By our Company*** | 699 | - | - | 2 | 8 | 1,273.64 |
| ***Directors*** | | | | | | |
| ***Against our Directors*** | - | - | - | - | - | - |
| ***By our Directors*** | - | - | - | - | - | - |
| ***Subsidiaries*** | | | | | | |
| ***Against our Subsidiaries*** | - | 3 | - | - | - | 168.57 |
| ***By our Subsidiaries*** | 8 | - | - | - | - | 5.54 |

*(1)To the extent ascertainable*

We cannot assure you that the outcome of any of these matters will be in favour of our Company or our Subsidiaries, respectively, or that no additional liability will arise out of these proceedings/ matters. An adverse outcome in any of these proceedings/ matters could have an adverse effect on our business, financial position, prospects, results of operations and our reputation. For further details, see "*Outstanding Litigation and Material Developments*" on page 516.

***35. We are subject to customer complaints and if our customer grievance redressal mechanism is ineffective, it could result in complaints being left unaddressed or inefficiently handled, which could have a material adverse impact on our business, results of operations, cash flows, financial condition and reputation.***

We are routinely subject to customers' grievances and complaints about our financial and non-financial products, employees, partners, agents, technology platforms as well as the way in which we address customers' claims. We have established a customer grievance redressal mechanism comprising a Grievance Redressal Officer and Nodal Officer, aimed at addressing and resolving customer complaints in a timely and fair manner. Our Grievance Redressal Officer receives all the customer grievances in the first instance and if the customer does not receive a response within 15 days or is not satisfied by the response, the customer may reach out to the Nodal Officer. Customers may raise complaints or make escalations of their grievances via email or telephone (toll-free number), details of which are available on our website. All the queries, requests and complaints are captured in and monitored through our customer relationship management software. Set out below are details of the total complaints received and complaints that are pending in the Fiscals indicated:

| **Particulars** | **Fiscal** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Total complaints* | 250 | 195 | 299 |

*Note:*
**Includes 159, 84 and 19 complaints received through the RBI Ombudsman for the Fiscals 2024, 2023 and 2022, respectively.*

As of the date of the Red Herring Prospectus, all of the complaints received in Fiscals 2022, 2023 and 2024 have been addressed, resolved or closed and none of the complaints are pending resolution. However, despite our efforts to maintain a customer grievance mechanism, there is a risk that this mechanism may not always operate effectively or efficiently and there is no guarantee that our systems will be able to respond to our customers' grievances and complaints in a manner satisfactory to our customers or within a reasonable period of time. Inadequate handling of customer grievances can arise from several factors, including, but not limited to, insufficient resources, lack of adequately trained personnel, or ineffective policies and procedures. Delays in the handling of customer grievances and complaints may lead to customer frustration and further complaints, which may, in turn, cause backlogs in our grievance handling system. In addition, certain customer complaints may be complex and may require more detailed consideration and additional time which could lead to delays in the resolution of such customer complaints.

Further, none of the customer complaints have led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024. Further, there have been no instances of our customer grievance mechanism being ineffective or inadequate to address customer complaints in Fiscals 2022, 2023 and 2024. If we are unable to appropriately resolve our customers' grievances and complaints, as and when they arise, and in a timely manner, we may attract adverse publicity, lose customers or incur financial losses in the future, all of which may have a material adverse impact on our business, results of operations, cash flows, financial condition and reputation.

***36. Any failure or significant weakness of our internal controls system could cause operational errors or incidents of fraud, which would adversely affect our profitability, reputation, business, results of operations, cash flows and financial condition.***

We are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size and complexity of our operations, it is possible that errors may repeat or compound before they are discovered and rectified. Our operational risk control and monitoring mechanism as well as enterprise resource management systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. Moreover, while we use and operate various technology systems for various products, we are dependent on certain manual processes to reconcile data between these technology systems, which exposes us to risks of inaccurate reporting and internal control failures. Failures or material errors in our internal controls systems may lead to deal errors, underwriting errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure.

While our controls are designed to identify deficiencies, our internal controls may also fail to identify frauds by borrowers, employees or third parties service providers, and our insurance policies may be inadequate to cover such losses. Moreover, for certain types of loans, we depend on third parties for the valuation of collateral and verification of titles, and we may fail to identify fraud or collusion between third party service providers, customers or employee, which could have a negative impact on the quality of loans and may lead to higher defaults. For details of such instances faced by our Company in the past, see "- *We have and may continue to face instances of defaults from our borrowers, including Originator Partners and Direct to Customer Borrowers. An inability of our borrowers to meet their repayment obligations or any increase in defaults or any large-scale defaults from our borrowers could adversely affect our business, results of operations, cash flows and financial condition*" on page 53 and for further details of the ongoing proceedings in relation to these defaults, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. For further details including details of losses incurred due to instances of fraud, see, "- *We depend on the accuracy and completeness of information about borrowers for certain key elements of our credit assessment and risk management process. Any misrepresentation, fraud, errors in or incompleteness of such information could adversely impact the quality of underwriting decisions and in turn adversely affect our asset quality, business, results of operations, cash flows and financial condition*" on page 58. Adverse publicity arising from disclosure of fraud may also have an adverse impact in our customers' confidence in our security measures. There can also be no assurance that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, results of operations, cash flows and financial condition.

***37. An inability to develop, monitor, manage or implement effective risk management frameworks could expose us to unidentified risks or unanticipated levels of risk, which could adversely affect our business, results of operations, cash flows and financial condition.***

Our risk management frameworks are based on, among other considerations, historical market behaviour, information regarding borrowers, and market knowledge. For further information, see "*Our Business – Risk Management*" on page 289. The effectiveness of our risk management is therefore limited by the quality and timeliness of available data. Consequently, our frameworks may not predict future risk exposures that could vary from or be greater than that indicated by historical measures. In addition, risk related data and information available to us may not be accurate, complete, up-to-date or properly evaluated. Some of our risk management systems are not automated and are subject to human error. Our risk management frameworks may also not be fully effective in mitigating risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated as well as risks associated with liquidity, interest rates, credit, operational, cash management, asset quality impairment, inflation and concentration. We have faced certain instances in the past of our risk management framework being unable to mitigate/ identify the risk. For instance, we have faced defaults in repayment obligations from certain of our Originator Partners and Direct to Customer Borrowers in the past. For further details on such instances, see "- *We have and may continue to face instances of defaults from our borrowers, including Originator Partners and Direct to Customer Borrowers. An inability of our borrowers to meet their repayment obligations or any increase in defaults or any large-scale defaults from our borrowers could adversely affect our business, results of operations, cash flows and financial condition*" on page 53 and for further details of the ongoing proceedings in relation to these defaults, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516.

We also build and use innovative models for assessing risk and for credit decisions. Such models use a number of assumptions and standard techniques to predict outcomes that may not match the actual position, and the error margins could be unacceptable in any or all cases. There can be no assurance that the structure and design of the models used are appropriate, accurate, up-to-date, complete or properly validated and that they will be able to keep pace with the evolving market conditions and requirements. Moreover, the effectiveness of such models depends mainly on the quality of the inputs and the data available to us. Erroneous data used in the models could result in inaccurate outcomes. Given our high volume of and complex nature transactions, changing market requirements and technological advances, errors may be repeated or compounded before they are discovered and rectified. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk position due to the activity of other market participants. Additionally, if there is any development in applicable law, regulations or policies, our risk management frameworks may be inadequate or ineffective in addressing risks that arise as a consequence of such changes and in turn this could adversely affect our business and operations. If significant and unanticipated risks arise, they could adversely affect our business, financial condition, results of operations and cash flows.

***38. We may be required to increase our capital adequacy ratio. Our inability to achieve or maintain the required capital adequacy ratio within the stipulated timeframe could have an adverse impact on our business, prospects, results of operations, cash flows and financial condition.***

We are subject to regulations prescribed by the RBI under which, among others, we are also required to maintain minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier I capital at any point of time, shall not be less than 10%. Further, we are required to ensure that total Tier-II capital, at any point of time, does not exceed 100% of the Tier-I capital. Set out below is details of our Capital to Risk-Weighted Assets Ratio ("**CRAR**") as of the dates indicated:

| Particulars | Regulatory requirement [1] | As of March 31, | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| Tier I Capital Ratio (%) | 10.00% | 18.07% | 20.15% | 22.08% |
| Tier II Capital Ratio (%) | <100.00% of Tier I Capital Ratio | 0.19% | 0.62% | 0.71% |
| **CRAR (%)[2]** | 15.00% | 18.26% | 20.77% | 22.79% |

*Notes:*

1. *Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.*
2. *CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets).*

The RBI may in the future prescribe a higher capital adequacy ratio or higher risk weights for some or all categories of assets which may require us to increase our equity capital. This may not be possible within the prescribed time limit or at all, which may in turn force us to draw on our risk weighted assets. For instance, RBI's recent notification on 'Regulatory measures towards consumer credit and bank credit to NBFCs' dated November 16, 2023, has increased the risk weights on certain category of assets and bank exposure on NBFC, which may result in higher capital requirements.The RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting practices or take other actions that could adversely affect our business and operating results.

### *39. Our Fund Management channel may face a number of additional risks, which if materialized, may adversely affect our business, results of operations, cash flows and financial condition.*

We operate our Fund Management channel through our subsidiary, NAIM. Set forth below are certain details of our Fund Management channel for the Fiscals indicated:

| **Particulars** | **As of and for the Financial Year ended March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Total Fund AUM[(1)] (₹ million) | 28,581.27 | 27,756.74 | 29,964.03 |
| Fund management fee earned[(2)] (₹ million) | 298.99 | 290.09 | 231.89 |
| Fund management fee yield[(3)] (%) | 0.99% | 0.96% | 1.05% |

*Notes:*

1. *Total Fund AUM represents the aggregate investments across all live AIF and PMS funds as of the last day of the relevant Fiscal.*
2. *Fund management fee earned represents the fund management fee earned by NAIM for the relevant Fiscal.*
3. *Fund management fee yield represents the fund management fee earned expressed as a percentage of the Average Fund AUM for the relevant Fiscal.*

For further details, see "*Our Business – Fund Management channel*" and "*Selected Statistical Information – Fund Management*" on pages 285 and 508, respectively. In addition to general risks such as market risk, credit risk, liquidity risk, regulatory risks, and operational and business risk, including failure to implement growth strategies, competition from other market participants, risks from operating in offshore jurisdictions and non-compliance with regulations, our Fund Management channel and portfolio management services are also subject to certain additional risks, which are outside our control, general economic conditions, macroeconomic and monetary policies, sectoral events and prevalent investor sentiment. Such risks include the dependency of income on AUM of the funds and reduction of fee income, under performance of the funds, forgoing some market opportunities due to funds having a social impact focus and the risk of mass redemptions by investors of open-ended funds. In addition, as a portfolio manager, NAIM's investment strategy aims to generate higher returns by taking on higher risks through taking on more exposure to market fluctuations, volatility, and uncertainty, and making us more vulnerable to such risks. While we have not faced instances of any such risks materializing in relation to our Fund Management channel that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future.

In addition, on account of our Company's investment in NAIM's funds, our Company is subject to risks such as liquidity risks innate to AIF investments since capital contributions may remain locked-in for a tenure and consequently may be illiquid, and the market for secondary sale of AIF units in India is in the nascent stages. Moreover, in the event our Company decides not to participate in NAIM's fund, it may adversely impact our ability raise adequate funds. In addition, if we are not able to identify favourable investment opportunities in a timely manner, or at all, our investment performance and consequently our results of operations may be adversely affected. Further, any delay in the deployment of investor funds beyond any relevant commitment period, adverse selection of funds or sub-optimal sourcing of opportunities may lead to lower investor returns which could also lead to investors withdrawing their commitments. NAIM's inability to continue to grow its AUM, maintain its overall growth levels while enhancing the investor's product portfolio, or discontinue some of the investment products, may adversely affect our market position and profitability. These and similar risks may materially and adversely affect our business, prospects, financial condition, results of operations, cash flows and reputation.

### *40. Any disruption in our ability to sell-down exposures will impact our liquidity and earnings and have an adverse impact on our business, results of operations, cash flows and financial condition.*

We originate and sell-down a significant portion of our exposures to third parties, such as securitization vehicles, investors, and other financial institutions in order to diversify our risk profile, optimize our capital and funding structure, and generate fee income. "Sell-down exposure" refers to the process by which banks and financial institutions transfer or reduce their exposure (which includes all fund based and non-fund based (credit as well as investment) exposure of banks/ financial institutions to the borrower) to a particular asset or group of assets by selling them off to other investors or financial institutions as parts of their business and risk management strategy. This enables them to reduce their overall risk or help maintain the same risk but with a higher rate of return as well as meet the applicable credit/investment concentration norms issued by the RBI. However, the ability to sell-down exposures depends on various factors, such as market conditions, investor demand, credit quality, pricing and regulatory requirements, which may change rapidly and unpredictably. Set forth below are certain details of our sell-down exposures in terms of AUM as of the dates as indicated:

| Particulars | As of March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | Amount (₹ million) | % of total AUM[2] (%) | Amount (₹ million) | % of total AUM[2] (%) | Amount (₹ million) | % of total AUM[2] (%) |
| Sell-down exposures[1] | 7,765.53 | 6.63% | 3,055.77 | 3.03% | 34.35 | 0.03% |

*Notes:*

1. *Sell-down exposures includes direct assignment as described in relevant RBI regulations.*
2. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*

Any disruption in our ability to sell-down exposures, or any deterioration in the performance or value of the exposures we retain or service, could adversely affect our liquidity, earnings, capital ratios, and reputation. We may also face legal, regulatory, or contractual challenges or disputes from the buyers or securitization vehicles, or from the originators, borrowers, or servicers of the underlying assets, which could result in additional costs, liabilities, or reputational damage. While we have not faced any such instances of disruption in our ability to sell-down exposures that led to any adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future.

***41. Any downgrade to our credit ratings could increase our finance costs and adversely affect our business, results of operations, cash flows and financial condition.***

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Any downgrade to our credit ratings could weaken our relationships and negotiating power with our lenders, increase the average cost of borrowing, impact our ability to raise debt from certain categories of lenders such as insurance companies, and cause our lenders to impose additional terms and conditions or charge higher premiums in respect of any financing or refinancing arrangements that we enter into in the future and further adversely affect our business, financial condition, cash flows and results of operations. While we have not faced any such instances of downgrade in our credit ratings in the past, there is no assurance that we will not face such instances in the future.

Set out below are details of our credit ratings for the Fiscals indicated:

| Instrument | Name | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
|---|---|---|---|---|
| | | Rating | Rating | Rating |
| Non-Convertible debentures | ICRA | ICRA A+ (Stable) | ICRA AA- (Stable) | ICRA AA- (Stable) |
| | India Ratings | IND (A+ Stable) | IND (A+ Stable) | IND AA- (Stable) |
| Market linked debentures | ICRA | ICRA A+ (Stable) | ICRA AA- (Stable) | ICRA AA- (Stable) |
| | India Ratings | IND PP-MLD [A+ emr/ Stable] | IND PP-MLD [A+ emr/ Stable] | IND PP-MLD [A+ emr/ Stable] |
| Subordinated debts | ICRA | ICRA (A+ Stable) | ICRA (AA- Stable) | Withdrawn |
| Long term – Term Loans | ICRA | ICRA (A+ Stable) | ICRA (AA- Stable) | ICRA (AA- Stable) |
| Long term - Fund-based limits | ICRA | ICRA A+ (Stable) | ICRA AA- (Stable) | ICRA AA- (Stable) |
| Long term - Non-Fund based credit exposure limits | ICRA | ICRA A+ (Stable) | ICRA AA- (Stable) | ICRA AA- (Stable) |
| Short-term bank facilities | ICRA | ICRA A1+ | ICRA A1+ | ICRA A1+ |
| Commercial paper | ICRA | ICRA A1+ (Stable) | ICRA A1+ (Stable) | ICRA A1+ (Stable) |
| | CARE Edge | CARE A1+ | CARE A1+ | CARE A1+ |

As of the date of this Red Herring Prospectus, our credit ratings are as set forth below:

| Instrument | Rating Agency | Rating | Date of Rating | Rated Amount (₹ million) |
|---|---|---|---|---|
| Non-Convertible debentures | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 8,729.00 |
| Market linked debentures | ICRA | PP-MLD[ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 1,500.00 |
| Long term - Fund-based limits | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 710 |
| Long term - Term loans | ICRA | [ICRA]AA-(Stable); reaffirmed/assigned for enhanced portion | July 19, 2024 | 60,721.50 |
| Short-term bank facilities | ICRA | [ICRA]A1+; reaffirmed/assigned for enhanced portion | July 19, 2024 | 6,450.00 |
| Long term - Non-Fund based credit exposure limits | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 948.50 |
| Commercial paper | ICRA | [ICRA]A1+ (Stable); reaffirmed | July 19, 2024 | 3,000.00 |
| Non-Convertible debentures | India ratings | IND AA-/Stable; upgraded | September 27, 2023 | 3,699.00 |
| Commercial paper | CARE Edge | CARE A1+ (One Plus); reaffirmed | July 3, 2024 | 5,000.00 |

***42. Certain of our Subsidiaries have incurred losses in the past.***

Certain of our Subsidiaries have incurred losses in the past, details of which are set out below for the Fiscals indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | Profit/ (loss) before tax (₹ million) | | |
| Northern Arc Securities Private Limited | (0.24) | (0.88) | - |
| Northern Arc Foundation | 4.00 | (4.43) | (8.32) |
| Pragati Finserv Private Limited | 259.82 | (46.26) | (42.14) |
| Northern Arc Investment Adviser Services Private Limited | 1.57 | 1.22 | (0.32) |

In the event these Subsidiaries continue to incur losses, our consolidated results of operations, cash flows and financial condition will continue to be adversely affected. For further details, see "*Management's Discussion and Analysis of our Financial Condition and Results of Operations*" on page 448.

We may be required to fund the operations of these Subsidiaries in the future and our investments in these Subsidiaries may eventually be written-off, which could subject us to additional liabilities and could have an adverse effect on our Company's reputation, profitability and financial condition. We may similarly be required to furnish guarantees in the future to secure the financial obligations of these Subsidiaries and in the event that any corporate guarantees provided by us are invoked, we may be required to pay the amount outstanding under such facilities availed, resulting in an adverse effect on our business, cash flows and financial condition.

***43. Certain new or complex products which have helped meet customer and investor needs in the past may not be successful in the future, and as a result, could have an adverse impact on our business, results of operations, cash flows and financial condition.***

We have developed products, such as, MOSEC® and PERSEC®, which have allowed us access to a wider investor base for our portfolio of Investor Partners. However, it is possible, that some of these products while successful and beneficial in the past, may not meet investor requirements in the future because of their embedded cost structure, their performance owing to macroeconomic developments including an economic slowdown, changing needs of our Investor Partners with respect to interest rates and tenure for the funding, change in taxation laws making certain products unattractive for our Investor Partners and increased product competition that we may face from our competitors.

As part of our Placements channel activities, we earn our revenues in the form of fees paid by our Originator Partners and not from our Investor Partners in these products. The products are also usually rated by independent credit rating agencies. However, given the complexity of the product, an inability of Investor Partners to form an independent opinion on the investment opportunity could result in the product being unsuitable for such Investor Partner and therefore, result in a loss of our reputation. Further, inability of Investor Partners to gauge the relative suitability of one product over the other including in terms of nature of instrument (for instance, loans versus debentures), tenure, interest rate, size, and nature of recourse, may result in offerings that do not fully meet the requirements of our Investor Partners, and a loss of our reputation. While we have not faced any such instances of failure of our Investor Partners to determine the suitability of our products or our previously successful product to meet future investor needs that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future.

***44. A significant portion of our loans and investments are rated in the BBB category or lower or may not be rated. Such assets may be illiquid and we may not be able to liquidate our positions as planned, which could affect our business, profitability, results of operations, cash flows and financial condition.***

We have a significant portion of our loans and investments in assets that are rated in the BBB category or lower or may not be rated at all. These assets may not be readily convertible into cash. We also have Direct to Customer loans that we may not be able to assign or securitise. Set out below are certain details of the number of transactions undertaken with entities and assets rated in the BBB category or lower (including unrated assets) as of the dates indicated:

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Number of transactions undertaken with entities in the BBB category or lower (including unrated) (1) | 493 | 475 | 636 |
| Number of transactions undertaken with entities in the BBB category or lower (including unrated) (1) as a percentage of total transactions (%) | 84.85% | 77.49% | 77.47% |
| Loans and investments in assets rated in the BBB category or lower (including unrated assets) (2) (₹ million) | 44,150.50 | 35,195.27 | 37,267.65 |
| Loans and investments in assets rated in the BBB category or lower (including unrated assets) (2) as a percentage of total assets (%) | 37.70% | 37.56% | 46.74% |

*Notes:*
*(1) Includes transactions undertaken with entities in Intermediate Retail Lending and certain Direct to Customer Lending, namely, partnership-based lending, supply chain finance and mid-market companies, during the relevant Fiscal.*
*(2) Loans and investments in assets rated in the BBB category or lower (including unrated assets) as of the relevant Fiscal.*

These assets may have limited or no secondary markets, may be subject to valuation uncertainty, higher price volatility and may require a long holding period to realize their expected returns. As a result, we may not be able to sell or redeem these assets as planned or at favourable prices, especially in times of market stress, regulatory changes, or adverse events affecting the underlying borrowers or issuers. This may impair our ability to meet our liquidity needs, fund our operations, or pursue new opportunities. It may also reduce our profitability and financial position if we are forced to recognize losses or impairments on these assets or incur higher funding costs or penalties. In addition, limited secondary market volumes may reduce the availability and increase the cost of financing or refinancing our illiquid assets, which may adversely affect our liquidity position and profitability. Moreover, our dependence on sell down of such assets as a source of liquidity is not significant. While we have not faced any such instances of inability to liquidate our positions that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future.

***45. Our results of operations could be adversely affected by any disputes with or misconduct by our customers.***

While we aim to maintain relationships with our Originator Partners, Retail Lending Partners, Direct to Customer Borrowers or Investor Partners (who are customers of NAIM), we have had disputes with certain customers in the past. For instance, we have had disputes with certain Direct to Customer Borrowers in the past in relation to certain of our services and the RBI Ombudsman required our Company to pay a compensation of ₹10,000, ₹5,000 and ₹2,000 in Fiscals 2025, 2023 and 2022, respectively, to the Direct to Customer borrowers. While these instances have not had any adverse impact on our business, operations and financial condition, similar instances of complaints from our customers in the future could result in legal disputes or other problems which could potentially impact our business, results of operations, cash flows, financial condition and reputation. Further, misconduct by our customers could be financial in nature such as fraud or money laundering or non-financial in nature. It is not always possible to deter misconduct by our customers and the precautions we take and the systems we have implemented to prevent and deter such activities may not be effective in all cases.

***46. We may face difficulties in conducting operations and incur additional expenses in operating in non-urban areas, where infrastructure may be limited, particularly for transportation, electricity and internet connectivity, which may have an adverse impact on our business, profitability, results of operations, cash flows and financial condition.***

A significant number of our Direct to Customer Borrowers, and borrowers of our Originator Partners are located in non-urban areas in India, who are dependent partly on rural economy and subject to various risks, including limited infrastructure, particularly for transportation, electricity and internet bandwidth. Set forth below is the exposure (which includes indirect exposure through Originator Partners) in terms of AUM to borrowers in non-urban areas as of the dates indicated:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| AUM from borrowers located in non-urban areas(1) (₹ million) | 16,434.14 | 17,882.84 | 16,908.64 |
| AUM from borrowers located in non-urban areas(1), as a percentage of total AUM(2) (%) | 14.03% | 19.85% | 23.79% |
| AUM from borrowers located in urban areas(3) (₹ million) | 100,666.05 | 72,204.09 | 54,174.53 |
| AUM from borrowers located in urban areas(3), as a percentage of total AUM(2) (%) | 85.97% | 80.15% | 76.21% |

*Note:*

1. *Non-urban areas have been identified based on the urban/non-urban segregation provided by 2011 census of India.*
2. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*
3. *Urban areas have been identified based on the urban/non-urban segregation provided by 2011 census of India.*

We or our Originator Partners, including Retail Lending Partners, as well as Retail Lending Partners servicing such borrowers located in non-urban areas may also face difficulties in conducting operations, engaging third-party service providers in such areas, accessing power facilities, transporting our personnel and equipment and implementing technology measures in such areas. There may also be increased costs in conducting our business and operations in such areas, such as increased capital expenditure to create the necessary infrastructure where it is limited, higher costs associated with data connectivity and networks, implementing security measures, increased manpower demands to reach customers in such areas and expanding our reach. Moreover, non-urban areas may have a limited pool of skilled workers, which can pose difficulties in recruitment and staffing operations effectively and could potentially require us to recruit from other areas, which can incur additional costs related to relocation and training. In addition, customers in non-urban areas are often less aware of the benefits of financial inclusion, and the availability of products and services available to them, as a result, we may need to incur additional costs to educate them before being able to disburse loans to them. While we have not faced any instances of difficulties or incurred additional expenses due to our operations in non-urban areas that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such costs will not be incurred or will not increase in the future as we expand our business in non-urban markets. Any such increased costs could adversely affect our business, profitability, results of operations, cash flows and financial condition.

***47. Our financing products may face concerns regarding the financial terms provided and product suitability requirements, adversely affecting our business, reputation, results of operations, cash flows and financial condition.***

Our financing products are designed to meet the specific needs and circumstances of our customers, however, in certain cases they may also carry high interest rates and/or fees resulting in high annualised percentage rates ("**APRs**") which may be deemed usurious by regulatory authorities or courts. Moreover, some of our financing products may also have short repayment terms, balloon payments or prepayment penalties, which may increase the financial burden on our customers or limit their flexibility. For details of our offerings and products, see "*Our Business – Our Channels*" on page 280.

We are also subject to various laws and regulations that govern our financing activities, such as consumer protection, fair lending, anti-money laundering, and data privacy laws. These laws and regulations may impose or modify product suitability requirements, disclosure obligations, interest rate or APR caps, licensing and registration requirements, reporting and recordkeeping obligations, and other restrictions or standards on our operations. We may also face litigation, enforcement actions, fines, penalties, or reputational damage if we fail to comply with these laws and regulations or if we are accused of engaging in usurious, unfair, deceptive, abusive or predatory lending practices. Also, see "-*We are subject to stringent regulations governing the financial services industry in India. We may fail to obtain, maintain or extend our statutory and regulatory approvals to operate or expand our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licenses, which may impede our business, operations, results of operations, cash flows and financial condition*" on page 67.

We may face negative publicity, customer complaints, social activism, or regulatory scrutiny if our financial terms or lending practices are perceived as exploitative or harmful to our customers or the communities we serve. Such perceptions may erode our reputation and trust among our customers, potential customers, partners, investors, regulators, and other stakeholders, hamper our growth, reduce market acceptable of our products, and may adversely affect our ability to attract and retain customers, expand our market share, diversify our product offerings or access funding sources. While we have not faced any instances of negative publicity, customer complaints or regulatory actions relating to the financial terms and product suitability requirements of our financing products that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future. Any of these factors could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***48. We may not be able to continue to design and offer new products or structures and our new products or structures may be low-vintage or unsuccessful, which could harm our reputation and adversely affect our business, results of operations, cash flows and financial condition.***

As part of our growth strategy, we may from time to time introduce new technology products and other product offerings and structures. We may incur costs in the future when expanding our product range and cannot guarantee that any new products or structures will be successful. Such new products and structures are low-vintage, *i.e.*, they have not been in the market for a long time or have not generated significant business, revenues or profits. For example, our technology products, *nPOS*, a platform for partnership lending/ co-lending, and *Nu Score*, a machine learning based solution to aid Originator Partners in their underwriting process, are relatively new and in the nascent stages. Such products and structures may not achieve the expected levels of customer acceptance, demand, or profitability, or may face increased competition, regulatory hurdles, technological obsolescence, or other challenges. As a result, we may incur significant costs and expenses to develop, market, and support these products and structures, which may not be offset by sufficient revenues or margins. Additionally, we may have to impair or write off the value of these products and structures if they fail to meet our expectations or strategic objectives, which could adversely affect our financial condition and results of operations.

While we have not faced any instances of our new products being unsuccessful or failure to design or offer new products that led to any adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future. If any new products or structures are unsuccessful, we may lose any or all of the investments that we have made in promoting them, and, consequently, our reputation and results of operations could be adversely affected. We may also fail to design and offer new products or structures in line with changing customer needs or build and maintain strong control mechanisms and competencies, which may affect our ability to implement our strategies or compete effectively and adversely affect our business, reputation, results of operations, cash flows and financial condition.

***49. Our business is subject to variability, which may contribute to fluctuations in our business, results of operations, cash flows and financial condition.***

Certain categories of our business and the business of our Originator Partners are subject to variability in nature. Generally, the economic activity in India during the period from September to March is higher than the remaining part of the year owing to various reasons including several festivals and holiday periods, improved weather conditions and crop harvests. The requirement for credit and financing being directly correlated to the level of economic activity, our Lending channels experiences higher borrowings by our customers during the third and fourth quarter of each fiscal.

Accordingly, we also typically have higher drawdowns under our facilities in the third and fourth quarter of each fiscal. Similarly, our Placements channel generally experiences higher business volume and correspondingly generates higher fees in the second half of the year. Our revenues are higher during the second half of each fiscal year as compared to first half of the fiscal year. This variability can also be expected to cause quarterly fluctuations in our revenue, profit margins and earnings.

***50. We may undertake strategic acquisitions or investments, enter into new businesses, which could disrupt our business, divert our management's attention, be difficult to integrate and manage or may not be successful.***

We may in the future seek to acquire or invest in new entities, businesses or technologies that could complement or expand our products and services, enhance our technical capabilities, or otherwise offer growth opportunities. For instance, in April 2022, we acquired the identified assets and liabilities of S.M.I.L.E Microfinance Limited, an NBFC MFI, for a total consideration of ₹1,116.29 million. Set out below are certain details in relation to the acquisition of identified assets and liabilities of S.M.I.L.E Microfinance Limited:

| Name of the acquired entity | AUM of the acquired identified assets and liabilities of acquired entity in Fiscal 2023 | AUM as of March 31, 2023 | AUM of the acquired identified assets and liabilities of acquired entity as a percentage of % of our total AUM in Fiscal 2023 |
|---|---|---|---|
| | (₹ million) | | |
| S.M.I.L.E Microfinance Limited | 499.05 | 90,086.93 | 0.55% |

Further, it is also possible that we may not identify suitable acquisition or investment targets, or that if we do identify suitable targets, we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects. Moreover, an acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses and adversely impacting our business, results of operations, cash flows and financial condition. We may also be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our Company. We also may not achieve the anticipated benefits from the acquired businesses due to a number of factors, including difficulties resulting from the integration of information technology systems, accounting systems, culture or personnel; litigation; use of resources; or other disruption of our operations. Regulatory constraints, particularly competition regulations, may also affect the extent to which we can maximize the value of our acquisitions or investments. Acquisitions could also result in issuance of Equity Shares which could dilute the shareholding of our existing shareholders or the incurrence of debt. In addition, we may spend time and money on acquisitions or investments that do not increase our revenue.

While we have not faced any instances of difficulties in integrating or managing our acquisitions or investments in the past, there can be no assurance that such instances will not occur in the future. There can be no assurance that we will be able to achieve the strategic purpose of such acquisition or operational integration or our targeted return on investment. We cannot assure you that we will experience success and growth through acquisitions in the future. If an acquired business fails to meet our expectations, our business and results of operations may be adversely affected.

***51. Our revenue, demand for our services and access to customers in our Placements channel could be adversely affected by the historical and expected risk of our Originator Partners and the liquidity, risk preferences and business strategy of our Investor Partners as well as the risk of disintermediation.***

Our Placements channel provides a variety of services and products to participants involved with the Indian debt market. Through our Investor Partners, we provide access to debt capital for our Originator Partners, which are financial institutions engaged in financing for under-served households and businesses in the focused sectors we operate in and on-boarded by us. Set out below is our Placements fee income and Placements Fee Yield in the Fiscals indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Placements fee income[(1)] (₹ million) | 330.79 | 412.59 | 374.65 |
| Placements Fee Yield[(2)] (%) | 0.28% | 0.32% | 0.51% |

*Note:*
1. *Placements fee income represents the aggregate value of professional fees earned by us from our Placements channel during the relevant Fiscal.*
2. *Placements Fee Yield represents the ratio of professional fee earned by us through our Placements channel to Placements volume in the relevant Fiscal.*

Due to various factors such as costs associated with compliance of relevant laws when we place securities products to offshore investors, adverse developments in the focused sectors we operate in, competition from existing and new market participants, historical and expected risk of the Originator Partners we serve, risk preferences and business strategy of our Investor Partners and liquidity in the market, our revenue generated from our Placements channel may decrease, which would have a material adverse effect on our financial condition.

In addition, our Placements channel involves acting as an intermediary and providing various services to customers. However, this exposes us to the risk of disintermediation, which refers to losing direct contact or relationship with customers or being bypassed or replaced by other intermediaries or providers in the value chain. Disintermediation may occur for various reasons including increased competition from alternative platforms and channels for raising capital as well as regulatory changes and technological innovations. Disintermediation may reduce our ability to cross-sell, upsell, or retain customers, as well as to collect and use customer data for personalization and differentiation, which could adversely affect our business and operations. We may also face challenges in anticipating, preventing, or mitigating the risk of disintermediation, as well as in adapting, innovating, or collaborating to sustain or enhance our Placements channel.

While we have not faced any instances of such risks materializing, including the risk of disintermediation, that led to any material adverse effect on our Placements channel's business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future.

***52. We offer products that are inherently complex and all possible risks are difficult to predict and mitigate. Materialization of any such unexpected and/or unmitigated risks could have an adverse impact on our asset quality, business, profitability, results of operations, cash flows and financial position.***

We offer a wide range of financial products, which can include inherently complex products. For instance, in select cases, we may also invest in mezzanine or subordinated positions to credit enhance the offering to investors in senior positions. For more details of our products, see "*Our Business – Our Products*" on page 286. Our investment in mezzanine credit tranches in securitization structures is predicated on analysis of historical performance of various asset classes and originators and our ability to use such analysis to estimate the credit enhancement required. However, our statistical analysis of losses in underlying pools, estimation of credit enhancement required or the probability of calls on our guarantees may on some occasions, among others, prove insufficient in taking care of idiosyncratic risks arising out of regulatory actions (including actions relating to restructuring and moratorium on loans which have the potential of elongating pay-back time and also of heightened losses), COVID-19 driven economic slow-down, default or bankruptcy of certain borrowers and customers on account of liquidity issues and inability to have access to funds and risks related to fraud by companies. While we have not faced any such instances of materialization of unexpected risks due to the complex nature of products that led to any material adverse effect on our business and operations in Fiscals 2022, 2023 and 2024, there is no assurance that such instances will not occur in the future.

Given the complex product design, it is possible that some risks, including credit, liquidity, legal, regulatory, operational and reputational risks are not adequately identified, quantified or mitigated at the time of entering into such transactions. The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.

### 53. *We may fail to detect money laundering and other illegal or improper activities in our business operations on a timely basis, which could adversely affect our business, financial condition, cash flows and results of operations.*

We are required to comply with applicable anti-money laundering laws and regulations, which also includes the framework for combating financing of terrorism and PMLA. In the ordinary course of our operations (particularly in our lending and investment operations), we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. Moreover, our Company continues to remain liable for compliance with the requirements of PMLA, even if we rely on third parties for providing certain services to meet the obligations under PMLA. Accordingly, we run the risk of our third party service providers failing to comply with the obligation under PMLA.

We have adopted a 'Know Your Customer and Anti-Money Laundering Policy' in line with RBI directions. The policy includes (a) a detailed customer acceptance policy that involves collection of various documents in line with the requirements of PMLA and guidelines issued by RBI from time to time, conducting checks with the watch list of RBI and other agencies and manual screening for adverse news from publicly available sources; and (b) customer identification procedure that includes processes for identifying control and beneficial owner. The policy also provides for a list of acceptable KYC documents based on different types of entities as well as enhanced due diligence for higher risk accounts and includes account monitoring for suspicious activities. Further, the Company has designated the Chief Legal Counsel as the Principal Officer for the purpose of compliance with the rules and regulations of this policy and the Chief Executive Officer as Designated Director to ensure compliance with the obligations under Prevention of Money Laundering (Amendment) Act, 2012. Although we may have adequate internal policies, procedures and controls in place to prevent and detect any money-laundering activity and ensure KYC compliance, there can be no assurance that these will be effective in all instances. We may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report.

While we have not faced any instances of failure to detect money laundering or other illegal or improper activities in our business operations or non-compliance with anti-money laundering laws and regulations as well as prescribed KYC procedures that led to an adverse effect on our business or operations in Fiscals 2022, 2023 and 2024, there is no assurance that we will not face such instances in the future. If any party uses or attempts to use us for money laundering or any other illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in accordance with applicable law, our reputation, business, financial condition, cash flows and results of operations could be materially and adversely affected.

### 54. *The COVID-19 pandemic affected our business and operations and any future pandemic or widespread public health emergency in the future, could affect our business, results of operations, cash flows and financial condition.*

The COVID-19 pandemic led to disruptions in our operations in a number of ways, for example:

- Our and our Originator Partners' borrowers who primarily belong to the low and middle-income groups have less financial wherewithal than other borrowers and were negatively impacted on account of suspension of business activities arising from COVID-19 restrictions resulting in default in their repayment obligations.

- Our disbursements and collections efficiency was also impacted in Fiscal 2021 due to COVID-19 as our ability to conduct normal business activities was affected, including a reduction in opportunities to conduct field monitoring visits or sourcing and on-boarding new customers.

- Pursuant to RBI's directions, we provided a moratorium on a case-by-case basis to eligible Originator Partners and Direct to Customer Borrowers of all principal amounts and/or interest, as applicable, falling due throughout or between March 1, 2020 and August 31, 2020, resulting in a decline in our collections during such period. In addition, our Company also availed moratorium on borrowings during March 2020 and August 2020.

- Further, the RBI by its various notifications permitted lenders to restructure borrower accounts without such accounts being classified as NPAs subject to certain conditions. We restructured 2,046 borrower accounts under this dispensation in Fiscals 2021 and 2022. As of March 31, 2024, there were nine such restructured borrower accounts, with a total principal outstanding of ₹2.26 million and these accounts continue to have the same stage classification on our books as before the restructuring.

Also, see "*Key Regulations and Policies- COVID-19 Regulatory Framework*" and "*Selected Statistical Information*" on pages 311 and 495, respectively. Any future outbreak of disease, health epidemic or pandemic, such as the COVID-19 pandemic, or any widespread public health emergency may restrict the level of business activity in affected areas, which may, in turn, materially and adversely impact our business, prospects, financial condition, cash flows and results of operations.

***55. We are exposed to the risk of mis-selling of products by our employees, partners, agents or third parties as well through our technology platform, which could result in regulatory sanctions, reputational damage, and customer complaints, and adversely affect our business, results of operations, cash flows and financial condition.***

We offer various financial and non-financial products to Originator Partners, Investor Partners, Direct to Customer Borrowers and other customers, including our investors on our technology platform, *AltiFi*. However, we are subject to the risk of mis-selling of our products by employees, partners, agents or third parties as well as through our technology platform, *AltiFi*. Mis-selling occurs when a product is sold to a customer that is unsuitable, inappropriate, or misleading, or when the customer is not fully informed of the features, benefits, risks, costs, or obligations of the product. Mis-selling could arise from various reasons, such as inadequate training, supervision, or incentives for our employees, partners, agents or third parties, lack of compliance with internal policies or external regulations, incorrect information on our technology platform, or intentional or unintentional errors or fraud. While we have not faced any instances of mis-selling of our products which led to an adverse effect on our business or operations in Fiscals 2022, 2023 and 2024, there can be no assurance that we will not face such instances in the future. Any such instance of mis-selling could result in regulatory sanctions, reputational damage, and customer complaints, and adversely affect our business, results of operations, cash flows and financial condition.

***56. Our operations could be adversely affected by strikes or increased wage demands by our employees or any other kind of disputes with or misconduct by our employees.***

As of March 31, 2024, we had 2,695 permanent employees, on a consolidated basis. We are exposed to the risk of labour disruptions such as strikes and increased wage demands or disputes with or misconduct by our employees. Any employee unrest directed against us or our management, could directly or indirectly prevent or hinder our normal operating activities, result in increased wages and other benefits, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition. In addition, misconduct or fraud by our employees could include binding us to transactions that exceed authorized limits or present, recommend or authorize unacceptable risks or concealing unauthorized or unlawful activities from us. Employee misconduct or fraud could also involve the improper use or disclosure of confidential information, sexual harassment and other offenses, which could result in regulatory sanctions and serious reputational or financial harm for our Company. While we have not faced any instances of labour disruption or disputes with or misconduct or fraud by our employees which led to a material adverse effect on our business or operations in Fiscals 2022, 2023 and 2024, there can be no assurance that our employees will not participate in work stoppages or other industrial actions in the future or that we will not experience future instances of fraud or disruptions to our operations due to disputes, complaints or other problems with our work force.

As of the date of this Red Herring Prospectus, our Company does not have any labour union. However, there can be no assurance that our employees will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs and/or lower productivity, which could adversely affect our business and results of operations.

***57. Our inability to manage the various risks associated with our large number of branches and widespread network of operations could adversely affect our business, results of operations, cash flows and financial condition.***

For our Direct to Customer lending operations, we operated a large network of 316 physical branches in India, as of March 31, 2024, through which we extend loans directly to under-served households and businesses. In particular, Pragati, our rural finance partner subsidiary incorporated in Fiscal 2021, acting as our business correspondent, operated over 262 branches across eight states and one union territory in India and served over 400,000 borrowers, as of March 31, 2024. As a business correspondent, Pragati, manages the origination, servicing, and collections for our direct rural financing business. Pragati establishes multiple branches, which are usually located at taluka headquarters. Moreover, as we grow our Direct to Customer Lending, we plan to open more branches in the regions where we operate and also explore nearby geographies with a strong credit culture for potential expansion. As a result of our widespread operations and branch network, we may be subject to additional operational risks inherent with such an extensive network, including (i) upgrading, expanding and securing our technology platform in such branches, (ii) higher technology costs, (iii) difficulties in integrating internal controls and procedures as well as coordinating and consolidating corporate and administrative functions, (iv) ensuring customer satisfaction, (v) ensuring compliance with KYC, AML and other regulatory norms, (vi) difficulties in recruiting, training and retaining skilled personnel, (vii) difficulties in supervising local operations from our centralized locations, (viii) failure to manage third-party service providers in relation to any outsourced services, (ix) risk of fraud, petty theft, embezzlement or other misconduct by employees or third parties and (x) difficulties in the integration of new branches with our existing branch network. Any of the above reasons may result in our failure to manage our business operations in an effective manner. While we have not faced any instances of such risks materializing in relation to our branch network or widespread operations that led to a material adverse effect on our business or operations in Fiscals 2022, 2023 and 2024, there can be no assurance that we will not experience such instances in the future. If any such risks materializes, our ability to grow our operations, particularly our Direct to Customer lending may be affected, which could adversely impact our business, operations, financial condition, cash flows and results of operations.

***58. If the provisions of the IBC in India are invoked against any of our customers, it may affect our rights and ability to recover loans from customers and the enforcement of our rights will be subject to the IBC.***

The IBC offers a uniform and comprehensive insolvency legislation encompassing all corporate persons, partnership firms and individuals. For further details, see "*Key Regulations and Policies*" on page 297. In case insolvency proceedings are initiated against a debtor of our Company or a debtor files for voluntary insolvency, we may not have complete control over the recovery of amounts due to us. For instance, our Company had filed a claim as an unsecured creditor of an equipment finance institution, one of our Originator Partners, under the provisions of the IBC, however, in accordance with the terms of the resolution plan that was approved by the NCLT, unsecured creditors, including our Company were not able to recover any outstanding dues. For further information, see "- *A significant portion of our investments are in credit facilities and debt instruments that are unsecured, and/or subordinated to other creditors. An inability to recover such investments may result in increased levels of NPAs, which could adversely affect our business, prospects, results of operations, cash flows and financial condition*" on page 42. In addition, our Company has filed an application under the IBC against a Direct to Customer Borrower pursuant to which an interim resolution professional has been appointed. For details, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. For further details, see "*Outstanding Litigation and Material Developments – Litigation involving our Company - Material civil litigation by our Company*" on page 518. Under the IBC, upon initiation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it in relation to the financial debt owed by the corporate debtor. Any decision of the committee of creditors must be taken by a vote of not less than 66% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors and consequently by the adjudicating authority, even if they had previously voted against it.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen. Further, under this process, wages and dues owed to unpaid employees followed by dues owed to the Central and State Governments rank below the claims of secured creditors (in the event such secured creditor has relinquished security as prescribed under the IBC). Pursuant to an amendment to the IBC, allotees in a real estate project are considered on par with financial creditors.

Accordingly, if the provisions of the IBC are invoked against any of our customers, it may affect our ability to recover our loans from the customers and enforcement of our rights will be subject to the IBC.

***59. Our insurance coverage may not adequately protect us against losses and successful claims that exceed our insurance coverage could adversely affect our business, results of operations, cash flows and financial condition and diminish our financial position.***

We have availed various insurance policies for our business operations. For further details, see "*Our Business – Insurance*" on page 296. If our arrangements for insurance or indemnification are not adequate to cover claims, we may be required to make substantial payments and our financial condition, cash flows and results of operations may be adversely affected. Additionally, such insurance may not adequately cover all losses or liabilities that may arise from our operations, including, but not limited to, when the loss suffered is not easily quantifiable.

Set out below are details of our insurance coverage on our total insured assets as of the dates indicated:

| **Particulars** | **As of March 31,** | | |
|---|---|---|---|
| | **2024*** | **2023** | **2022** |
| Insurance coverage on insured assets (₹ million) | 34.12 | 86.03 | 41.11 |
| Insurance coverage on insured assets, as a percentage of total property, plant and equipment (%) | 51.22% | 225.62% | 210.29% |

** The reduction in insurance coverage on insured assets in Fiscal 2024 was primarily on account of the change in the basis of insurance coverage. Instead of obtaining insurance for information technology assets, such as laptops, at their original cost as was done in the Fiscals 2023 and 2022, insurance coverage was based on their depreciated value in Fiscal 2024. However, after March 31, 2024, we have obtained additional coverage, which led to an increase in the insurance coverage for our insured assets.*

Further, we do not have insurance for various types of risks and losses that cannot be insured, for example, any losses we incur from our loan portfolio and investments due to non-payment and delinquency. In addition, our insurance policies are generally subject to annual renewal, and our ability to renew these policies on similar or otherwise acceptable terms, cannot be assured. We cannot also assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or at all, or on time. Moreover, if we incur a serious uninsured loss or a successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations.

While we have not faced any instances of our insurance policies failing to adequately protect us against losses or claims exceeding our insurance coverage or insurance policies not being honoured in full or on time that led to an adverse effect on our business or operations in Fiscals 2022, 2023 and 2024, if our losses significantly exceed or differ from our insurance coverage or cannot be recovered through insurance in the future, our business, results of operations, cash flows and financial condition could be adversely affected.

***60. We have certain contingent liabilities as per Ind AS 37 in our financial statements and our financial condition could be adversely affected if any of these contingent liabilities materialize.***

The following table and notes below sets forth the principal components of our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, as of the dates indicated:

| **Particulars** | **As of March 31, 2024** | **As of March 31, 2023** | **As of March 31, 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Claims against the Group not acknowledged as debt | | | |
| - Income tax related matters | 52.52 | 44.06 | 44.06 |
| Guarantees outstanding | 644.16 | 1,638.82 | 2,371.64 |

Our contingent liabilities may devolve into actual liabilities. We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If any of these contingent liabilities materialize or if at any time, we are compelled to pay all or a material proportion of these contingent liabilities, our financial condition, cash flows and results of operation may be adversely affected.

***61. We have entered into related party transactions in the past and will continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have entered into certain transactions with related parties and may continue to do so in future. For instance, our Subsidiary, Pragati Finserv Private Limited, is paid fees and commission expenses by our Company for rendering certain services such as sourcing of borrowers, collection of receivables, coordination with vendors and managing branch operations. Set out below are certain details of the fees and commission expenses by our Company to Pragati Finserv Private Limited disclosed as per Ind AS 24 - Related Party Disclosures, read with SEBI ICDR Regulations in the Fiscals indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Fees and commission expense - Pragati Finserv Private Limited (₹ million) (A) | 963.23 | 385.03 | - |
| Total income (₹ million) (B) | 19,060.33 | 13,112.00 | 9,165.45 |
| Fees and commission expense - Pragati Finserv Private Limited, as a percentage of total income (%) (C=A/B*100) | 5.05% | 2.94% | - |

While we believe that all such transactions in Fiscals 2022, 2023 and 2024 have been conducted on an arm's length basis and in accordance with the Companies Act, 2013, applicable accounting standards and applicable laws, as of the date of such related party transactions, including Board and shareholders approvals, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties in the future. Set out below are details of our related party transactions as per the requirements under Ind AS 24 – Related Party Disclosures, read with the SEBI ICDR Regulations for the Fiscals indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Arithmetic aggregate absolute total of our related party transactions (post inter company eliminations) (₹ million) | 334.57 | 423.43 | 120.90 |
| Arithmetic aggregate absolute total of our related party transactions (post inter company eliminations), as a percentage of total income (%) | 1.76% | 3.23% | 1.32% |

We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we will enter into related party transactions in the future. Although all related party transactions that we may enter into will be subject to Audit Committee or Board or shareholder approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions in the future, individually or in aggregate, will not have an adverse effect on our financial condition, cash flows and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. For more information regarding related party transactions, see "*Other Financial Information – Related Party Transactions*", on page 443.

***62. Our Managing Director and Chief Executive Officer, and certain of our Directors, Key Managerial Personnel and Senior Management are interested in our Company in addition to the remuneration and reimbursement of expenses.***

Certain of our Directors including our Managing Director and Chief Executive Officer, and our Key Managerial Personnel and members of Senior Management are interested in our Company, in addition to regular remuneration or benefits including sitting fees, commissions and reimbursement of expenses, as applicable, including to the extent of bonuses distributed by our Company, employee stock options granted pursuant to the ESOP Schemes and their shareholding in our Company as well as dividends payable, if any. For further information on the interest of certain of our Directors including the Managing Director and Chief Executive Officer, Key Managerial Personnel and members of Senior Management, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Our Management*" on page 333.

***63. Our ability to pay dividends in the future will depend on our compliance with certain conditions prescribed by the RBI, earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

We have not paid any dividends on our Equity Shares in the last three Fiscals. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, capital requirements, compliance with the conditions set out RBI's circular dated June 24, 2021 in relation to payment of dividend by NBFCs, ("**Dividend Circular**") and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board in accordance with applicable law, and subject to approval of Shareholders. The quantum of dividend to be distributed, if any, will depend on a number of factors, including prudential norms, maximum permissible dividend payment ratio and other factors set out in the Dividend Circular, profit earned during the current Financial Year, overall financial conditions, cash flows, capital requirements, business prospects and expansion plans, cost of raising funds from alternative sources, restrictive covenants under our financing arrangements, money market conditions, and macro-economic conditions. We cannot assure you that we will be able to pay dividends at any point in the future. We may also decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. For further details, see "*Dividend Policy*" and "*Key Regulations and Policies*" beginning on pages 353 and 297, respectively.

***64. We have in this Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance that may vary from any standard methodology that is applicable across the financial services industry.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Red Herring Prospectus. For details on the various non-GAAP financial measures and statistical information, see "*Selected Statistical Information*" on page 495. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of similar businesses, many of which provide such Non-GAAP Measures and other industry related statistical and operational information.

Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the Fiscals or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. These Non-GAAP Measures and such other industry related statistical and operational information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial and operational measures, and industry related statistical information of similar nomenclature that may be computed and presented by other similar companies. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure.

Further, we track certain operating metrics with our internal systems and tools. Our methodologies for tracking these metrics may change over time, which could result in changes to our metrics in the future, including to metrics that we publicly disclose. If our internal systems and tools track our metrics inaccurately in the future, the corresponding data may be inaccurate. This may impair our understanding and evaluation of certain aspects of our business, which could affect our operations and long-term strategies.

Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our Restated Consolidated Summary Statements disclosed elsewhere in this Red Herring Prospectus.

***65. Our inability to protect or use our intellectual property rights may adversely affect our business, financial condition, cash flows and results of operations.***

Our name and trademarks are significant to our business and operations and any use by third parties could adversely affect our reputation, which could in turn adversely affect our business, financial condition, cash flows, results of operations and the market price of the Equity Shares. We have 19 registered trademarks, including '*Nimbus by Northern Arc',* '*Nu Score by Northern Arc'* and '*Northern Arc*' and have applied for six trademarks including which have been currently objected. For details, see "*Government and Other Approvals*" on page 522. Further, certain of our trademarks, including our logo , are used by our Subsidiaries.

It is possible that third parties may copy or otherwise infringe on our rights, and we may not be able to prevent infringement of trademarks for which we have already applied for registration, and a passing-off action may not provide sufficient protection until such time as the applicable registrations are granted. If such claims are raised in the future, these claims could result in costly litigation, divert management's attention and resources, and may subject us to significant liabilities. Any of the foregoing could have an adverse effect on our business, financial condition, cash flows and results of operations.

In addition, our intellectual property also includes our technology platforms (such as *Nimbus*, *AltiFi*, *nPOS* and *Nu Score*) we use to provide our products and offerings to customers. We believe these technology platforms provide us with a significant competitive advantage, however, since they may not be adequately protected by intellectual property rights such as patent registration and instead may only be protected by secrecy, we cannot be certain that our technology platforms will remain confidential in the long run and become public knowledge in circumstances beyond our control, which could have an adverse effect on our business, future prospects, financial conditions and results of operations.

***66. Our Company will not receive any proceeds from the Offer for Sale portion.***

The Offer comprises the Fresh Issue and the Offer for Sale. The proceeds of the Offer for Sale, net of their respective share of Offer-related expenses, will be paid to the Selling Shareholders and our Company will not receive any portion of the proceeds from the Offer for Sale. For further details, see "*Objects of the Offer*" and "*Offer Structure*" on pages 160 and 542, respectively.

***67. The objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders' approval***

Our Company intends to primarily use the Net Proceeds of the Fresh Issue for to meet future capital requirements towards onward lending, as described in "*Objects of the Offer*" on page 160. Such intended use of proceeds has not been appraised by any bank or financial institution. Our Company has appointed CRISIL Ratings Limited as the Monitoring Agency for monitoring the utilization of the Gross Proceeds, under the SEBI ICDR Regulations. Any variation in the objects of the Fresh Issue would require shareholders' approval and may involve considerable time or may not be forthcoming and in such an eventuality it may adversely affect our operations or business.

Additionally, since our Company does not have any identifiable promoter or controlling shareholders, in accordance with the SEBI ICDR Regulations, there is no requirement for any persons to provide an exit opportunity to shareholders who dissent with our proposal to change the objects of the Offer.

***68. Our Company has issued Equity Shares during the preceding one year at a price that may be below the Offer Price.***

In the preceding one year from the date of this Red Herring Prospectus, our Company has issued Equity Shares, at a price that may be lower than the Offer Price, pursuant to the ESOP Schemes. The price at which Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded after listing. We may, in the future, issue Equity Shares, including through the grant of stock options under the ESOP Plan 2016, at prices that may be lower than the Offer Price, subject to compliance with applicable law. Any issuances of Equity Shares by our Company, including through the grant of stock options under ESOP Plan 2016, may dilute your shareholding in our Company, thereby adversely affecting the trading price of the Equity Shares and our ability to raise capital through any issuance of new securities. For details, see "*Capital Structure — Notes to Capital Structure – Issue of Equity Shares at a price lower than the Offer Price in the last one year*" on page 140.

***69. Certain of our Directors are involved in one or more ventures which are in the same line of business as that of our Company.***

Mr. P. S. Jayakumar (Non-Executive Independent Director and Chairman) is a director on the board of Tata Motors Finance Limited. Further, Mr. Michael Jude Fernandes (Non-Executive Nominee Director) is a director on the board of Neogrowth Credit Private Limited and associated with PT Reliance Capital Management in his capacity as a commissioner, Mr. Vijay Nallan Chakravarthi (Non-Executive Nominee Director) is a director on the board of Belstar Microfinance Limited, Affirma Capital Investment Adviser India Private Limited and Pragati, Mr. Ashish Mehrotra (Managing Director and Chief Executive Officer) is a director on the board of AAPT Fintech Private Limited and Pragati, Ms. Anuradha Rao (Non-Executive Independent Director) is a director on the board of Protium Finance Limited and Sundaram Finance Limited, Dr Kshama Fernandes (Non-Executive Non-Independent Director and Vice-Chairperson) is a director on the board of Sundaram Finance Limited and Gojo & Company and Mr. Trikkur Seetharaman Anantharaman (Non-Executive Nominee Director) is a director on the board of Gosree Finance Limited. These are companies which are in the same line of business as that of our Company. There can be no assurance that our Directors will be able to address conflicts of interests that arise because of their positions in such ventures. Also, there can be no assurance that our Directors will not engage in any competing business activity or acquire interests in competing ventures in the future. For further details regarding other directorships of our Directors, see "*Our Management*" on page 333.

***70. Certain sections of this Red Herring Prospectus disclose information from the CRISIL Report which has been prepared exclusively for the Offer and commissioned and paid for by us in connection with the Offer, and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.***

We have commissioned and availed the services of an independent third party research agency, CRISIL MI&A, a division of CRISIL Limited to prepare the report titled "*Analysis of NBFC sector and select asset classes*" dated June 2024 (the "**CRISIL Report**"), for purposes of inclusion of such information in this Red Herring Prospectus to understand the industry in which we operate pursuant to a technical proposal dated October 6, 2023 (read with the addendum dated June 17, 2024). A copy of the CRISIL Report is available on the website of our Company at www.northernarc.com/assets/uploads/pdf/crisil-investor-report.pdf. CRISIL is not related to the Book Running Lead Managers, our Company, our Directors, our Key Managerial Personnel or our Senior Management. We have no direct or indirect association with CRISIL other than as a consequence of such an engagement. The CRISIL Report has been exclusively commissioned and paid for by us. Certain information in this section and "*Industry Overview*," "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on pages 194, 264 and 448, respectively, have been derived from the CRISIL Report. The CRISIL Report is subject to various limitations and based upon certain assumptions that are subjective in nature. In view of the forgoing, you should consult your own advisors and undertake an independent assessment of information in this Red Herring Prospectus based on, or derived from, the CRISIL Report before making an investment decision regarding the Offer.

***71. Certain of our existing and future Shareholders together may be able to exert significant influence over our Company after completion of the Offer, which may limit your ability to influence the outcome of matters submitted for approval of our Shareholders.***

Following the completion of the Offer, certain Shareholders may continue to hold more than 10.00% of our post-Offer Equity Share capital. Such shareholdings could limit prospective investors' ability to influence corporate matters requiring shareholder approval especially the resolutions which are required to be approved by way of special resolutions by the Shareholders under the provisions of the Companies Act. Any consequent delay or non-receipt of shareholder approval for such matters could adversely affect our business. In addition, upon consummation of the Offer, subject to applicable laws and approval of the Shareholders in the first general meeting held after the listing of the Equity Shares pursuant to the Offer, pursuant to amendment of our AoA, Shareholders including those holding above a certain percentage of our Company's share capital will each have the right to nominate Non–Executive Nominee Directors on the Board. For further details on our shareholding pattern and the right to appoint nominee directors, see "*Capital Structure*", "*Our Principal Shareholders*" and "*History and Certain Corporate Matters*" on pages 118, 350 and 318, respectively.

**EXTERNAL RISK FACTORS**

***72. The Offer Price of our Equity Shares, price-to-earnings ratio and market capitalization to total income may not be indicative of the trading price of the Equity Shares upon listing on the Stock Exchanges subsequent to the Offer and, as a result, you may lose a significant part or all of your investment.***

The following table provides certain other financial parameters, on a consolidated basis, for the Fiscals indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Total revenue from operations (₹ million) | 18,900.84 | 13,049.71 | 9,095.39 |
| Total income (₹ million) | 19,060.33 | 13,112.00 | 9,165.45 |
| Restated profit for the year (₹ million) | 3,176.93 | 2,422.14 | 1,819.38 |

Our market capitalization to the multiple of total income for Fiscal 2024 is [●] times and our price to earnings ratio (based on our restated profit for the year for Fiscal 2024) calculated at the upper end of the price band is [●]. Our Offer Price, the multiples and ratios specified above may not be comparable to the market price, market capitalization and price-to-earnings ratios of our peers. Accordingly, any valuation exercise undertaken for the purposes of the Offer by our Company in consultation with the BRLMs, would not be based on a benchmark with our industry peers. The relevant financial parameters on the basis of which Price Band will be determined, have been disclosed under "*Basis for Offer Price*" on page 166 and shall be disclosed in the price band advertisement.

***73. Macroeconomic conditions in India and globally could have a material adverse effect on our business, results of operations, cash flows and financial condition.***

We conduct all our business activities in India, and our revenue streams have historically been impacted by macroeconomic conditions in India and are likely to continue being impacted by them in the future. Consumer confidence, consumer spending, unemployment and overall economic growth rates are among the main factors that often impact the demand for credit. Poor economic conditions and regulatory forbearances or relaxations tend to adversely affect our end-customers' ability and willingness to repay the amounts borrowed, thus increasing delinquencies, charge-offs and provisions for credit losses, and decreasing recoveries, such as during the COVID-19 pandemic. A prolonged period of slow economic growth or a significant deterioration in economic conditions would likely affect the willingness of our borrowers, customers and partners to procure credit and other related services. It may also impact their repayment capabilities, resulting in increases in defaults. These factors could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Economic growth in India is influenced by, among other things, inflation, unemployment rates, interest rates, foreign trade and capital flows, as well as the monsoon season. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the RBI. Our Company has also faced severe macro-shocks in the past, including the COVID-19 pandemic. Further, we lend to and raise financing for a significant number of lower rated, small and medium Originator Partners which had difficulties in raising debt and equity after the defaults by a large financial services conglomerate and a few other large NBFCs in Fiscal 2020, which impacted our growth and funding prospects.

Moreover, negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. The global economy has also been negatively impacted by conflicts between Israel–Palestine and Russia- Ukraine. Governments in the United States, United Kingdom, and European Union have imposed sanctions on certain products, industry sectors, and parties in Russia. These conflicts could negatively impact regional and global financial markets and economic conditions, and result in global economic uncertainty and increased costs of various commodities, raw materials, energy and transportation. In addition, one of our Selling Shareholders has a presence in certain countries that are subject to sanctions such as Iran and Russia. Further, another of our Selling Shareholders has existing investments in countries where non-related individuals or entities operating within such countries are subject to sanctions, such as Myanmar and Nicaragua. Further, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. Any significant financial disruption could have an adverse effect on our business, financial condition, cash flows and results of operation.

74. ***Changing laws, rules and regulations and legal uncertainties, including adverse application or interpretation of corporate and tax laws and regulations, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, financial condition, cash flows and results of operations, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The GoI has notified the Finance Act, 2023 ("**Finance Act**"), which has introduced various amendments to the Income-tax Act. Amendments in relation to the taxation of market-linked debentures negatively affected the operations of NAIM in terms of ability to raise and deploy funds in the future. However, there is no certainty on any additional impact that the Finance Act, 2023 may have on our business and operations or on the industry in which we operate. More recently, the RBI issued a circular on "Investments in Alternative Investment Funds (AIFs)" on December 19, 2023 read with circular dated March 27, 2024 which restricts NBFCs from investing in schemes of AIFs that have downstream investments, either directly or indirectly, in a debtor company of such NBFCs. Under the circular, downstream investments exclude investments in equity shares of the debtor company of the regulated entity but shall include all other investments, including investment in hybrid investments. We are required to make provisions against our investments in AIFs in accordance with the said circular to the extent we have been unable to liquidate such investments. Provisioning shall be required only to the extent of the investment by our Company in the scheme of AIFs which is further invested by the AIFs in the debtor company and not the entire investment of our Company in the relevant scheme of AIFs. Further, we have raised funds from certain regulated entities for AIFs managed by us, and such regulated entities may have exposures to AIFs' portfolio companies. Going forward, our ability to raise funds from financial institutions for AIFs managed by us may be impacted as a result of the above circular. In addition, we discontinued disbursements for the purposes of issuance of prepaid payment instruments ("**PPIs**") pursuant to a RBI clarification in June 2022, which stated that the Master Directions on Prepaid Payment Instruments dated August 27, 2021 issued by the RBI, do not permit loading of PPIs through lines of credit.

The RBI issued the Guidelines on Digital Lending dated September 2, 2022 ("**Digital Lending Guidelines**") pursuant to which we are required to, *inter alia*, adopt prescribed technology standards and cyber security requirements, appoint nodal grievance redressal officer for any digital lending complaints and comply with the restrictions on use and storage of customer data. For further details, see "*Key Regulations and Policies*" beginning on page 297. Our Company is engaged in digital lending as defined under the Digital Lending Guidelines. A failure to comply with the requirements set out under the Digital Lending Guidelines in a timely manner may lead to the imposition of penalties and other regulatory action by the RBI which may adversely affect our reputation, business and financial condition. Further, the GoI introduced new labour laws relating to social security (Code on Social Security, 2020), occupational safety (Occupational Safety, Health and Working Conditions Code, 2020), industrial relations (Industrial Relations Code, 2020) and wages (Code on Wages, 2019), which were to take effect from April 1, 2021. The GoI has notified the effective date of implementation of certain provisions of the Code on Wages, 2019 and Code on Social Security, 2020, it has deferred the effective date of implementation of the other labour laws listed above, and they shall come into force from such dates as may be notified. Further, the Government of India has introduced the Bharatiya Nyaya Sanhita, 2023, the Bharatiya Nagarik Suraksha Sanhita, 2023 and the Bharatiya Sakshya Adhiniyam, 2023, which are proposed to replace the Indian Penal Code, 1860, the Code of Criminal Procedure, 1973 and the Indian Evidence Act, 1872, respectively, which have received the assent of the President of India on December 25, 2023 and have come into effect from July 1, 2024. The effect of the provisions of these on us and the litigations involving us cannot be predicted with certainty at this stage.

Further, the Income Tax Act, 1961 was amended to provide domestic companies an option to pay corporate income tax at the effective rate of approximately 25.17% (inclusive of applicable surcharge and health and education cess), as compared to effective rate of 34.94% (inclusive of applicable surcharge and health and education cess), provided such companies do not claim certain specified deductions or exemptions. Further, where a company has opted to pay the reduced corporate tax rate, the minimum alternate tax provisions would not be applicable. Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. In addition. earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and health and education cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the Government of India has amended the Income Tax Act, 1961 to abolish the DDT regime. Accordingly, any dividend distributed by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, the Company is required to withhold tax on such dividends distributed at the applicable rate.

Uncertainty in the applicability, interpretation, implementation or compliance costs of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may impact the viability of our current businesses, adversely affect our reputation and restrict our ability to grow our businesses in the future. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business, financial condition, results of operations and cash flows.

***75. Subsequent to the listing of the Equity Shares, we may be subject to pre-emptive surveillance measures, such as the Additional Surveillance Measures and the Graded Surveillance Measures by the Stock Exchanges in order to enhance the integrity of the market and safeguard the interest of investors.***

Subsequent to the listing of the Equity Shares, we may be subject to Additional Surveillance Measures ("**ASM**") and Graded Surveillance Measures ("**GSM**") by the Stock Exchanges. These measures are in place to enhance the integrity of the market and safeguard the interest of investors. The criteria for shortlisting any security trading on the Stock Exchanges for ASM is based on objective criteria, which includes market-based parameters such as high low price variation, concentration of client accounts, close to close price variation, market capitalization, average daily trading volume and its change, and average delivery percentage, among others. Securities are subject to GSM when its price is not commensurate with the financial health and fundamentals of the issuer. Specific parameters for GSM include net worth, net fixed assets, price to earnings ratio, market capitalization and price to book value, among others. Factors within and beyond our control may lead to our securities being subject to GSM or ASM. In the event our Equity Shares are subject to such surveillance measures implemented by any of the Stock Exchanges, we may be subject to certain additional restrictions in connection with trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active trading market for our Equity Shares.

***76. If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers and our profits might decline.***

Inflation rates could be volatile, and we may face high inflation in the future as India had witnessed in the past. High inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries and other operating expenses relevant to our business. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. Consequently, we may also be affected and fall short of business growth and profitability.

Fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

While the Government of India through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future.

***77. Investors may have difficulty enforcing foreign judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. The majority of our directors and Key Managerial Personnel and Senior Management are residents of India and all of our assets are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside of India, or to enforce judgments obtained against such parties outside of India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908. India is not party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908 (the "**CPC**"). The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. Further, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approval would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

***78. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Restated Consolidated Summary Statement of the Company comprising the restated consolidated summary statement of assets and liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated summary statement of profit and loss, the restated consolidated summary statement of cash flows and the restated statement of changes in equity for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, together with the consolidated summary statement of significant material accounting policy information and other explanatory information thereon, derived from the audited financial statements as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with Ind AS and restated in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations and The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

Ind AS differs in certain significant respects from Indian GAAP, IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. We have not attempted to quantify their impact of US GAAP or IFRS on the financial data included in this Red Herring Prospectus nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should be limited accordingly.

***79. Any downgrade of India's debt rating could have a negative impact on our business and financial performance.***

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our Company's control. Any adverse revisions to India's credit ratings by international rating agencies may adversely affect our ratings, terms on which we are able to raise additional finances or refinance any existing indebtedness. This could have an adverse effect on our business growth and financial performance, ability to obtain financing and the price of the Equity Shares.

***80. Our business may be adversely affected by adverse application or interpretation of competition laws in India.***

The Competition Act, 2002, as amended ("**Competition Act**"), regulates and was enacted for the purpose of preventing practices that have or are likely to have an appreciable adverse effect on competition ("**AAEC**") in the relevant market in India and mandates the Competition Commission of India (the "**CCI**") to separate such practices. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC in India, is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area, type of goods or services or number of consumers in the relevant market in any other similar way or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC on competition and is considered void.

The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of any director, manager, secretary or other officer of such company, that person shall also be guilty of the contravention and may be punished. The Competition Act was amended in April 2023 to, *inter alia*, increase the scope of definition of anti-competitive agreements and empower the CCI to impose penalties based on a company's global turnover.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an AAEC on competition in India. The Competition Act also includes provisions in relation to combinations which require any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, to be mandatorily notified to and pre-approved by the CCI. While certain agreements entered into by us could be within the purview of the Competition Act, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. In the event we pursue an acquisition in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, cash flows and results of operations. The manner in which the Competition Act and the CCI affect the business environment in India may also adversely affect our business, financial condition, cash flows and results of operations.

***81. Financial difficulty and other problems in certain financial and other non-banking financial institutions in India could materially adversely affect our business and the price of our Equity Shares.***

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial and non-banking financial institutions could materially adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk," may materially adversely affect financial intermediaries, such as clearing agencies, banks, NBFCs, securities firms and exchanges with which we routinely interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. Our transactions with these financial institutions and other non-banking financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

***82. Our Equity Shares have never been publicly traded, and, after the Offer, our Equity Shares may experience price and volume fluctuations, and an active trading market for our Equity Shares may not develop.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. The Offer Price of our Equity Shares will be determined by our Company in consultation with the BRLMs through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" on page 166 and may not be indicative of the market price for our Equity Shares after the Offer. The market price of our Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, volatility in the Stock Exchanges, securities markets in other jurisdictions, strategic actions by us or our competitors, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications and changes in economic, legal and other regulatory factors. Consequently, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all. A decrease in the market price of our Equity Shares could cause investors to lose some or all of their investment.

***83. The determination of the Price Band is based on various factors and assumptions, and the Offer Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Offer.***

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company in consultation with the BRLMs. Further, there can be no assurance that our key performance indicators ("**KPIs**") will improve or become higher than our listed comparable industry peers in the future or whether we will be able to successfully compete against the listed comparable industry peers in these KPIs in the future. An inability to improve, maintain or compete, or any reduction in such KPIs in comparison with the listed comparable industry peers may adversely affect the market price of our Equity Shares. Moreover, there are no standard methodologies in the industry for the calculations of such KPIs and as a result, the listed comparable industry peers may calculate and present such financial ratios in a different manner. There can be no assurance that our methodologies are correct or will not change and accordingly, our position in the market may differ from that presented in this Red Herring Prospectus.

***84. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares and dividend received.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company.

Under the Finance Act, 2020, any dividends paid by an Indian company will be subject to tax in the hands of the shareholders at applicable rates. Such taxes will be withheld by the Indian company paying dividends. Further, the Finance Act, 2021, which followed, abolished the requirement for Dividend Distribution Tax (DDT) to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. Accordingly, any dividend distributed by a domestic company is subject to tax in the hands of the investor at the applicable rates. Our Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

The Finance Act, 2019 introduced new provisions under the Indian Stamp Act, 1899, which provide that in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

The Government of India recently announced the Union Budget for Financial Year 2025 ("**Budget**"), pursuant to which, the Finance Act, 2024 was notified on August 16, 2024, which *inter alia*, amends the capital gains tax rates, with effect from the date of announcement of the Budget.

***85. Investors will not be able to sell any Equity Shares they purchase in the Offer until we receive the appropriate listing and trading approvals.***

Our Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before our Equity Shares can be listed and trading of our Equity Shares may commence, including the crediting of the Investors' "demat" accounts within the timeline specified under applicable law. Further, in accordance with Indian law, permission for listing of our Equity Shares will not be granted until after our Equity Shares in this Offer have been Allotted and submission of all other relevant documents authorizing the issuing of our Equity Shares. There could be a failure or delay in listing of our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise to commence trading in our Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that our Equity Shares will be credited to investors' demat accounts, or that trading in our Equity Shares will commence, within the prescribed time periods or at all. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

***86. Foreign investors are subject to foreign investment restrictions under Indian law, which could limit our ability to attract foreign investors and our ability to raise foreign capital is subject to certain conditions prescribed under Indian law.***

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into a foreign currency and repatriate that foreign currency from India will require a no-objection certificate or a tax clearance certificate from the Indian income tax authorities. Further, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. Further, any investment into India by an entity of a country which shares a land border with India, or the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall require the approval of the Government of India. For further details, see "*Restrictions on Foreign Ownership of Indian Securities"* beginning on page 565.

As an Indian company, we are also subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could limit our financing sources and could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

***87. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.***

Certain provisions in Indian law may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of our Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations. Further, in accordance with the Master Directions, any takeover or acquisition of control, could also require prior permission of RBI.

***88. Any future issuance of our Equity Shares or convertible securities or other equity linked instruments by our Company may dilute prospective investors' shareholding, and sales of our Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future equity issuances by our Company, including a primary offering or through the ESOP Plan 2016 may lead to the dilution of investors' shareholdings in our Company. Any future issuances of Equity Shares, convertible securities, other equity linked securities of our Company in the public market after the completion of the Offer, the disposal of Equity Shares by our significant Shareholders or the perception that such issuance or sale may occur may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. Also, see "-- *We do not have any identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act, 2013*" on page 42. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber the Equity Shares held by them in the future. Any future issuances could also dilute the value of your investment in the Equity Shares.

***89. Rights of shareholders under Indian law may be different from the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may be different compared to shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as a shareholder in an Indian company rather than as a shareholder of an entity in another jurisdiction.

***90. The current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below their respective issue prices.***

The current market price of securities listed pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue prices. For further information, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs*" on page 531. The factors that could affect the market price of our Equity Shares include, among others, broad market trends, financial performance and results of our Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or that sustained trading will take place in our Equity Shares, or provide any assurance regarding the price at which our Equity Shares will be traded after listing.

***91. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have a material adverse effect on the trading price of, and returns on, our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the NSE and BSE. We also face specific risks related to foreign exchange associated with foreign currency denominated ECBs. Further, any dividends in respect of our Equity Shares will be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend foreign investors receive. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have a material adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

***92. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the Company. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If our Company elects not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

***93. QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Bidders are not permitted to withdraw their bids after Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to pay the Bid amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid amount) at any stage after submitting a Bid. Similarly, Retail Individual Bidders can revise or withdraw their bids at any time during the Bid/Offer Period and until the Bid/Offer Closing Date, but not thereafter. While we are required to complete all necessary formalities for listing and commencement of trading of our Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within such period as may be prescribed under applicable law, adverse events affecting the investors' decision to invest in our Equity Shares may arise between the date of submission of the Bid and Allotment. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise at any stage after the submission of their bids. Our Company may complete the Allotment of our Equity Shares even if such events occur, and such events limit the Bidders' ability to sell our Equity Shares Allotted pursuant to the Offer or cause the trading price of our Equity Shares to decline on listing.

***94. The ability of investors to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in this Red Herring Prospectus.***

No actions have been taken to permit a public offering of our Equity Shares in any jurisdiction, other than India. As such, our Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, our Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions. Please see "*Other Regulatory and Statutory Disclosures - Disclaimer in Respect of Jurisdiction*" on page 527. We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of our Equity Shares made other than in compliance with the restrictions set forth herein.

## SECTION III: INTRODUCTION

## THE OFFER

The details of the Offer are summarized below:

| | |
|---|---|
| **Offer of Equity Shares of face value of ₹10 each** | Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹[●] million |
| | |
| *Of which* | |
| Fresh Issue (1) | Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹5,000.00 million |
| Offer for Sale (2) | Up to 10,532,320 Equity Shares of face value ₹10 each aggregating up to ₹ [●] million |
| | |
| *Including* | |
| Employee Reservation Portion(3) | Up to 590,874 Equity Shares of face value ₹10 each aggregating up to ₹[●] million |
| | |
| *Accordingly* | |
| Net Offer | Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹[●] million |
| | |
| *Of which* | |
| QIB Portion(4)(5) | Not more than [●] Equity Shares of face value ₹10 each |
| | |
| *Of which* | |
| Anchor Investor Portion | Up to [●] Equity Shares of face value ₹10 each |
| Net QIB Portion (assuming Anchor Investor Portion is fully subscribed) | [●] Equity Shares of face value ₹10 each |
| | |
| *Of which* | |
| Mutual Fund Portion | [●] Equity Shares of face value ₹10 each |
| Balance of the Net QIB Portion for all QIBs including Mutual Funds | [●] Equity Shares of face value ₹10 each |
| | |
| Non-Institutional Portion(4) (6) | Not less than [●] Equity Shares of face value ₹10 each |
| | |
| *Of which:* | |
| One-third shall be available for allocation to Bidders with an application size between ₹200,000 to ₹1,000,000 | [●] Equity Shares of face value ₹10 each |
| Two-thirds shall be available for allocation to Bidders with an application size of more than ₹1,000,000 | [●] Equity Shares of face value ₹10 each |
| | |
| Retail Portion(4) | Not less than [●] Equity Shares of face value ₹10 each |
| | |
| **Pre and Post-Offer Equity Shares** | |
| | |
| Equity Shares outstanding prior to the Offer (as of the date of this Red Herring Prospectus) | 142,314,010 Equity Shares of face value ₹10 each |
| | |
| Equity Shares outstanding after the Offer | [●] Equity Shares of face value ₹10 each |
| | |
| **Use of Net Proceeds by our Company** | For details of the use of proceeds from the Fresh Issue, see "*Objects of the Offer*" beginning on page 160.<br><br>Our Company will not receive any proceeds from the Offer for Sale. |

(1) *The Offer has been authorized by a resolution dated January 3, 2024 passed by our Board and the Fresh Issue has been approved by a special resolution dated January 18, 2024 passed by our Shareholders.*

(2) *The details of authorization by each Selling Shareholder approving their participation in the Offer for Sale are as set out below:*

| S. No. | Name of the Selling Shareholder | Date of board resolution/authorization | Date of consent letter | Number of Offered Shares |
|---|---|---|---|---|
| 1. | LeapFrog Financial Inclusion India (II) Ltd | January 17, 2024 | August 14, 2024 | Up to 3,844,449 Equity Shares of face value ₹10 each |
| 2. | Accion Africa-Asia Investment Company | November 23, 2023 | August 14, 2024 | Up to 1,263,965 Equity Shares of face value ₹10 each |
| 3. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | December 29, 2023 | August 14, 2024 | Up to 1,746,950 Equity Shares of face value ₹10 each |
| 4. | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | December 18, 2023 | August 14, 2024 | Up to 1,344,828 Equity Shares of face value ₹10 each |
| 5. | 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | August 13, 2024 | August 14, 2024 | Up to 1,408,918 Equity Shares of face value ₹10 each |
| 6. | Sumitomo Mitsui Banking Corporation | -* | August 13, 2024 | Up to 923,210 Equity Shares of face value ₹10 each |

** Pursuant to the power of attorney dated March 23, 2022 read with the deed of substitution dated April 8, 2022, the signatory to the consent letter dated August 13, 2024 is authorized to confirm participation of Sumitomo Mitsui Banking Corporation in the Offer for Sale.*

*Each Selling Shareholder confirms that the Equity Shares being offered by them are eligible for being offered for sale pursuant to the Offer in terms of Regulation 8 of the SEBI ICDR Regulations.*

(3) *The initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any), however, an Eligible Employee may submit a Bid for a maximum Bid Amount of ₹500,000 (net of Employee Discount, if any) under the Employee Reservation Portion. Only in the event of an under-subscription in the Employee Reservation Portion, the unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of Employee Discount, if any), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any). The unsubscribed portion if any, in the Employee Reservation Portion (after allocation up to ₹500,000 (net of Employee Discount, if any)), shall be added back to the Net Offer.*

(4) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. In case of under-subscription in the Offer the Equity Shares will be allotted in the following order: (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (ii) upon (i), all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by each Selling Shareholder); and (iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion. See "Terms of the Offer – Minimum Subscription" beginning on page 540.*

(5) *Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will be accordingly reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. In case of under-subscription or non-Allotment in the Anchor Investor Portion, the remaining Equity Shares will be added back to the Net QIB Portion. See "Offer Procedure" beginning on page 546. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. See "Offer Procedure" beginning on page 546.*

(6) *The Equity Shares available for allocation to Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹ 1,000,000, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The allocation to each Non-Institutional Bidder shall not be less than the applicable minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allocated on a proportionate basis. For details, please refer to the section titled "Offer Procedure" beginning on page 546. Further, SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹500,000, shall use the UPI Mechanism. Individual investors bidding under the Non-Institutional Portion bidding for more than ₹200,000 and up to ₹500,000,*

*using the UPI Mechanism, shall provide their UPI ID in the Bid cum Application Form for Bidding through Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.*

Allocation to Bidders in all categories, except the Retail Portion, Non-Institutional Portion (for application sizes of more than ₹200,000 and up to ₹1,000,000) and the Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids being received at or above the Offer Price, as applicable. Allocation to Retail Individual Bidders shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see "*Offer Structure*", "*Terms of the Offer*" and "*Offer Procedure*" beginning on pages 542, 536 and 546, respectively.

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the Restated Consolidated Summary Statements. The summary financial information presented below should be read in conjunction with "*Restated Consolidated Summary Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 354 and 448, respectively.

*(Remainder of this page has been intentionally left blank)*

## SUMMARY RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| | | *(₹ million)* | |
| **ASSETS** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 1,794.01 | 2,323.40 | 7,151.74 |
| Bank balances other than cash and cash equivalents | 2,283.43 | 1,902.59 | 873.44 |
| Derivative financial instruments | 548.19 | 610.48 | 15.19 |
| Trade receivables | 253.49 | 286.14 | 191.84 |
| Loans | 92,095.89 | 68,886.06 | 52,087.56 |
| Investments | 17,807.05 | 17,627.34 | 17,657.51 |
| Other financial assets | 839.15 | 505.90 | 696.52 |
| **Total financial Assets** | **115,621.21** | **92,141.91** | **78,673.80** |
| **Non-financial assets** | | | |
| Current tax assets (net) | 240.43 | 291.16 | 420.87 |
| Deferred tax assets (net) | 347.59 | 351.79 | 136.91 |
| Property, plant and equipment | 66.62 | 38.13 | 19.55 |
| Intangible assets under development | 23.12 | 9.89 | 2.84 |
| Goodwill | 234.77 | 240.70 | 17.46 |
| Other intangible assets | 117.93 | 133.71 | 94.29 |
| Right of use asset | 147.23 | 96.66 | 112.17 |
| Investment in associates | 38.86 | 272.66 | - |
| Other non- financial assets | 238.83 | 139.11 | 263.27 |
| **Total Non-financial Assets** | **1,455.38** | **1,573.81** | **1,067.36** |
| | | | |
| **Total assets** | **1,17,076.59** | **93,715.72** | **79,741.16** |
| | | | |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Financial liabilities** | | | |
| Derivative financial instruments | 29.87 | 22.76 | 64.38 |
| Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1284.83 | 1,096.12 | 558.17 |
| Debt securities | 14,137.25 | 12,243.16 | 13,435.97 |
| Borrowings (Other than debt securities) | 76,340.31 | 57,702.99 | 45,994.26 |
| Subordinated liabilities | - | 399.51 | 399.35 |
| Other financial liabilities (including lease liabilities) | 1,550.58 | 1,101.93 | 669.44 |
| **Total financial liabilities** | **93,342.84** | **72,566.47** | **61,121.57** |
| **Non-financial liabilities** | | | |
| Provisions | 320.66 | 333.54 | 224.57 |
| Current tax liabilities (net) | 46.15 | - | - |
| Deferred tax liabilities (net) | 7.19 | 2.00 | 7.23 |
| Other non-financial liabilities | 155.64 | 136.41 | 66.67 |
| **Total non-financial liabilities** | **529.64** | **471.95** | **298.47** |
| **EQUITY** | | | |
| Equity share capital | 893.85 | 890.31 | 889.08 |
| Instruments entirely equity in nature | 826.46 | 826.46 | 826.46 |
| Other equity | 21,423.54 | 17,837.49 | 15,675.24 |
| **Equity attributable to the equity holder of the Holding company** | **23,143.85** | **19,554.26** | **17,390.78** |
| Non-controlling interest (NCI) | 60.26 | 1,123.04 | 930.34 |
| **Total equity** | **23,204.11** | **20,677.30** | **18,321.12** |
| | | | |
| **Total liabilities and equity** | **1,17,076.59** | **93,715.72** | **79,741.16** |

## SUMMARY RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | *(₹ million, except share data and stated otherwise)* | | |
| **Revenue from operations** | | | |
| Interest income | 17,121.12 | 11,483.88 | 7,808.45 |
| Fee and commission income | 849.28 | 856.16 | 860.45 |
| Net gain on fair value changes | 456.19 | 506.25 | 426.49 |
| Net gain on derecognition of financial instruments | 474.25 | 203.42 | - |
| **Total revenue from operations** | **18,900.84** | **13,049.71** | **9,095.39** |
| Other income | 159.49 | 62.29 | 70.06 |
| **Total income** | **19,060.33** | **13,112.00** | **9,165.45** |
| | | | |
| **Expenses** | | | |
| Finance costs | 7,263.85 | 5,574.49 | 4,106.72 |
| Fees and commission expense | 2,208.19 | 1,214.20 | 527.32 |
| Employee benefits expenses | 2,416.08 | 1,489.25 | 979.42 |
| Impairment on financial instruments | 1,224.38 | 392.14 | 365.09 |
| Depreciation and amortisation | 169.44 | 120.44 | 95.76 |
| Other expenses | 1,566.31 | 1,090.50 | 607.25 |
| **Total expenses** | **14,848.25** | **9,881.02** | **6,681.56** |
| | | | |
| **Restated profit before share of profit/loss of associate and taxes** | **4,212.08** | **3,230.98** | **2,483.89** |
| Share of loss from Associates | (9.72) | (18.73) | - |
| **Restated Profit before tax** | **4,202.36** | **3,212.25** | **2,483.89** |
| | | | |
| **Tax expense** | | | |
| Current tax | 1,088.11 | 970.23 | 505.02 |
| Adjustment of tax relating to earlier periods | 4.69 | - | - |
| Deferred tax charge/ (benefit) | (67.37) | (180.12) | 159.49 |
| **Total Tax expense** | **1,025.43** | **790.11** | **664.51** |
| **Restated Profit for the year (A)** | **3,176.93** | **2,422.14** | **1,819.38** |
| | | | |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss in subsequent periods** | | | |
| Remeasurement gain / (loss) on defined benefit plans | 11.65 | 8.07 | (19.53) |
| Income tax relating to items that will not be reclassified to profit or loss | (2.93) | (2.66) | 4.91 |
| | **8.72** | **5.41** | **(14.62)** |
| **Items that will be reclassified to profit or loss in subsequent periods** | | | |
| Net gain/ (loss) on Financial Instruments through other comprehensive income | 122.90 | (90.00) | (198.17) |
| Income tax relating to items that will be reclassified to profit or loss | (30.93) | 14.07 | 34.66 |
| | **91.97** | **(75.93)** | **(163.51)** |
| Net gain/ (loss) on effective portion of cash flow hedges | 136.22 | (101.08) | (209.24) |
| Income tax relating to items that will be reclassified to profit or loss | (34.29) | 25.44 | 52.67 |
| | **101.93** | **(75.64)** | **(156.57)** |
| | | | |
| Share of other comprehensive income from associates | (0.08) | - | - |
| | | | |
| Income tax relating to items that will be reclassified to profit or loss | - | - | - |
| | **(0.08)** | **-** | **-** |
| | | | |
| **Restated other comprehensive income for the year (net of income taxes) (B)** | **202.54** | **(146.16)** | **(334.70)** |
| **Restated total comprehensive income for the year (net of income taxes) (A+B)** | **3,379.47** | **2,275.98** | **1,484.68** |
| | | | |
| **Restated Profit for the year attributable to** | | | |

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | *(₹ million, except share data and stated otherwise)* | | |
| Owners of the holding company | 3,083.34 | 2,300.11 | 1,725.00 |
| Non-controlling Interest | 93.59 | 124.23 | 94.38 |
| | | | |
| **Restated other comprehensive income for the year (net of income taxes)** | | | |
| Owners of the holding company | 201.71 | (126.88) | (308.00) |
| Non-controlling Interest | 0.83 | (19.28) | (26.70) |
| | | | |
| **Restated total comprehensive income for the year (net of income taxes)** | | | |
| Owners of the holding company | 3,285.05 | 2,173.23 | 1,417.00 |
| Non-controlling Interest | 94.42 | 104.95 | 67.68 |
| | | | |
| **Restated earnings per equity share of INR 10 each** | | | |
| Basic (in rupees) | 34.61 | 25.85 | 19.52 |
| Diluted (in rupees) | 23.40 | 17.38 | 13.09 |

## SUMMARY RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| | | (₹ million) | | |
| A | **Cash flow from operating activities** | | | |
| | Restated Profit before tax | 4,202.36 | 3,212.25 | 2,483.89 |
| | | | | |
| | **Adjustment to reconcile restated profit before tax to net cash flows:** | | | |
| | Depreciation and amortisation expenses | 169.44 | 120.44 | 95.76 |
| | Write off of intangible assets under development | 1.86 | 76.85 | 7.14 |
| | Mark-to-market (gain)/loss on derivative contracts | - | - | (40.65) |
| | Unrealised (gain)/loss on investment in alternative investment funds | 57.25 | 25.87 | (70.84) |
| | Interest income on loans, fixed deposits and investments | (16,965.34) | (11,586.81) | (7,799.41) |
| | Gain on investments in mutual fund | (104.62) | (77.67) | (42.05) |
| | (Profit)/Loss on sale of investments | (117.59) | (168.08) | (16.91) |
| | Impairment on financial instruments | (2,004.42) | 380.68 | (703.78) |
| | Bad debts written off | 3,228.79 | 8.56 | 1,068.87 |
| | Employee share based payment expenses | 173.59 | 15.74 | 32.07 |
| | (Profit)/loss on sale of plant, property and equipments | 0.09 | (2.39) | - |
| | (Gain)/loss on account of lease foreclosed | (0.11) | - | 6.32 |
| | Gain on account of lease rental concession received | - | - | (0.31) |
| | Amortisation of discount on commercial papers | 182.64 | - | - |
| | Share of loss of Associate | 9.72 | 18.73 | - |
| | Interest on income tax refund | - | (14.98) | (10.64) |
| | Net gain on derecognition of financial assets | (474.25) | (203.42) | - |
| | Finance costs | 7,083.86 | 5,574.49 | 4,106.73 |
| | **Cash used in operations before working capital changes and adjustments** | **(4556.73)** | **(2,619.74)** | **(883.81)** |
| | | | | |
| | **Changes in working capital and other changes:** | | | |
| | (Increase) / Decrease in other financial assets | (207.68) | 23.28 | (649.15) |
| | (Increase) / Decrease in trade receivables | 93.21 | (94.02) | (6.52) |
| | (Increase) / Decrease in loans | (35,683.00) | (19,857.96) | (15,081.23) |
| | (Increase) / Decrease in other non-financial assets | (94.92) | 130.68 | (214.97) |
| | (Increase) / Decrease in other bank balances | (366.54) | (979.29) | (153.85) |
| | (Increase) / Decrease in Investments | (1,405.40) | 142.49 | - |
| | (Decrease) / Increase in other financial liabilities | 221.11 | 24.72 | - |
| | (Decrease) / Increase in other non-financial liabilities | 30.67 | 135.35 | - |
| | (Decrease) / Increase in trade payables, other liabilities and provisions | 235.19 | 1,110.69 | 628.69 |
| | | | | |
| | **Cash used in operations before adjustments** | **(41,734.09)** | **(21,983.80)** | **(16,360.85)** |
| | Proceeds from de-recognition of financial assets | 10,129.20 | 3,853.80 | - |
| | Interest income received on loans, fixed deposits and investments | 16,380.23 | 11,487.72 | 7,646.32 |
| | Recovery from bad debts written off assets | 2,254.44 | - | - |
| | Finance cost paid | (7,386.66) | (5,454.20) | (3,983.17) |
| | Income tax paid (net) | (987.57) | (860.06) | (557.33) |
| | **Net cash flow from/ (used in) operating activities** | **(21,344.45)** | **(12,956.54)** | **(13,255.03)** |
| | | | | |
| B | **Cash flows from investing activities** | | | |
| | Purchase of property, plant and equipment (net of proceeds) | (136.99) | 106.62 | (123.00) |
| | Purchase of investments | (70,467.68) | (68,360.18) | (53,464.39) |
| | Proceeds from sale of investments | 70,992.76 | 68,033.43 | 49,727.26 |
| | Term deposit with scheduled banks | 10.31 | (35.80) | - |
| | Payment towards acquisition of specified assets and liabilities (net of cash) | - | (843.59) | - |
| | Payment towards transfer of specified assets & liabilities to subsidiary (net of cash) | - | (27.96) | - |
| | Investment in associate | (44.91) | (67.23) | - |
| | Change in unit holding in fund (Subsidiary) | - | - | 4.94 |

| | Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| | | (₹ million) | | |
| | Interest income received | 6.96 | - | - |
| | **Net cash from / (used in) investing activities** | **360.45** | **(1,194.71)** | **(3,855.19)** |
| | | | | |
| **C** | **Cash flow from financing activities** | | | |
| | Proceeds from issue of debt securities | 8,442.60 | 8,771.00 | 7,642.97 |
| | Repayment of debt securities | (6,358.97) | (10,067.91) | (10,736.05) |
| | Proceeds from borrowings (other than debt securities) | 78,512.44 | 41,629.86 | 32,510.00 |
| | Repayment of borrowings (other than debt securities) | (59,730.92) | (30,870.45) | (9,225.88) |
| | Repayment of Subordinated liabilities | (399.51) | - | - |
| | Payment of principal portion of lease liabilities | (51.61) | (51.56) | 19.89 |
| | Payment of interest on lease liabilities | (17.50) | (14.61) | - |
| | Proceeds from issue of equity share capital including securities premium | 49.70 | 13.12 | 113.62 |
| | Capital Contributions by NCI | - | - | 54.76 |
| | Share application money received pending allotment | 8.38 | - | - |
| | Distributions of surplus in funds to NCI | - | (129.92) | (98.12) |
| | **Net cash flow from/(Used in) financing activities** | **20,454.61** | **9,279.53** | **20,281.19** |
| | | | | |
| | **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **(529.39)** | **(4,871.72)** | **3,170.98** |
| | Cash and cash equivalents at the beginning of the year | 2,323.40 | 7,151.74 | 3,980.76 |
| | Additions on acquisition of specified assets and liabilities | - | 43.38 | - |
| | **Cash and cash equivalents at the end of the year** | **1794.01** | **2,323.40** | **7,151.74** |

# GENERAL INFORMATION

**Registered and Corporate Office of our Company**

**Northern Arc Capital Limited**
No. 1, Kanagam Village
$10^{th}$ Floor, IITM Research Park
Taramani, Chennai 600 013
Tamil Nadu, India
CIN: U65910TN1989PLC017021
Registration Number: 017021

**Address of the RoC**

Our Company is registered with the RoC, situated at the following address:

**Registrar of Companies, Tamil Nadu**
Block No. 6, B Wing, 2nd Floor
Shastri Bhawan**,** 26, Haddows Road
Chennai 600 034
Tamil Nadu, India

**Board of Directors**

As of the date of this Red Herring Prospectus, the Board of Directors comprises the following:

| S. No. | Name | Designation | DIN | Address |
|---|---|---|---|---|
| 1. | P.S. Jayakumar | Chairman and Non-Executive Independent Director | 01173236 | Flat No. B-803, $8^{th}$ Floor, B- Wing, Vivarea Near Jacob Circle, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011, Maharashtra, India |
| 2. | Ashish Mehrotra | Chief Executive Officer & Managing Director | 07277318 | 401 Ann Abode, St. Martin Road, Opposite Raheja College, Bandra (West), Mumbai 400 050, Maharashtra, India |
| 3. | Dr. Kshama Fernandes | Non-Executive, Non-Independent Director | 02539429 | Flat No. 10A/S-1, Models Legacy, Taleigao Tiswadi, Panaji, North Goa 403 002, Goa, India |
| 4. | Michael Jude Fernandes | Non – Executive Nominee Director | 00064088 | $31^{st}$ Floor 3101, Omkar 1973, Tower T II, Pandurang Budkhar Marg, Near Shani Mandir, Worli, Mumbai 400 018, Maharashtra, India |
| 5. | Vijay Nallan Chakravarthi | Non – Executive Nominee Director | 08020248 | 3001, Tower 4, Planet Godrej, KK Marg, Mahalaxmi, Mumbai 400 011, Maharashtra, India |
| 6. | Trikkur Seetharaman Anantharaman | Non-Executive Nominee Director | 00480136 | No. 1121, Sobha Topaz, Sobha City, Trichur, Puzhakkal, Thrissur 680 553, Kerala, India |
| 7. | Anuradha Rao | Non-Executive Independent Director | 07597195 | Flat no. 301, Edina Hiranandani Upscale, Egattur, Chengalpattu 600 130, Tamil Nadu, India |
| 8. | Ashutosh Arvind Pednekar | Non-Executive Independent Director | 00026049 | A/7, Sneh Kunj, 38, Linking Road Extension, Santacruz West, Mumbai 400 054, Maharashtra, India |
| 9. | Arunkumar N.T. | Non-Executive Independent Director | 02407722 | R-301 Atrium Apartments, 22 Kalakshetra Road, Behind S2 Thiagaraja Theatre, Thiruvanmiyur, Chennai 600 041, Tamil Nadu, India |

For further details of our Board, see "*Our Management*" beginning on page 333.

**Company Secretary and Compliance Officer**

**Prakash Chandra Panda**
Northern Arc Capital Limited

No. 1, Kanagam Village
10th Floor, IITM Research Park
Taramani, Chennai 600 113
Tamil Nadu, India
**Tel**: +91 44 6668 7000
**E-mail**: investors@northernarc.com

**Filing**

A copy of the Draft Red Herring Prospectus dated February 2, 2024 has been uploaded on the SEBI intermediary portal at https://siportal.sebi.gov.in as specified in Regulation 25(8) of the SEBI ICDR Regulations and the SEBI ICDR Master Circular.

**Filing of this Red Herring Prospectus and the Prospectus**

A copy of this Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act has been filed with the RoC and a copy of the Prospectus shall be filed with the RoC under Section 26 of the Companies Act and through the electronic portal at www.mca.gov.in/mcafoportal/loginvalidateuser.do.

**Book Running Lead Managers**

**ICICI Securities Limited**
ICICI Venture House
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025
Maharashtra, India
**Tel:** +91 22 6807 7100
**E-mail:** northernarc.ipo@icicisecurities.com
**Investor grievance e-mail:** customercare@icicisecurities.com
**Website:** www.icicisecurities.com
**Contact person:** Rupesh Khant
**SEBI Registration No.:** INM000011179

**Axis Capital Limited**
1st Floor, Axis House
P.B. Marg, Worli
Mumbai 400 025
Maharashtra, India
**Tel**: +91 22 4325 2183
**E-mail**: northernarc.ipo@axiscap.in
**Investor grievance e-mail**: complaints@axiscap.in
**Website**: www.axiscapital.co.in
**Contact person**: Pratik Pednekar/Mayuri Arya
**SEBI Registration No**.: INM000012029

**Citigroup Global Markets India Private Limited**
1202, 12th Floor
First International Financial Center
G – Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 098
Maharashtra, India
**Tel:** +91 22 6175 9999
**E-mail:** Northernarcipo@citi.com
**Investor Grievance ID:** investors.cgmib@citi.com
**Website:** www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
**Contact person:** Dylan Fernandes
**SEBI Registration No.:** INM000010718

**Syndicate Members**

The Book Running Lead Managers will be acting as Syndicate Members for the Offer.

**Legal Advisers to our Company as to Indian Law**

**S&R Associates**
One World Center
1403 Tower 2 B
841 Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 4302 8000

**Statutory Auditors of our Company**

**S. R. Batliboi & Associates LLP**
6th Floor, A-Block, Tidel Park
No. 4, Rajiv Gandhi Salai, Taramani
Chennai 600 113
Tamil Nadu, India
Tel.: 044-61179000
E-mail: srba@srb.in
Firm Registration No.: 101049W/E30004
Peer Review Certificate No.: 017127

**Changes in Statutory Auditors**

Except as disclosed below, there has been no change in our auditors in the three years preceding the date of this Red Herring Prospectus:

| Name of Auditor | Date of Change | Reason for Change |
|---|---|---|
| **B S R & Co. LLP**<br>KRM Towers, No. 1 Harrington Road<br>Chetpet, Chennai 600 031<br>Tamil Nadu, India<br>Firm Registration No.: 101248W/W-100022<br>Peer Review No.: 014196 | December 18, 2021 | Resigned upon completion of the maximum tenure prescribed under the RBI circular dated April 27, 2021 (Ref. No. DoS. CO. ARG /SEC.01/08.91.001/2021-22) |
| **S. R. Batliboi & Associates LLP**<br>6th Floor, A-Block, Tidel Park<br>No. 4, Rajiv Gandhi Salai, Taramani<br>Chennai 600 113<br>Tamil Nadu, India<br>Firm Registration No.: 101049W/E30004<br>Peer Review Certificate No.: 017127 | January 5, 2022 | Appointment as Statutory Auditors |

**Registrar to the Offer**

**KFin Technologies Limited**
Selenium Tower-B
Plot No. 31 & 32, Financial District
Nanakramguda, Serilingampally
Hyderabad 500 032
Telangana, India
Tel: +91 40 6716 2222
Website: www.kfintech.com
E-mail: nacl.ipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Contact person: M Murali Krishna

SEBI Registration No.: INR000000221

**Banker(s) to the Offer**

***Escrow Collection Bank and Refund Bank***

**Kotak Mahindra Bank Limited**
27 BKC, C 27
G Block, Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Maharashtra, India
Tel: +91 22 6605 6588
E-mail: cmsipo@kotak.com
Website: www.kotak.com
Contact person: Siddhesh Shirodkar
SEBI Registration No.: INBI00000927

***Public Offer Account Bank***

**HDFC Bank Limited**
HDFC Bank Limited, FIG-OPS Department- Lodha
I Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042
Maharashtra, India
Tel: +91 22 3075 2927/28/14
E-mail:siddharth.jadhav@hdfcbank.com,sachin.gawade@hdfcbank.com
eric.bacha@hdfcbank.com, tushar.gavankar@hdfcbank.com, pravin.teli2@hdfcbank.com
Website: www.hdfcbank.com
Contact person: Mr. Eric Bacha/Mr. Sachin Gawade/Mr. Pravin Teli/Mr. Siddharth Jadhav/Mr. Tushar Gavankar
SEBI Registration No.: INBI00000063

***Sponsor Banks***

**Kotak Mahindra Bank Limited**
27 BKC, C 27
G Block, Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Maharashtra, India
Tel: +91 22 6605 6588
E-mail: cmsipo@kotak.com
Website: www.kotak.com
Contact person: Siddhesh Shirodkar
SEBI Registration No.: INBI00000927

**HDFC Bank Limited**
HDFC Bank Limited, FIG-OPS Department- Lodha
I Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042
Maharashtra, India
Tel: +91 22 3075 2927/28/14
Email: siddharth.jadhav@hdfcbank.com,
sachin.gawade@hdfcbank.com
eric.bacha@hdfcbank.com,
tushar.gavankar@hdfcbank.com,
pravin.teli2@hdfcbank.com
Website: www.hdfcbank.com
Contact person: Mr. Eric Bacha/Mr. Sachin Gawade/Mr. Pravin Teli/Mr. Siddharth Jadhav/Mr. Tushar Gavankar
SEBI Registration No.: INBI00000063

**Bankers to our Company**

**Axis Bank Limited**
No.3, Ground Floor
Club House Road
Chennai 600 002, Tamil Nadu
Tel: +91 9789 097056
Contact: K. Sathish
Website: www.axisbank.com
E-mail: sathish.k@axisbank.com

**Bank of Baroda**
Baroda Bhavan, RC Dutt Road, Alkapuri
Baroda 390 007, Gujarat
Tel: +91 22 6698 5000
Contact: Praveenchandar L
Website: www.bankofbaroda.com
E-mail: infima@bankofbaroda.com

**Canara Bank**
Mid Corporate Branch
Spencer Tower II
Ground Floor, 770
Anna Salai
Chennai 600 002, Tamil Nadu
Tel: +91 44 28497006
Contact: Amulya Ratna, Assistant General Manager
Website: www.canarabank.com
E-mail: cb16060@canarabank.com

**Federal Bank Limited**
Akshaya Shanthi
No. 27 / 44, 6th Floor, Anna Salai
Chennai 600 002, Tamil Nadu
Tel: +91 74020 34828
Contact: Boopalan P
Website: www.federalbank.co.in
E-mail: boopalan@federalbank.co.in

**HDFC Bank Limited**
8th Floor, Spencer Plaza
768 & 769, Anna Salai
Chennai 600 002, Tamil Nadu
Tel: +91 98402 18892
Contact: Santhosh Kumar Durai
Website: www.hdfcbank.com
E-mail: santhosh.durai@hdfcbank.com

**The Hongkong and Shanghai Banking Corporation Limited**
"Rajalakshmi" No. 5&7, Cathedral Road
Chennai 600 086, Tamil Nadu
Tel: +91 93840 80122
Contact: Saritha Sathyaraj
Website: www.hsbc.co.in
E-mail: saritha.sathyaraj@hsbc.co.in

**IDBI Bank Limited**
IDBI Tower
WTC Complex, Cuffe Parade
Mumbai 400 005, Maharashtra
Tel: 022-66552125
Contact: Shri Krutagna Patel (DGM)
Website: www.idbi.com
E-mail: clcco@idbi.co.in

**Indian Bank**
LCB, Chennai Branch, 2nd Floor
Khivraj Complex I
480, Anna Salai, Nandanam
Chennai 600 035, Tamil Nadu
Tel: 044-24336874
Contact: DGM/ Branch Manager
Website: www.indianbank.in
E-mail: corporatebranchchennai@indianbank.co.in

**Kotak Mahindra Bank Limited**
4th Floor, 2nd Zone, Kotak Infinity
Raheja IT Park, Malad (E)
Mumbai 400 097, Maharashtra
Tel: +91 22 6605 4885
Contact: Tapobrat Chaudhuri, Executive Vice President
Website: www.kotak.com
E-mail: tapobrat.chaudhuri@kotak,com

**Sumitomo Mitsui Banking Corporation**
Unit no. 601, 6th Floor, Platina Building
Plot No. C-59, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051, Maharashtra
Tel: 91-22 6229 5000
Contact: Mr. Gaurav Dangwal
Website: www.smbc.co.jp/asia/india/
Email: india_loandocs@in.smbc.co.jp

**State Bank of India**
Industrial Finance Branch
No. 2 ground floor
KRM Plaza, Harrington Road, Chetpet
Chennai 600 031, Tamil Nadu
Tel: +91 44 2836 7014
Contact: Vinoth Babu L, Relationship Manager
Website: www.sbi.co.in
E-mail: rm3.09930@sbi.co.in

**Designated Intermediaries**

***SCSBs and mobile applications enabled for UPI mechanism***

The banks registered with the SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorizing an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders, a list of which is available on the website of SEBI at sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time.

Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The list is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

**Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investors and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35) and updated from time to time or any such other website as may be prescribed by SEBI from time to time.

**Registered Brokers**

The list of the Registered Brokers eligible to accept ASBA Forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at www.bseindia.com and www.nseindia.com, respectively, as updated from time to time.

**RTAs**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products-services/initial-public-offerings-asba-procedures, respectively, as updated from time to time.

**CDPs**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and on the website of NSE at www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

**Credit Rating**

As the Offer is an initial public offering of Equity Shares, the appointment of a credit rating agency is not required.

**IPO Grading**

No credit rating agency registered with the SEBI has been appointed in respect of obtaining grading for the Offer.

**Debenture Trustees**

As the Offer is an initial public offering of Equity Shares, the appointment of debenture trustees is not required.

**Monitoring Agency**

Our Company has appointed CRISIL Ratings Limited as the Monitoring Agency in terms of Regulation 41 of the SEBI ICDR Regulations.

**CRISIL Ratings Limited**
CRISIL HOUSE
Central Avenue Hiranandani Business Park
Powai, Mumbai 400 076
Maharashtra, India
Tel: +91 99300 42787
E-mail: anjum.attar@crisil.com
Contact person: Sushant Sarode

**Appraising Agency**

The objects of the Offer for which the Net Proceeds will be utilized have not been appraised by any agency.

**Green Shoe Option**

No green shoe option is contemplated under the Offer.

**Experts**

Except as stated below, our Company has not obtained any expert opinions.

Our Company has received written consent dated September 9, 2024 from S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 6, 2024 on the Restated Consolidated Summary Statements; and (ii) their report dated August 13, 2024 on the statement of special tax benefits in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated August 14, 2024 from M/s Kumbhat & Co, independent chartered accountant to include their name in this Red Herring Prospectus and be named as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of their certificates in connection with the Offer.

**Inter-se Allocation of Responsibilities between the BRLMs**

The table below sets forth the *inter-se* allocation of responsibilities for various activities among the BRLMs.

| S. No. | Activity | Responsibility | Co-ordination |
|---|---|---|---|
| 1. | Capital Structuring, due diligence of our Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, abridged prospectus and application form. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing | BRLMs | I-Sec |
| 2. | Drafting and approval of all statutory advertisements | BRLMs | I-Sec |
| 3. | Drafting and approval of all publicity material other than statutory advertisements, including corporate advertising, brochures, media monitoring, etc. and filing of media compliance report | BRLMs | Citi |
| 4. | Appointment of intermediaries (including co-ordinating all agreements to be entered with such parties): registrar, advertising agency, printers, banker(s) to the Offer, Sponsor Bank, Anchor Escrow Bank, Share escrow agent, syndicate members / brokers to the Offer and underwriters | BRLMs | I-Sec |
| 5. | International institutional marketing of the Offer, which will cover, inter alia:<br>• Institutional marketing strategy and preparation of publicity budget;<br>• Finalising the list and division of international investors for one-to-one meetings<br>• Finalising international road show and investor meeting schedules | BRLMs | Citi |
| 6. | Preparation of road show presentation and frequently asked questions | BRLMs | Citi |
| 7. | Domestic institutional marketing of the Offer, which will cover, inter alia:<br>• Institutional marketing strategy and preparation of publicity budget;<br>• Finalising the list and division of domestic investors for one-to-one meetings<br>• Finalising domestic road show and investor meeting schedules | BRLMs | I-Sec |
| 8. | Conduct Non – institutional and Retail marketing of the offer, which will cover, inter alia:<br>• Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows;<br>• Follow - up on distribution of publicity and offer material including forms, the Prospectus and deciding on the quantum of Issue material; and<br>• Finalising centers for holding conferences for brokers etc. and<br>• Finalising collection centres | BRLMs | Axis Capital |
| 9. | Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, intimation to Stock Exchange for anchor portion and deposit of 1% security deposit with designated stock exchange | BRLMs | Axis Capital |
| 10. | Managing the book and finalization of pricing in consultation with our Company and/or the Selling Shareholders | BRLMs | Citi |
| 11. | Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with registrar, SCSBs and banks, intimation of allocation and dispatch of refund to bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to anchor investors, follow-up with bankers to the Offer and SCSBs to get quick estimates of collection and advising the issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, coordination for unblock of funds by SCSBs, finalization of trading, dealing and listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrar to the Offer, bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.<br>Payment of the applicable securities transaction tax ("STT") on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004.<br>Co-ordination with SEBI and stock exchanges for refund of 1% security deposit and submission of all post-offer reports including final post-offer report to SEBI | BRLMs | Axis Capital |

**Book Building Process**

Book building process, in the context of the Offer, refers to the process of collection of Bids from Bidders on the basis of this Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band and minimum Bid Lot. The Price Band and the minimum Bid Lot size will be decided by our Company in consultation with the BRLMs, and shall be advertised in all editions of The Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and Chennai edition of Makkal Kural, a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation, and advertised at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges to upload on their respective websites. The Offer Price shall be determined by our Company, in consultation with the BRLMs, after the Bid/Offer Closing Date.

**All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the UPI Bidders may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and can withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis. See "*Offer Structure*" and "*Offer Procedure*" beginning on pages 542 and 546, respectively.**

Except for Allocation to RIBs, NIBs and Anchor Investors, allocation in the Offer will be on a proportionate basis. Allocation to the Anchor Investors will be on a discretionary basis. For allocation to the Non-Institutional Bidders, the following shall be followed:

a) One-third of the portion available to Non-Institutional Bidders shall be reserved for Bidders with application size of more than ₹200,000 and up to ₹1,000,000;
b) Two-thirds of the portion available to Non-Institutional Bidders shall be reserved for Bidders with application size of more than ₹1,000,000.

Provided that the unsubscribed portion in either of the sub-categories specified under clauses (a) or (b), may be allocated to Bidders in the other sub-category of Non-Institutional Bidders.

Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

**The Book Building Process is in accordance with guidelines, rules, regulations prescribed by SEBI, which are subject to change from time to time. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

**Bidders should note that the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and filing of the Prospectus with the RoC.**

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 542 and 546, respectively.

**Illustration of Book Building and Price Discovery Process**

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure"* on page 546.

**Underwriting Agreement**

The Underwriting Agreement has not been executed as on the date of this Red Herring Prospectus and will be executed after the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. Our Company and the Selling Shareholders will enter into the Underwriting Agreement with the Underwriters, for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated [●]. The extent of underwriting obligations and the Bids to be underwritten by each Underwriter shall be in accordance with the Underwriting Agreement. It is proposed that pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to conditions specified therein.

The Underwriters have indicated their intention to underwrite such number of Equity Shares as disclosed below:

*(This portion has been intentionally left blank and will be filled in before the Prospectus is filed with the RoC)*

| **Name, Address, Telephone Number and E-mail Address of the Underwriters** | **Indicative Number of Equity Shares to be Underwritten** | **Amount Underwritten (₹ million)** |
| --- | --- | --- |
| [●] | [●] | [●] |

The abovementioned underwriting commitments are indicative and will be finalized after determination of the Offer Price and Basis of Allotment and the allocation of Equity Shares, subject to and in accordance with the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of each of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Notwithstanding the above table, the Underwriters will be severally responsible for ensuring payment with respect to Equity shares allocated to Bidders procured by them in accordance with the Underwriting Agreement.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment disclosed in the table above.

## CAPITAL STRUCTURE

Our Company's share capital, as of the date of this Red Herring Prospectus, is disclosed below.

*(₹ except share data)*

| S. No. | Particulars | Aggregate Value at Face Value (₹) | Aggregate Value at Offer Price* |
|---|---|---|---|
| **A** | **AUTHORIZED SHARE CAPITAL** | | |
| | 160,000,000 Equity Shares of face value of ₹10 each | 1,600,000,000 | - |
| | 58,500,000 Compulsorily Convertible Preference Shares of face value of ₹20 each | 1,17,00,00,000 | - |
| | **Total** | **2,770,000,000** | - |
| | | | |
| **B** | **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER** | | |
| | 142,314,010 Equity Shares of face value of ₹10 each | 1,423,140,100 | - |
| | | | |
| **C** | **PRESENT OFFER** | | |
| | Offer of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹ [●] million | | |
| | *which includes* | | |
| | Fresh Issue of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹5,000.00 million(1) | [●] | [●] |
| | Offer for Sale of up to 10,532,320 Equity Shares of face value of ₹10 each (2) | 105,323,200 | [●] |
| | *The Offer includes* | | |
| | Employee Reservation Portion of up to 590,874 Equity Shares of face value of ₹10 each (3) | 5,908,740 | [●] |
| | Net Offer to the public of up to [●] Equity Shares of face value of ₹10 each | [●] | [●] |
| | | | |
| **D** | **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER*** | | |
| | [●] Equity Shares of face value of ₹10 each | [●] | - |
| | | | |
| **E** | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the Offer | 12,324,885,100.03 | |
| | After the Offer | [●] | |

**To be included upon finalization of Offer Price.*

*(1) The Offer has been authorized by a resolution dated January 3, 2024 passed by our Board and the Fresh Issue has been approved by a special resolution dated January 18, 2024 passed by our Shareholders.*

*(2) Each of the Selling Shareholders confirms that the Equity Shares to be offered by such Selling Shareholder in the Offer for Sale have been held by them for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and are accordingly, eligible for being offered for sale in the Offer for Sale. For details on the authorizations by the Selling Shareholders in relation to the Offer for Sale, see "The Offer" on page 99.*

*(3) The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital.*

For details in relation to the changes in the authorized share capital of our Company in the last 10 years, see "*History and Certain Corporate Matters—Amendments to the Memorandum of Association*" on page 319.

[*the remainder of this page has been intentionally left blank*]

**Notes to Capital Structure**

1. **Share Capital History of our Company**

(a) The history of the equity share capital of our Company is disclosed below:

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)# | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| March 9, 1989* | • 9 Equity Shares were allotted to R Sivasubramaniyan; and<br>• 9 Equity Shares were allotted to P N Palaniswami. | 18 | 10 | 10 | Initial subscription to Memorandum of Association | Cash | 18 | 180 |
| September 3, 1989 | • 14,500 Equity Shares were allotted to R Sivasubramaniyan; and<br>• 5,900 Equity Shares were allotted to Ramalakshmi Sivasubramaniyan | 20,400 | 10 | 10 | Further Issue | Cash | 20,418 | 204,180 |
| October 27, 1989 | • 6,300 Equity Shares were allotted to R Periasamy;<br>• 4,200 Equity Shares were allotted to Ramalakshmi Sivasubramaniyan;<br>• 2,700 Equity Shares were allotted to R Sivasubramaniyan; and<br>• 1,800 Equity Shares were allotted to S Indu (minor, represented by R. Sivasubramaniyan). | 15,000 | 10 | 10 | Further Issue | Cash | 35,418 | 354,180 |
| January 18, 1990 | • 1,600 Equity Shares were allotted to C M Krishnakumar;<br>• 2,500 Equity Shares were allotted to P N Palaniswami;<br>• 2,500 Equity Shares were allotted to G Hemalatha (minor, represented by Thangam Ganapathy);<br>• 1,200 Equity Shares were allotted to G Guhanathan (minor, represented by Thangam Ganapathy);<br>• 3,000 Equity Shares were allotted to Ramalakshmi Sivasubramaniyan;<br>• 800 Equity Shares were allotted to R Periasamy; | 18,582 | 10 | 10 | Further Issue | Cash | 54,000 | 540,000 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)[#] | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| | • 2,500 Equity Shares were allotted to S Hariram (minor, represented by R. Sivasubramaniyan);<br>• 2,100 Equity Shares were allotted to Karuppayammal Ramasamy; and<br>• 2,382 Equity Shares were allotted to R Sivasubramaniyan | | | | | | | |
| January 1, 1992 | • 9,000 Equity Shares were allotted to R Sivasubramaniyan | 9,000 | 10 | 10 | Further Issue | Cash | 63,000 | 630,000 |
| July 7, 1992 | • 5,000 Equity Shares were allotted to R Sivasubramaniyan | 5,000 | 10 | 10 | Further Issue | Cash | 68,000 | 680,000 |
| September 09, 1992 | • 3,900 Equity Shares were allotted to S Hariram (minor, represented by R. Sivasubramaniyan);<br>• 50 Equity Shares were allotted to Saroja Palaniswami; and<br>• 50 Equity Shares were allotted to Padmaja Krishakumar | 4,000 | 10 | 10 | Further Issue | Cash | 72,000 | 720,000 |
| October 25, 1993 | • 19,800 Equity Shares were allotted to R Sivasubramaniyan;<br>• 3,550 Equity Shares were allotted to Thangam Ganapathy;<br>• 2,500 Equity Shares were allotted to R Periasamy;<br>• 1,300 Equity Shares were allotted to S Hariram (minor, represented by R. Sivasubramaniyan); and<br>• 750 Equity Shares were allotted to C M Krishnakumar | 27,900 | 10 | 10 | Further Issue | Cash | 99,900 | 999,000 |
| March 31, 1995 | • 32,800 Equity Shares were allotted to R Sivasubramaniyan (HUF); and<br>• 10,000 Equity Shares were allotted to Ramalakshmi Sivasubramaniyan | 42,800 | 10 | 10 | Further Issue | Cash | 142,700 | 1,427,000 |
| July 27, 1995 | • 5,300 Equity Shares were allotted to G Hemalatha;<br>• 4,000 Equity Shares were allotted to K. Ramasamy; | 24,300 | 10 | 10 | Further Issue | Cash | 167,000 | 1,670,000 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)# | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| | • 900 Equity Shares were allotted to G Guhanathan;<br>• 7,700 Equity Shares were allotted to R. Sivasubramaniyan (HUF);<br>• 2,400 Equity Shares were allotted to Thangam Ganapathy; and<br>• 4,000 Equity Shares were allotted to Ramalakshmi Sivasubramaniyan | | | | | | | |
| March 29, 1996 | • 34,160 Equity Shares were allotted to R Sivasubramaniyan (HUF);<br>• 10,140 Equity Shares were allotted to Thangam Ganapathy;<br>• 16,000 Equity Shares were allotted to Ramalakshmi Sivasubramaniyan;<br>• 2,700 Equity Shares were allotted to R Sivasubramaniyan | 63,000 | 10 | 10 | Further Issue | Cash | 230,000 | 2,300,000 |
| March 31, 1997 | • 17,100 Equity Shares were allotted to R Sivasubramaniyan (HUF);<br>• 11,000 Equity Shares were allotted to Ramalakshmi Sivasubramaniyan;<br>• 5,050 Equity Shares were allotted to R Periasamy;<br>• 5,050 Equity Shares were allotted to Thangam Ganapathy; and<br>• 4,500 Equity Shares were allotted to R Sivasubramaniyan | 42,700 | 10 | 10 | Further Issue | Cash | 272,700 | 2,727,000 |
| March 31, 1998 | • 18,000 Equity Shares were allotted to R Sivasubramaniyan (HUF);<br>• 14,000 Equity Shares were allotted to Ramalakshmi Sivasubramaniyan;<br>• 4,800 Equity Shares were allotted to R Periasamy;<br>• 1,500 Equity Shares were allotted to S Hariram (minor, represented by R. Sivasubramaniyan); and<br>• 9,000 Equity Shares were allotted to R Sivasubramaniyan | 47,300 | 10 | 10 | Further Issue | Cash | 320,000 | 3,200,000 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)# | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| September 29, 2009 | 36,000,000 Equity Shares were allotted to IFMR Trusteeship Services Private Limited (Trustee of IFMR Trust). | 36,000,000 | 10 | 10 | Further Issue | Cash | 36,320,000 | 363,200,000 |
| March 25, 2010 | 23,680,000 Equity Shares were allotted to IFMR Trusteeship Services Private Limited (Trustee of IFMR Trust). | 23,680,000 | 10 | 10 | Further Issue | Cash | 60,000,000 | 600,000,000 |
| March 28, 2014 | 13,223,141 Equity Shares were allotted to LeapFrog Financial Inclusion India Holdings Ltd | 13,223,141 | 10 | 54.45 | Further Issue | Cash | 73,223,141 | 732,231,410 |
| May 28, 2014 | 5,142,332 Equity Shares were allotted to LeapFrog Financial Inclusion India Holdings Ltd | 5,142,332 | 10 | 54.45 | Preferential allotment | Cash | 78,365,473 | 783,654,730 |
| October 14, 2016 | 100 Equity Shares were allotted to Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*). | 100 | 10 | 121.23 | Preferential allotment | Cash | 78,365,573 | 783,655,730 |
| December 15, 2016 | 100 Equity Shares were allotted to Standard Chartered Bank (Singapore Branch). | 100 | 10 | 121.23 | Preferential allotment | Cash | 78,365,673 | 783,656,730 |
| July 25, 2018 | • 1 Equity Share was allotted to Dr. Kshama Fernandes;<br>• 1 Equity Share was allotted to Bama Balakrishnan; and<br>• 1 Equity Share was allotted to Kalyanasundaram C. | 3 | 10 | 205.00 | Preferential allotment | Cash | 78,365,676 | 783,656,760 |
| March 7, 2019 | Pursuant to the Scheme,<br>• 16,685,402 Equity Shares were allotted to Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*), corporate trustee of Dvara Trust;<br>• 14,430,553 Equity Shares were allotted to Accion Africa-Asia Investment Company; and<br>• 14,771,731 Equity Shares were allotted to LeapFrog Financial Inclusion India (II) Ltd. | 45,887,686 | 10 | - | Allotment pursuant to the Scheme | Other than cash | 124,253,362 | 1,242,533,620 |
| March 7, 2019 | Pursuant to the Scheme, 45,887,686 Equity Shares held by IFMR Holdings Private | (45,887,686) | 10 | - | Cancellation pursuant to the Scheme | - | 78,365,676 | 783,656,760 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)# | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| | Limited were cancelled in accordance with the terms of the Scheme.(1) | | | | | | | |
| March 25, 2019 | 100 Equity Shares were allotted to 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*). | 100 | 10 | 197.02 | Preferential allotment | Cash | 78,365,776 | 783,657,760 |
| June 15, 2019 | 5,851,000 Equity Shares were allotted to Standard Chartered Bank (Singapore Branch) upon conversion of 5,851,000 CCPS. | 5,851,000 | 10 | 10 | Conversion of CCPS | Cash^ | 84,216,776 | 842,167,760 |
| August 29, 2019 | 100 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 100 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 84,216,876 | 842,168,760 |
| October 4, 2019 | 31,383 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 31,383 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 84,248,259 | 842,482,590 |
| October 4, 2019 | 11,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 11,000 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2018 – "Scheme III" under the ESOP Plan 2016 | Cash | 84,259,259 | 842,592,590 |
| December 16, 2019 | 3,197,644 Equity Shares were allotted to Sumitomo Mitsui Banking Corporation. | 3,197,644 | 10 | 197.02 | Preferential allotment | Cash | 87,456,903 | 874,569,030 |
| January 20, 2020 | 21,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 21,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 87,477,903 | 874,779,030 |
| October 19, 2020 | 209,097 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 209,097 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme I" under the ESOP Plan 2016 | Cash | 87,687,000 | 876,870,000 |
| October 19, 2020 | 73,550 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 73,550 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 87,760,550 | 877,605,500 |
| December 10, 2020 | 32,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 32,000 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme I" under the ESOP Plan 2016 | Cash | 87,792,550 | 877,925,500 |
| March 16, 2021 | 16,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 16,000 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme I" under the ESOP Plan 2016 | Cash | 87,808,550 | 878,085,500 |
| March 16, 2021 | 24,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 24,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 87,832,550 | 878,325,500 |
| March 16, | 60,000 Equity Shares were allotted to | 60,000 | 10 | 121 | Allotment pursuant to the Northern Arc | Cash | 87,892,550 | 878,925,500 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)# | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| 2021 | Northern Arc Employee Welfare Trust. | | | | Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | | | |
| March 31, 2021 | 24,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 24,000 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme I" under the ESOP Plan 2016 | Cash | 87,916,550 | 879,165,500 |
| March 31, 2021 | 5,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 5,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 87,921,550 | 879,215,500 |
| July 30, 2021 | 42,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 42,000 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme I" under the ESOP Plan 2016 | Cash | 87,963,550 | 879,635,500 |
| July 30, 2021 | 98,500 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 98,500 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,062,050 | 880,620,500 |
| July 30, 2021 | 60,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust | 60,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,122,050 | 881,220,500 |
| July 30, 2021 | 17,817 Equity Shares were allotted to Northern Arc Employee Welfare Trust | 17,817 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,139,867 | 881,398,670 |
| September 1, 2021 | 8,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 8,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,147,867 | 881,478,670 |
| September 1, 2021 | 14,531 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 14,531 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,162,398 | 881,623,980 |
| September 1, 2021 | 8,818 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 8,818 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,171,216 | 881,712,160 |
| October 7, 2021 | 31,274 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 31,274 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme I" under the ESOP Plan 2016 | Cash | 88,202,490 | 882,024,900 |
| October 7, 2021 | 335,400 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 335,400 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,537,890 | 885,378,900 |
| October 7, 2021 | 13,500 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 13,500 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,551,390 | 885,513,900 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)# | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| October 7, 2021 | 14,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 14,000 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,565,390 | 885,653,900 |
| October 7, 2021 | 31,866 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 31,866 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,597,256 | 885,972,560 |
| October 7, 2021 | 8,875 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 8,875 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,606,131 | 886,061,310 |
| October 27, 2021 | 20,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 20,000 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme I" under the ESOP Plan 2016 | Cash | 88,626,131 | 886,261,310 |
| October 27, 2021 | 50,450 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 50,450 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,676,581 | 886,765,810 |
| October 27, 2021 | 30,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 30,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,706,581 | 887,065,810 |
| October 27, 2021 | 20,787 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 20,787 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,727,368 | 887,273,680 |
| October 27, 2021 | 4,221 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 4,221 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,731,589 | 887,315,890 |
| November 25, 2021 | 4,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 4,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,735,589 | 887,355,890 |
| November 25, 2021 | 63,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 63,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,798,589 | 887,985,890 |
| November 25, 2021 | 11,294 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 11,294 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,809,883 | 888,098,830 |
| November 25, 2021 | 22,330 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 22,330 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,832,213 | 888,322,130 |
| March 21, 2022 | 4,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 4,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – | Cash | 88,836,213 | 888,362,130 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)[#] | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| | | | | | "Scheme II" under the ESOP Plan 2016 | | | |
| March 21, 2022 | 23,745 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 23,745 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,859,958 | 888,599,580 |
| March 21, 2022 | 8,735 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 8,735 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 88,868,693 | 888,686,930 |
| March 25, 2022 | 14,350 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 14,350 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,883,043 | 888,830,430 |
| March 25, 2022 | 24,500 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 24,500 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,907,543 | 889,075,430 |
| August 4, 2022 | 17,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 17,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,924,543 | 889,245,430 |
| September 7, 2022 | 60,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 60,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 88,984,543 | 889,845,430 |
| September 16, 2022 | 30,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 30,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,014,543 | 890,145,430 |
| March 30, 2023 | 14,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 14,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,028,543 | 890,285,430 |
| March 30, 2023 | 750 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 750 | 10 | 275 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,029,293 | 890,292,930 |
| March 30, 2023 | 1,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 1,000 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,030,293 | 890,302,930 |
| March 30, 2023 | 1,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 1,000 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,031,293 | 890,312,930 |
| July 11, 2023 | 800 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 800 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,032,093 | 890,320,930 |
| August 9, 2023 | 8,000 Equity Shares were allotted to Northern | 8,000 | 10 | 10 | Allotment pursuant to the Northern Arc | Cash | 89,040,093 | 890,400,930 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)# | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| | Arc Employee Welfare Trust. | | | | Employee Stock Option Plan 2016 – "Scheme I" under the ESOP Plan 2016 | | | |
| August 9, 2023 | 45,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 45,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,085,093 | 890,850,930 |
| December 13, 2023 | 51,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 51,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,136,093 | 891,360,930 |
| December 13, 2023 | 8,491 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 8,491 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,144,584 | 891,445,840 |
| December 13, 2023 | 1,509 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 1,509 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,146,093 | 891,460,930 |
| December 13, 2023 | 600 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 600 | 10 | 275 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,146,693 | 891,466,930 |
| March 5, 2024 | 3,727 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 3,727 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,150,420 | 891,504,200 |
| March 5, 2024 | 36,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 36,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,186,420 | 891,864,200 |
| March 5, 2024 | 41,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 41,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,227,420 | 892,274,200 |
| March 18, 2024 | 58,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 58,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,285,420 | 892,854,200 |
| March 18, 2024 | 100,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 100,000 | 10 | 210 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,385,420 | 893,854,200 |
| April 2, 2024 | 63,500 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 63,500 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,448,920 | 894,489,200 |
| April 2, 2024 | 10,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 10,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,458,920 | 894,589,200 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)# | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| April 2, 2024 | 1.000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 1,000 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,459,920 | 894,599,200 |
| July 11, 2024 | 8,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 8,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,467,920 | 894,679,200 |
| July 11, 2024 | 51,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 51,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,518,920 | 895,189,200 |
| July 11, 2024 | 35,342 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 35,342 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,554,262 | 895,542,620 |
| July 11, 2024 | 6,250 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 6,250 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,560,512 | 895,605,120 |
| July 11, 2024 | 30,519 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 30,519 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,591,031 | 895,910,310 |
| July 24, 2024 | 39,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 39,000 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,630,031 | 896,300,310 |
| July 24, 2024 | 21,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 21,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,651,031 | 896,510,310 |
| July 24, 2024 | 5,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 5,000 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | Cash | 89,656,031 | 896,560,310 |
| July 24, 2024 | 23,520 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 23,520 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,679,551 | 896,795,510 |
| July 24, 2024 | 17,835 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 17,835 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | Cash | 89,697,386 | 896,973,860 |
| August 9, 2024 | • 3,256,115 Equity Shares were allotted to Augusta Investments II Pte. Ltd;<br>• 11,630,889 Equity Shares were allotted to Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital* | 52,616,624 | 10 | 10 | Conversion of CCPS to Equity Shares | Cash^ | 142,314,010 | 1,423,140,100 |

| Date of Allotment of Equity Shares | Allottees | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹)[#] | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|---|---|---|---|---|---|---|---|---|
| | *Investments (Mauritius) II Limited*);<br>• 4,161,142 Equity Shares were allotted to 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*);<br>• 4,371,781 Equity Shares were allotted to 360 ONE Special Opportunities Fund – Series 2 (*formerly known as IIFL Special Opportunities Fund – Series 2*);<br>• 1,923,059 Equity Shares were allotted to 360 ONE Special Opportunities Fund – Series 3 (*formerly known as IIFL Special Opportunities Fund – Series 3*);<br>• 6,609,362 Equity Shares were allotted to 360 ONE Special Opportunities Fund – Series 4 (*formerly known as IIFL Special Opportunities Fund – Series 4*);<br>• 5,423,128 Equity Shares were allotted to 360 ONE Special Opportunities Fund – Series 5 (*formerly known as IIFL Special Opportunities Fund – Series 5*);<br>• 253,781 Equity Shares were allotted to 360 ONE Special Opportunities Fund – Series 6 (*formerly known as IIFL Special Opportunities Fund – Series 6*);<br>• 3,693,947 Equity Shares were allotted to 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 7*);<br>• 9,815,224 Equity Shares were allotted to International Finance Corporation;<br>• 739,098 Equity Shares were allotted to Varun Jaipuria; and<br>• 739,098 Equity Shares were allotted to RJ Corp Limited. | | | | | | | |

*^ Cash was paid at the time of allotment of CCPS*

** The date of incorporation of the Company was March 9, 1989 and the date of subscription to the MoA was February 10, 1989.*

*[#]Equity Shares have been allotted to the Northern Arc Employee Welfare Trust at different prices due to differences in the exercise prices of the options granted. For further details, see "Capital Structure - Employee*

*Stock Option Schemes" on page 148.*
*Certain corporate records of our Company in relation to certain allotments of Equity Shares by our Company aggregating to 319,982 Equity Shares of face value ₹10 each which constitutes 0.22% of the paid-up Equity Share capital of the Company as of the date of this Red Herring Prospectus are not traceable. In particular, minutes of meetings of our Board approving allotments of Equity Shares between September 3, 1989 and March 31, 1998 are not available. Further, the RoC and the MCA have also been informed of the non-traceability of corporate records through correspondence dated May 22, 2024. Except for the return of allotment for the allotment of Equity Shares on March 29, 1996 which was filed with a delay of two days, the relevant form filings in connection with the allotments between September 3, 1989 and March 31, 1998, were filed with the RoC within the relevant time period prescribed under the Companies Act, 1956. For further details, see "Risk Factors - Some of our corporate records, including those relating to allotments of our Equity Shares in the past, are not traceable. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future and that we will not be subject to any penalty imposed by the competent regulatory authority in this regard." on page 49.*

(1) *For details, see "History and Certain Corporate Matters – Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets" on page 326.*

*[the remainder of this page has been left blank intentionally]*

(b) The history of the preference share capital of our Company is disclosed below:

*(i) Cumulative Non-Convertible Compulsorily Redeemable Preference Shares ("**CNCCRPS**"):*

| Date of Allotment of Preference Shares | Allottees | Number of Preference Shares Allotted | Face Value per Preference Shares (₹) | Issue Price per Preference Shares (₹) | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Preference Shares |
|---|---|---|---|---|---|---|---|
| December 29, 2015 | • 10,200,000 CNCCRPS were allotted to Unifi AIF; and<br>• 4,800,000 CNCCRPS were allotted to Unifi Capital Private Limited. | 15,000,000 | 10 | 10 | Preferential Issue | Cash | 15,000,000 |
| December 26, 2016 | • 10,200,000 CNCCRPS held by Unifi AIF; and<br>• 4,800,000 CNCCRPS held by Unifi Capital Private Limited were fully redeemed. | (15,000,000) | 10 | - | Redemption of CNCCPRS | Cash | 0 |
| September 27, 2018 | 10,000,000 CNCCRPS were allotted to Karvy Capital Limited. | 10,000,000 | 10 | 10 | Preferential Issue | Cash | 10,000,000 |
| September 29, 2018 | 1,600,000 CNCCRPS were allotted to Ladderup Wealth Management Private Limited. | 1,600,000 | 10 | 10 | Preferential Issue | Cash | 11,600,000 |
| September 26, 2019 | 10,000,000 CNCCRPS held by Karvy Capital Limited were fully redeemed. | (10,000,000) | 10 | - | Redemption of CNCCRPS | Cash | 1,600,000 |
| September 27, 2019 | 1,600,000 CNCCRPS held by Ladderup Wealth Management Private Limited were fully redeemed. | (1,600,000) | 10 | - | Redemption of CNCCRPS | Cash | 0 |

As of the date of this Red Herring Prospectus, there are no outstanding cumulative non-convertible compulsorily redeemable preference shares.

*(ii) Compulsorily Convertible Preference Shares ("**CCPS**"):*

*(The remainder of this page has been intentionally left blank)*

| Date of Allotment of Preference Shares | Allottees | Number of Preference Shares Allotted | Face Value per Preference Share (₹) | Issue Price per Preference Share (₹) | Conversion Ratio | Number of Equity Shares to be allotted/allotted post conversion | Price per Equity Share (based on conversion) | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Preference Shares |
|---|---|---|---|---|---|---|---|---|---|---|
| October 14, 2016 | 7,918,937 CCPS were allotted to FIL Capital Investments (Mauritius) II Limited | 7,918,937 | 20 | 121.23 | 1:1 | 7,918,937 | 121.23 | Preferential Issue | Cash | 7,918,937 |
| December 15, 2016 | 5,444,238 CCPS were allotted to Standard Chartered Bank (Singapore Branch) | 5,444,238 | 20 | 121.23 | 1:1 | 5,444,238 | 121.23 | Preferential Issue | Cash | 13,363,175 |
| January 16, 2018 | 3,711,952 CCPS were allotted to FIL Capital Investments (Mauritius) II Limited | 3,711,952 | 20 | 121.23 | 1:1 | 3,711,952 | 121.23 | Preferential Issue | Cash | 17,075,127 |
| January 18, 2018 | 406,762 CCPS were allotted to Standard Chartered Bank (Singapore Branch) | 406,762 | 20 | 121.23 | 1:1 | 406,762 | 121.23 | Preferential Issue | Cash | 17,481,889 |
| March 25, 2019 | • 4,006,813 CCPS were allotted to 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*);<br>• 2,972,534 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 2 (*formerly known as IIFL Special Opportunities Fund – Series 2*);<br>• 1,307,558 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 3 (*formerly known as IIFL Special Opportunities Fund – Series 3*);<br>• 4,493,946 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 4 (*formerly known as IIFL Special Opportunities Fund – Series 4*);<br>• 3,687,384 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 5 (*formerly known as IIFL Special Opportunities Fund – Series 5*); | 20,302,407 | 20 | 197.02 | 1:1 | 20,302,407 | 197.02 | Preferential Issue | Cash | 37,784,296 |

| Date of Allotment of Preference Shares | Allottees | Number of Preference Shares Allotted | Face Value per Preference Share (₹) | Issue Price per Preference Share (₹) | Conversion Ratio | Number of Equity Shares to be allotted/allotted post conversion | Price per Equity Share (based on conversion) | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Preference Shares |
|---|---|---|---|---|---|---|---|---|---|---|
| | • 182,571 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 6 (*formerly known as IIFL Special Opportunities Fund – Series 6*);<br>• 3,651,601 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 7*). | | | | | | | | | |
| April 4, 2019 | 2,230,797 CCPS were allotted to Standard Chartered Bank (Singapore Branch) | 2,230,797 | 20 | 197.02 | 1:1 | 2,230,797 | 197.02 | Preferential Issue | Cash | 40,015,093 |
| June 15, 2019 | 5,851,000 CCPS held by Standard Chartered Bank (Singapore Branch) were converted into an equal number of Equity Shares | (5,851,000) | 20 | - | 1:1 | 5,851,000 | 121.23 | Conversion of CCPS to Equity Shares | Cash^ | 34,164,093 |
| December 16, 2019 | • 154,329 CCPS were allotted to 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*);<br>• 1,399,247 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 2 (*formerly known as IIFL Special Opportunities Fund – Series 2*);<br>• 615,501 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 3 (*formerly known as IIFL Special Opportunities Fund – Series 3*);<br>• 2,115,416 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 4 (*formerly known as IIFL Special Opportunities Fund – Series 4*);<br>• 1,735,744 CCPS were allotted to 360 ONE Special Opportunities | 6,133,793 | 20 | 197.02 | 1:1 | 6,133,793 | 197.02 | Preferential Issue | Cash | 40,297,886 |

| Date of Allotment of Preference Shares | Allottees | Number of Preference Shares Allotted | Face Value per Preference Share (₹) | Issue Price per Preference Share (₹) | Conversion Ratio | Number of Equity Shares to be allotted/allotted post conversion | Price per Equity Share (based on conversion) | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Preference Shares |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fund – Series 5 (*formerly known as IIFL Special Opportunities Fund – Series 5*);<br>• 71,210 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 6 (*formerly known as IIFL Special Opportunities Fund – Series 6*);<br>• 42,346 CCPS were allotted to 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 7*) | | | | | | | | | |
| December 24, 2019 | 1,025,318 CCPS were allotted to Augusta Investments II Pte. Ltd | 1,025,318 | 20 | 197.02 | 1:1 | 1,025,318 | 197.02 | Preferential Issue | Cash | 41,323,204 |
| April 22, 2024 | 8,491,048 CCPS were allotted to International Finance Corporation | 8,491,048 | 20 | 391.00 | 1:1.156 | 9,815,224 | 338.25 | Preferential Issue | Cash | 49,814,252 |
| April 22, 2024 | 639,386 CCPS were allotted to Varun Jaipuria | 639,386 | 20 | 391.00 | 1:1.156 | 739,098 | 338.25 | Preferential Issue | Cash | 50,453,638 |
| April 22, 2024 | 639,386 CCPS were allotted to RJ Corp Limited | 639,386 | 20 | 391.00 | 1:1.156 | 739,098 | 338.25 | Preferential Issue | Cash | 51,093,024 |
| August 9, 2024 | • 11,630,889 CCPS held by Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) were converted into an equal number of Equity Shares; | (11,630,889) | 20 | - | 1:1 | 11,630,889 | 121.23 | Conversion of CCPS to Equity Shares | Cash^ | 0 |
| | • 3,256,115 CCPS held by Augusta Investments II Pte. Ltd were converted into an equal number of Equity Shares;<br>• 4,161,142 CCPS held by 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) were converted into an equal number of Equity Shares; | (29,692,315) | 20 | - | 1:1 | 29,692,315 | 197.02 | | | |

| Date of Allotment of Preference Shares | Allottees | Number of Preference Shares Allotted | Face Value per Preference Share (₹) | Issue Price per Preference Share (₹) | Conversion Ratio | Number of Equity Shares to be allotted/allotted post conversion | Price per Equity Share (based on conversion) | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Preference Shares |
|---|---|---|---|---|---|---|---|---|---|---|
| | • 4,371,781 CCPS held by 360 ONE Special Opportunities Fund – Series 2 (*formerly known as IIFL Special Opportunities Fund – Series 2*) were converted into an equal number of Equity Shares;<br>• 1,923,059 CCPS held by 360 ONE Special Opportunities Fund – Series 3 (*formerly known as IIFL Special Opportunities Fund – Series 3*) were converted into an equal number of Equity Shares;<br>• 6,609,362 CCPS held by 360 ONE Special Opportunities Fund – Series 4 (*formerly known as IIFL Special Opportunities Fund – Series 4*) were converted into an equal number of Equity Shares;<br>• 5,423,128 CCPS held by 360 ONE Special Opportunities Fund – Series 5 (*formerly known as IIFL Special Opportunities Fund – Series 5*) were converted into an equal number of Equity Shares;<br>• 253,781 CCPS held by 360 ONE Special Opportunities Fund – Series 6 (*formerly known as IIFL Special Opportunities Fund – Series 6*) were converted into an equal number of Equity Shares; and<br>• 3,693,947 CCPS held by 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities* | | | | | | | | | |

| Date of Allotment of Preference Shares | Allottees | Number of Preference Shares Allotted | Face Value per Preference Share (₹) | Issue Price per Preference Share (₹) | Conversion Ratio | Number of Equity Shares to be allotted/allotted post conversion | Price per Equity Share (based on conversion) | Reason for/ Nature of Allotment | Nature of consideration | Cumulative number of Preference Shares |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Fund – Series 7*) were converted into an equal number of Equity Shares. | | | | | | | | | |
| | • 8,491,048 CCPS held by International Finance Corporation were converted into 9,815,224 Equity Shares;<br>• 639,386 CCPS held by Varun Jaipuria were converted into 739,098 Equity Shares; and<br>• 639,386 CCPS held by RJ Corp Limited were converted into 739,098 Equity Shares. | (9,769,820) | 20 | - | 1:1.156 | 11,293,420 | 338.25 | | | |

^ *Cash was paid at the time of allotment of CCPS*

As of the date of this Red Herring Prospectus, there are no outstanding CCPS.

***Build-up of the Shareholding of the Selling Shareholders***

Our Company does not have an identifiable promoter.

(a) The details of the primary and secondary transactions in Equity Shares by our Selling Shareholders is set forth in the table below.

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| Date of allotment /transfer of Equity Shares | Nature of transaction | Number of Equity Shares | Nature of consideration | Face Value per Equity Share (₹) | Issue / Transfer price per Equity Share (₹) |
|---|---|---|---|---|---|
| **LeapFrog Financial Inclusion India (II) Ltd** | | | | | |
| February 10, 2016 | Transfer from Leapfrog Financial Inclusion India Holding Limited | 13,774,105 | Other than cash | 10 | 54.45 |
| March 16, 2016 | Transfer from Leapfrog Financial Inclusion India Holding Limited | 18,365,473 | Other than cash | 10 | 54.45 |
| October 17, 2016 | Transfer to Eight Roads Investments Mauritius (II) Limited | (1,979,759) | Cash | 10 | 121.23 |
| December 15, 2016 | Transfer to Standard Chartered Bank (Singapore Branch) | (3,299,599) | Cash | 10 | 121.23 |
| March 7, 2019 | Allotment pursuant to Scheme | 14,771,731 | Cash | 10 | 25.97 |
| March 29, 2019 | Transfer to 360 One Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | (828,871) | Cash | 10 | 197.02 |
| | Transfer to 360 One Special Opportunities Fund – Series 2 (*formerly known as IIFL Special Opportunities Fund – Series 2*) | (614,899) | Cash | 10 | 197.02 |
| | Transfer to 360 One Special Opportunities Fund – Series 3 (*formerly known as IIFL Special Opportunities Fund – Series 3*) | (270,482) | Cash | 10 | 197.02 |
| | Transfer to 360 One Special Opportunities Fund – Series 4 (*formerly known as IIFL Special Opportunities Fund – Series 4*) | (929,618) | Cash | 10 | 197.02 |
| | Transfer to 360 One Special Opportunities Fund – Series 5 (*formerly known as IIFL Special Opportunities Fund – Series 5*) | (762,773) | Cash | 10 | 197.02 |
| | Transfer to 360 One Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 7*) | (755,371) | Cash | 10 | 197.02 |
| April 22, 2019 | Transfer to Augusta Investments Pte. II Ltd. | (1,984,839) | Cash | 10 | 152.10 |
| December 20, 2019 | Transfer to Augusta Investments Pte. II Ltd. | (3,855,876) | Cash | 10 | 197.02 |
| December 20, 2019 | Transfer to 360 One Special Opportunities Fund 7 (*formerly known as IIFL Special Opportunities Fund– Series 7*) | (1,676,557) | Cash | 10 | 197.02 |
| **Eight Roads Investments Mauritius (II) Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*)** | | | | | |
| October 14, 2016 | Preferential allotment | 100 | Cash | 10 | 121.23 |
| October 17, 2016 | Transfer from LeapFrog Financial Inclusion India (II) Ltd | 1,979,759 | Cash | 10 | 121.23 |
| August 9, 2024* | Allotment of Equity Shares pursuant to the conversion of CCPS | 11,630,889 | Cash^ | 10 | 121.23* |
| **Dvara Trust (represented by its corporate trustee , Dvara Holdings (*formerly known as Dvara Holdings Private Limited and Dvara Trusteeship Services Private Limited*))** | | | | | |
| March 7, 2019 | Allotment pursuant to the Scheme | 16,685,402 | Cash | 10 | 4.10 |
| December 16, 2019 | Transfer to Sumitomo Mitsui Banking Corporation | (3,806,720) | Cash | 10 | 197.02 |
| December 23, 2022 | Transfer to Augusta Investments II Pte. Ltd | (2,302,175) | Cash | 10 | 269.68 |
| March 31, 2023 | Transfer to Prakash Venkatesan | (66,380) | Cash | 10 | 301.30 |
| | Transfer to L Ravichandran | (33,190) | Cash | 10 | 301.30 |
| | Transfer to Amiti Software Technologies Private Limited | (132,760) | Cash | 10 | 301.30 |
| | Transfer to Chandru Kalro | (24,900) | Cash | 10 | 301.30 |
| | Transfer to Colathur P Raman | (33,190) | Cash | 10 | 301.30 |
| | Transfer to Harini Manohar Shetty | (33,200) | Cash | 10 | 301.30 |
| | Transfer to Ashwini Shetty | (16,600) | Cash | 10 | 301.30 |
| | Transfer to Sumitra Shetty | (16,600) | Cash | 10 | 301.30 |

| Date of allotment /transfer of Equity Shares | Nature of transaction | Number of Equity Shares | Nature of consideration | Face Value per Equity Share (₹) | Issue / Transfer price per Equity Share (₹) |
|---|---|---|---|---|---|
| | Transfer to Shankaranarayana Industries and Plantation Private Limited | (74,680) | Cash | 10 | 301.30 |
| | Transfer to Narayana Nethralaya | (66,380) | Cash | 10 | 301.30 |
| | Transfer to Lalit Sethi family trust | (33,190) | Cash | 10 | 301.30 |
| | Transfer to Deepak Sethi family trust | (33,190) | Cash | 10 | 301.30 |
| | Transfer to KGISL Infrastructures Private Limited | (33,190) | Cash | 10 | 301.30 |
| | Transfer to KG Healthcare Limited | (16,600) | Cash | 10 | 301.30 |
| | Transfer to Raghav Ravichandran | (16,600) | Cash | 10 | 301.30 |
| | Transfer to Savitri Sanghi | (16,600) | Cash | 10 | 301.30 |
| August 14, 2024 | Transfer to P.S. Jayakumar | (142,585) | Cash | 10 | 263.00 |
| August 14, 2024 | Transfer to Adivam Family Trust | (142,586) | Cash | 10 | 263.00 |
| **Accion Africa-Asia Investment Company** | | | | | |
| March 7, 2019 | Allotment pursuant to the Scheme | 14,430,553 | Cash | 10 | 26.64 |
| April 23, 2019 | Transfer to Augusta Investments II Pte. Ltd. | (1,959,935) | Cash | 10 | 152.10 |
| December 20, 2019 | Transfer to 360 One Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | (1,731,827) | Cash | 10 | 197.02 |
| December 20, 2019 | Transfer to Augusta Investments II Pte. Ltd. | (3,039,262) | Cash | 10 | 197.02 |
| **Sumitomo Mitsui Banking Corporation** | | | | | |
| December 16, 2019 | Preferential Issue | 3,197,644 | Cash | 10 | 197.02 |
| December 16, 2019 | Transfer from Dvara Trust | 3,806,720 | Cash | 10 | 197.02 |
| **360 One Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*)** | | | | | |
| March 25, 2019 | Preferential Issue | 100 | Cash | 10 | 197.02 |
| March 29, 2019 | Transfer from LeapFrog Financial Inclusion India (II) Ltd | 828,871 | Cash | 10 | 197.02 |
| December 20, 2019 | Transfer from Accion Africa Asia Investment Company | 1,731,827 | Cash | 10 | 197.02 |
| August 9, 2024* | Allotment of Equity Shares pursuant to the conversion of CCPS | 4,161,142 | Cash^ | 10 | 197.02* |
| August 14, 2024 | Transfer to Geecee Ventures Limited | (190,114) | Cash | 10 | 263.00 |
| August 14, 2024 | Transfer to Anchorage Capital Scheme I | (570,343) | Cash | 10 | 263.00 |
| August 14, 2024 | Transfer to Madhuri Madhusudan Kela | (912,547) | Cash | 10 | 263.00 |
| August 14, 2024 | Transfer to Volrado Venture Partners Fund IV - Gamma | (658,766) | Cash | 10 | 263.00 |

^ *Cash was paid at the time of allotment of CCPS*
* *Based on the conversion price of the CCPS.*

(b) The details of the primary and secondary transactions in CCPS by our Selling Shareholders is set forth in the table below.

| Date of allotment /transfer of CCPS | Nature of transaction | Number of CCPS | Nature of consideration | Face Value per CCPS (₹) | Issue / Transfer price per CCPS (₹) |
|---|---|---|---|---|---|
| **Eight Roads Investments Mauritius (II) Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*)** | | | | | |
| October 14, 2016 | Preferential Issue | 7,918,937 | Cash | 20 | 121.23 |
| January 16, 2018 | Preferential Issue | 3,711,952 | Cash | 20 | 121.23 |
| August 9, 2024* | Conversion of CCPS to Equity Shares | (11,630,889) | Cash^ | 20 | 121.23* |
| **360 One Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*)** | | | | | |

| Date of allotment /transfer of CCPS | Nature of transaction | Number of CCPS | Nature of consideration | Face Value per CCPS (₹) | Issue / Transfer price per CCPS (₹) |
|---|---|---|---|---|---|
| March 25, 2019 | Preferential Issue | 4,006,813 | Cash | 20 | 197.02 |
| December 16, 2019 | Preferential Issue | 154,329 | Cash | 20 | 197.02 |
| August 9, 2024 | Conversion of CCPS to Equity Shares | (4,161,142) | Cash^ | 20 | 197.02* |

^ *Cash was paid at the time of allotment of CCPS*

* *Based on the conversion price of the CCPS.*

*(The remainder of this page has been intentionally left blank)*

2. **Issue of Equity Shares at a price lower than the Offer Price in the last one year**

Except as disclosed below, our Company has not issued any Equity Shares at a price which may be lower than the Offer Price during the period of one year preceding the date of this Red Herring Prospectus:

| Date of Allotment | Allottees | Number of Equity Shares Allotted | Face Value (₹) | Issue price per Equity Share (₹) | Reason for Allotment | Whether part of Promoter Group |
|---|---|---|---|---|---|---|
| December 13, 2023 | 51,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 51,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| December 13, 2023 | 8,491 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 8,491 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| December 13, 2023 | 1,509 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 1,509 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| December 13, 2023 | 600 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 600 | 10 | 275 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| March 5, 2024 | 3,727 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 3,727 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| March 5, 2024 | 36,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 36,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| March 5, 2024 | 41,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 41,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| March 18, 2024 | 58,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 58,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| March 18, 2024 | 100,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 100,000 | 10 | 210 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| April 2, 2024 | 63,500 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 63,500 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| April 2, 2024 | 10,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 10,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| April 2, 2024 | 1,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 1,000 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| July 11, 2024 | 8,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 8,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| July 11, 2024 | 51,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 51,000 | 10 | 121 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |

| Date of Allotment | Allottees | Number of Equity Shares Allotted | Face Value (₹) | Issue price per Equity Share (₹) | Reason for Allotment | Whether part of Promoter Group |
|---|---|---|---|---|---|---|
| July 11, 2024 | 35,342 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 35,342 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| July 11, 2024 | 6,250 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 6,250 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| July 11, 2024 | 30,519 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 30,519 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| July 24, 2024 | 39,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 39,000 | 10 | 10 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| July 24, 2024 | 21,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 21,000 | 10 | 110 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| July 24, 2024 | 5,000 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 5,000 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme II" under the ESOP Plan 2016 | No |
| July 24, 2024 | 23,520 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 23,520 | 10 | 181 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| July24, 2024 | 17,835 Equity Shares were allotted to Northern Arc Employee Welfare Trust. | 17,835 | 10 | 188 | Allotment pursuant to the Northern Arc Employee Stock Option Plan 2016 – "Scheme III" under the ESOP Plan 2016 | No |
| August 9, 2024 | • 3,256,115 CCPS held by Augusta Investments II Pte. Ltd were converted into an equal number of Equity Shares;<br>• 11,630,889 CCPS held by Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) were converted into an equal number of Equity Shares;<br>• 4,161,142 CCPS held by 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) were converted into an equal number of Equity Shares;<br>• 4,371,781 CCPS held by 360 ONE Special Opportunities Fund – Series 2 (*formerly known as IIFL Special* | 52,616,624 | 10 | 10 | Conversion of CCPS to Equity Shares | No |

| Date of Allotment | Allottees | Number of Equity Shares Allotted | Face Value (₹) | Issue price per Equity Share (₹) | Reason for Allotment | Whether part of Promoter Group |
|---|---|---|---|---|---|---|
| | *Opportunities Fund – Series 2*) were converted into an equal number of Equity Shares;<br>• 1,923,059 CCPS held by 360 ONE Special Opportunities Fund – Series 3 (*formerly known as IIFL Special Opportunities Fund – Series 3*) were converted into an equal number of Equity Shares;<br>• 6,609,362 CCPS held by 360 ONE Special Opportunities Fund – Series 4 (*formerly known as IIFL Special Opportunities Fund – Series 4*) were converted into an equal number of Equity Shares;<br>• 5,423,128 CCPS held by 360 ONE Special Opportunities Fund – Series 5 (*formerly known as IIFL Special Opportunities Fund – Series 5*) were converted into an equal number of Equity Shares;<br>• 253,781 CCPS held by 360 ONE Special Opportunities Fund – Series 6 (*formerly known as IIFL Special Opportunities Fund – Series 6*) were converted into an equal number of Equity Shares;<br>• 3,693,947 CCPS held by 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 7*) were converted into an equal number of Equity Shares;<br>• 8,491,048 CCPS held by International Finance Corporation were converted into 9,815,224 Equity Shares;<br>• 639,386 CCPS held by | | | | | |

| Date of Allotment | Allottees | Number of Equity Shares Allotted | Face Value (₹) | Issue price per Equity Share (₹) | Reason for Allotment | Whether part of Promoter Group |
|---|---|---|---|---|---|---|
| | Varun Jaipuria were converted into 739,098 Equity Shares; and<br>• 639,386 CCPS held by RJ Corp Limited were converted into 739,098 Equity Shares. | | | | | |

3. **Issue of Equity Shares for Consideration other than Cash or by way of bonus issue**

Other than the issue and allotment of Equity Shares pursuant to the Scheme, our Company has not issued any Equity Shares in the past for consideration other than cash or by way of bonus issue. For details of the Equity Shares issued pursuant to the Scheme, see "*Capital Structure -Issue of Equity Shares pursuant to schemes of arrangement*" on page 143.

4. **Issue of Equity Shares out of revaluation reserves**

Our Company has not issued any Equity Shares out of revaluation reserves since its incorporation.

5. **Issue of Equity Shares pursuant to schemes of arrangement**

Our Company has not issued any Equity Shares in the past in terms of a scheme of arrangement approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-234 of the Companies Act, 2013, except as disclosed below.

| Date of Allotment | Allottees | Number of Equity Shares Allotted | Face Value (₹) | Issue price per Equity Share (₹) | Reason for Allotment | Benefits Accrued to our Company |
|---|---|---|---|---|---|---|
| March 7, 2019 | Pursuant to the Scheme, 16,685,402 Equity Shares were allotted to Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*), corporate trustee of Dvara Trust; 14,430,553 Equity Shares were allotted to Accion Africa-Asia Investment Company; 14,771,731 Equity Shares were allotted to LeapFrog Financial Inclusion India (II) Ltd. | 45,887,686 | 10 | - | Allotment pursuant to the Scheme | Transfer of the demerged undertaking to our Company and transition of our Company into a company without an identifiable promoter. |

(1) *For further details, see "— Share Capital History of Our Company" on page 119 and "History and Certain Corporate Matters – Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets" on page 326.*

In addition to the above allotment of Equity Shares, in accordance with the terms of the Scheme, 45,887,686 Equity Shares held by IFMR Holdings Private Limited were cancelled. For details, see "*Capital Structure–Notes to Capital Structure–Share Capital History of our Company*" on page 119.

Pursuant to the Scheme, the national pension scheme distribution business of IFMR Holdings Private Limited was transferred to Dvara Investments Private Limited (a transient company which was incorporated before the filing of the Scheme in order to effect the re-organization under the Scheme) by way of a demerger following which Dvara Investments Private Limited was amalgamated with and into our Company. The Scheme resulted in our Company becoming a board-led, management-run company with no identifiable promoter.

The Scheme was sanctioned by the National Company Law Tribunal, Single Bench, Chennai, Tamil Nadu through its order dated February 20, 2019 read with the corrigendum dated February 26, 2019. The effective date of the Scheme was March

7, 2019. For further details, see "*History and Certain Corporate Matters – Details regarding material Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets*" on page 326.

6. **Details of Lock-in of Equity Shares**

(a) *Details of Equity Shares locked-in for 18 months*

Our Company does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act. Accordingly, in terms of Regulation 14(1) of the SEBI ICDR Regulations, there is no requirement of minimum promoter's contribution in the Offer and none of the Equity Shares will be locked in for a period of 18 months pursuant to the Offer.

Our Company became a board-led, management-run company with no identifiable promoter pursuant to the Scheme. For further details, see "— *Share Capital History of Our Company*" on page 119 and "*History and Certain Corporate Matters – Details regarding material Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets*" on page 326. Prior to the Scheme, the promoter of our Company was IFMR Holdings Private Limited.

(b) *Details of Share Capital locked-in for six months*

As prescribed under Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of six months from the date of Allotment of Equity Shares in the Offer including any unsubscribed portion of the Offer for Sale, other than: (i) the Equity Shares transferred pursuant to the Offer for Sale; (ii) any Equity Shares allotted to employees, whether currently an employee or not, pursuant to the ESOP Plan 2016 prior to the Offer; and (iii) the Equity Shares that are held by any VCFs, AIFs (category I or category II) or FVCIs (such as the Equity Shares held by the 360 ONE Funds, which are SEBI registered AIFs) subject to the conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares will be locked-in for a period of at least six months from the date of purchase.

In terms of the ESOP Schemes, Equity Shares allotted to our employees at any time prior to listing of our Equity Shares are required to be beneficially held on their behalf by the Northern Arc Employee Welfare Trust and transferred to such employees after the listing of our Equity Shares on the Stock Exchanges. The Equity Shares being beneficially held on behalf of the allottees by the Northern Arc Employee Welfare Trust is in compliance with the applicable provisions of the Companies Act and the SEBI SBEB Regulations. The Equity Shares received by employees (whether currently employees or not and including the legal heirs or nominees of any deceased employees or ex-employees) from Northern Arc Employee Welfare Trust shall be exempt from lock-in under Regulation 17 of the SEBI ICDR Regulations, subject to the SEBI SBEB Regulations.

(c) *Lock-in of Equity Shares to be Allotted, if any, to Anchor Investors*

50% of the Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 90 days from the date of Allotment, and the remaining 50% of the Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(d) *Other Requirements in respect of Lock-in*

Pursuant to Regulation 20 of the SEBI ICDR Regulations, details of locked-in Equity Shares will be recorded by the relevant depositories.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Shareholders prior to the Offer and locked-in for a period of six months may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the applicable lock-in and the transferee being ineligible to transfer such Equity Shares until expiry of the lock-in period, and compliance with the provisions of the SEBI Takeover Regulations.

[*the remainder of this page has been left blank intentionally*]

7. **Shareholding Pattern of our Company**

The table below presents the shareholding of our Company as of the date of this Red Herring Prospectus.

| Category (I) | Category of Shareholder (II) | Number of Shareholders (III) | Number of Fully Paid-up Equity Shares Held (IV) | Number of Partly Paid-up Equity Shares Held (V) | Number of Shares Underlying Depository Receipts (VI) | Total Number of Equity Shares Held (VII) =(IV)+(V)+(VI) | Shareholding as a % of Total Number of Equity Shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in Each Class of Securities (IX) | | | Number of Shares Underlying Outstanding Convertible Securities (including Warrants) (X) | Shareholding, as a % Assuming Full Conversion of Convertible Securities (as a Percentage of Diluted Share Capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of locked-in shares (XII) | | Number of Shares Pledged or Otherwise Encumbered (XIII) | | Number of Equity Shares held in Dematerialized Form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | Total as a % of (A+B+C) | | | Number (a) | As a % of total shares held (b) | Number (a) | As a % of total shares held (b) | |
| | | | | | | | | Class: Equity Shares | Total | | | | | | | | |
| (A) | Promoter and Promoter Group | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - |
| (B) | Public | 40 | 140,031,044 | - | - | 140,031,044 | 98.40 | 140,031,044 | 140,031,044 | 98.40 | - | - | - | | - | - | 140,031,044 |
| (C) | Non-Promoter-Non-Public | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - |
| (C1) | Shares Underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - |
| (C2) | Shares held by Employee Trusts | 1 | 2,282,966 | - | - | 2,282,966 | 1.60 | 2,282,966 | 2,282,966 | 1.60 | - | - | - | | - | - | 2,282,966 |
| | Total | 41 | 142,314,010 | - | - | 142,314,010 | 100 | | | 100 | - | | - | | - | - | 142,314,010 |

8. **Details of the Shareholding of the major Shareholders of our Company**

(1) The Equity Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them as of the date of this Red Herring Prospectus are detailed in the table below:

| S. No. | Name of Shareholder | No. of Equity Shares held | Percentage of the pre-Offer Equity Share capital on fully-diluted basis (%)^ |
|---|---|---|---|
| 1. | LeapFrog Financial Inclusion India (II) Ltd | 29,952,665 | 20.67 |
| 2. | Augusta Investments II Pte. Ltd | 25,887,110 | 17.87 |
| 3. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | 13,610,748 | 9.39 |
| 4. | International Finance Corporation | 9,815,224 | 6.77 |
| 5. | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | 9,644,086 | 6.66 |
| 6. | Accion Africa-Asia Investment Company | 7,699,529 | 5.31 |
| 7. | 360 ONE Special Opportunities Fund – Series 4 | 7,538,980 | 5.20 |
| 8. | Sumitomo Mitsui Banking Corporation | 7,004,364 | 4.83 |
| 9. | 360 ONE Special Opportunities Fund – Series 5 | 6,185,901 | 4.27 |
| 10. | 360 ONE Special Opportunities Fund – Series 7 | 6,125,875 | 4.23 |
| 11. | 360 ONE Special Opportunities Fund – Series 2 | 4,986,680 | 3.44 |
| 12. | 360 ONE Special Opportunities Fund | 4,390,170 | 3.03 |
| 13. | KP Corporate Solutions Ltd (Northern Arc Welfare Trust) | 2,282,966 | 1.58 |
| 14. | 360 ONE Special Opportunities Fund – Series 3 | 2,193,541 | 1.51 |
| | **Total** | **137,317,839** | **94.78** |

*^ The Company's Equity Share capital on a fully diluted basis includes options under the ESOP Plan 2016 that have vested as of the date of this Red Herring Prospectus (assuming exercise of all options), and for the sake of clarity, includes the Equity Shares already issued and held by the Northern Arc Employee Welfare Trust pursuant to the ESOP Plan 2016.*

(2) The Equity Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them 10 days prior to the date of this Red Herring Prospectus are detailed in the table below:

| S. No. | Name of Shareholder | No. of Equity Shares held | Percentage of the pre-Offer Equity Share capital on fully-diluted basis (%)^ |
|---|---|---|---|
| 1. | LeapFrog Financial Inclusion India (II) Ltd | 29,952,665 | 20.67 |
| 2. | Augusta Investments II Pte. Ltd | 25,887,110 | 17.87 |
| 3. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) * | 13,610,748 | 9.39 |
| 4. | International Finance Corporation | 9,815,224 | 6.77 |
| 5. | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | 9,644,086 | 6.66 |
| 6. | Accion Africa-Asia Investment Company | 7,699,529 | 5.31 |
| 7. | 360 ONE Special Opportunities Fund – Series 4 | 7,538,980 | 5.20 |
| 8. | Sumitomo Mitsui Banking Corporation | 7,004,364 | 4.83 |
| 9. | 360 ONE Special Opportunities Fund | 6,185,901 | 4.27 |
| 10. | 360 ONE Special Opportunities Fund – Series 5 | 6,125,875 | 4.23 |

| S. No. | Name of Shareholder | No. of Equity Shares held | Percentage of the pre-Offer Equity Share capital on fully-diluted basis (%)^ |
|---|---|---|---|
| 11. | 360 ONE Special Opportunities Fund – Series 7 | 4,986,680 | 3.44 |
| 12. | 360 ONE Special Opportunities Fund – Series 2 | 4,390,170 | 3.03 |
| 13. | KP Corporate Solutions Ltd (Northern Arc Welfare Trust) | 2,282,966 | 1.58 |
| 14. | 360 ONE Special Opportunities Fund – Series 3 | 2,193,541 | 1.51 |
| | **Total** | **137,317,839** | **94.78** |

*^ The Company's Equity Share capital on a fully diluted basis includes options under the ESOP Plan 2016 that have vested as of the date of this Red Herring Prospectus (assuming exercise of all options), and for the sake of clarity, includes the Equity Shares already issued and held by the Northern Arc Employee Welfare Trust pursuant to the ESOP Plan 2016.*

(3) The Equity Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them one year prior to the date of this Red Herring Prospectus are detailed in the table below:

| S. No. | Name of Shareholder | No. of Equity Shares held | Percentage of the pre-Offer Equity Share capital on fully-diluted basis (%)^ |
|---|---|---|---|
| 1. | LeapFrog Financial Inclusion India (II) Ltd | 29,952,665 | 22.52 |
| 2. | Augusta Investments II Pte. Ltd* | 25,887,110 | 19.47 |
| 3. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) * | 13,610,748 | 10.24 |
| 4. | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | 9,929,257 | 7.47 |
| 5. | Accion Africa-Asia Investment Company | 7,699,529 | 5.79 |
| 6. | 360 ONE Special Opportunities Fund - Series 4* | 7,538,980 | 5.67 |
| 7. | Sumitomo Mitsui Banking Corporation | 7,004,364 | 5.27 |
| 8. | 360 ONE Special Opportunities Fund* | 6,721,940 | 5.05 |
| 9. | 360 ONE Special Opportunities Fund – Series 5* | 6,185,901 | 4.65 |
| 10. | 360 ONE Special Opportunities Fund – Series 7* | 6,125,875 | 4.61 |
| 11. | 360 ONE Special Opportunities Fund – Series 2* | 4,986,680 | 3.75 |
| 12. | 360 ONE Special Opportunities Fund – Series 3* | 2,193,541 | 1.65 |
| 13. | KP Corporate Solutions Ltd (Northern Arc Welfare Trust) | 1,670,673 | 1.26 |
| | **Total** | **129,507,263** | **97.40** |

*^ The Company's Equity Share capital on a fully diluted basis includes options under the ESOP Plan 2016 that have vested as of the date of this Red Herring Prospectus (assuming exercise of all options), and for the sake of clarity, includes the Equity Shares already issued and held by the Northern Arc Employee Welfare Trust pursuant to the ESOP Plan 2016.*
** Assuming conversion of CCPS held on such date*

(4) The Equity Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them two years prior to the date of this Red Herring Prospectus are detailed in the table below:

| S. No. | Name of Shareholder | No. of Equity Shares held | Percentage of the pre-Offer Equity Share capital on fully-diluted basis (%)^ |
|---|---|---|---|
| 1. | LeapFrog Financial Inclusion India (II) Ltd | 29,952,665 | 22.54 |
| 2. | Augusta Investments II Pte. Ltd* | 23,584,935 | 17.75 |
| 3. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) * | 13,610,748 | 10.24 |
| 4. | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | 12,878,682 | 9.69 |

| S. No. | Name of Shareholder | No. of Equity Shares held | Percentage of the pre-Offer Equity Share capital on fully-diluted basis (%)^ |
|---|---|---|---|
| 5. | Accion Africa-Asia Investment Company | 7,699,529 | 5.79 |
| 6. | 360 ONE Special Opportunities Fund - Series 4* | 7,538,980 | 5.67 |
| 7. | Sumitomo Mitsui Banking Corporation | 7,004,364 | 5.27 |
| 8. | 360 ONE Special Opportunities Fund* | 6,721,940 | 5.06 |
| 9. | 360 ONE Special Opportunities Fund – Series 5* | 6,185,901 | 4.66 |
| 10. | 360 ONE Special Opportunities Fund – Series 7* | 6,125,875 | 4.61 |
| 11. | 360 ONE Special Opportunities Fund – Series 2* | 4,986,680 | 3.75 |
| 12. | 360 ONE Special Opportunities Fund – Series 3* | 2,193,541 | 1.65 |
| 13. | KP Corporate Solutions Ltd (Northern Arc Welfare Trust) | 1,570,123 | 1.18 |
| | **Total** | **130,053,963** | **97.86** |

*^ The Company's Equity Share capital on a fully diluted basis includes options under the ESOP Plan 2016 that have vested as of the date of this Red Herring Prospectus (assuming exercise of all options), and for the sake of clarity, includes the Equity Shares already issued and held by the Northern Arc Employee Welfare Trust pursuant to the ESOP Plan 2016.*

** Assuming conversion of CCPS held on such date*

9. **Details of the Shareholding of our Directors, Key Managerial Personnel and Senior Management**

(1) None of our Directors, Key Managerial Personnel and Senior Management hold any Equity Shares in our Company as of the date of filing of this Red Herring Prospectus other than as disclosed below:

| S. No. | Name of the Shareholder | Number of Equity Shares | Percentage of the pre - Offer Equity Share capital (%) | Percentage of the post-Offer of Equity Share Capital (%) |
|---|---|---|---|---|
| ***Directors*** | | | | |
| 1. | P.S. Jayakumar | 142,585 | 0.10 | [●] |
| 2. | Dr. Kshama Fernandes** | 1* | 0.00 | 0.00 |
| ***Senior Management*** | | | | |
| 3. | Kalyanasundaram C | 1* | 0.00 | 0.00 |
| **Total** | | 142,587* | 0.10 | [●] |

**Excludes Equity Shares held by the Northern Arc Employee Welfare Trust on behalf of the Directors, Key Managerial Personnel and Senior Management*

***Also a member of our Senior Management*

For details of employee stock options granted to our Directors or Key Managerial Personnel, see *"- Employee Stock Option Schemes"* on page 148.

(2) The Directors and their relatives have not purchased or sold Equity Shares of the Company during the preceding six months other than as disclosed below:

| Date of transfer of Equity Shares | Transferor | Transferee | Number of Equity Shares | Nature of consideration | Face Value per Equity Share (₹) | Transfer price per Equity Share (₹) |
|---|---|---|---|---|---|---|
| August 14, 2024 | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and Dvara Trusteeship Services Private Limited*)) | P.S. Jayakumar | 142,585 | Cash | 10 | 263.00 |

10. **Employee Stock Option Schemes**

**Northern Arc Employee Stock Option Plan 2016, as amended** ("**ESOP Plan 2016**")

Our Board of Directors and our Shareholders approved the ESOP Plan 2016 pursuant to their resolutions each, dated October 7, 2016. Subsequently, our Board of Directors and our Shareholders have approved amendments to the ESOP Plan 2016 from time to time. The latest amendment to our ESOP Plan 2016 was approved by our Board of Directors pursuant to their resolution dated February 2, 2024 and our Shareholders pursuant to a resolution dated July 2, 2024.

Pursuant to the ESOP Plan 2016, options to acquire Equity Shares may be granted to eligible "employees" (as defined in the ESOP Plan 2016). The ESOP Plan 2016 contemplates that based on the eligibility criteria set out thereunder, eligible employees will be granted options under schemes notified under the ESOP Plan 2016. Pursuant to the ESOP Plan 2016, our employees may be granted options under the Northern Arc Employee Stock Option Scheme 2016 – "Scheme I", the Northern Arc Employee Stock Option Scheme 2016 – "Scheme II", the Northern Arc Employee Stock Option Scheme 2016 – "Scheme IIB", the Northern Arc Employee Stock Option Scheme 2018 – "Scheme– III", the Northern Arc Employee Stock Option Scheme 2016 – "Scheme IV" and the Northern Arc Employee Stock Option Scheme 2016 – "Scheme IVB", as applicable.

The options have been granted pursuant to the ESOP Plan 2016 in compliance with the relevant provisions of the Companies Act and only to the employees of the Company and the Subsidiaries.

Details of the ESOP Plan 2016 are disclosed below:

| Particulars | Total | |
|---|---|---|
| Total options granted | Scheme I | 721,371 |
| | Scheme II | 6,662,500 |
| | Scheme IIB | 540,000 |
| | Scheme III | 2,135,024 |
| | Scheme IV | 983,000 |
| | Scheme IVB | 2,735,000 |
| Forfeited/Cancelled options (before vesting) | Scheme I | 314,000 |
| | Scheme II | 2,605,000 |
| | Scheme IIB | 316,000 |
| | Scheme III | 583,368 |
| | Scheme IV | 0 |
| | Scheme IVB | 115,000 |
| Total options vested (including exercised options) | Scheme I | 407,371 |
| | Scheme II | 3,886,500 |
| | Scheme IIB | 0 |
| | Scheme III | 1,460,655 |
| | Scheme IV | 112,500 |
| | Scheme IVB | 552,000 |
| Total options unvested | Scheme I | 0 |
| | Scheme II | 171,000 |
| | Scheme IIB | 224,000 |
| | Scheme III | 91,001 |
| | Scheme IV | 870,500 |
| | Scheme IVB | 2,068,000 |
| Total options exercised (Total options allotted – 2,282,966) | Scheme I | 382,371 |
| | Scheme II | 1,580,300 |
| | Scheme IIB | 0 |
| | Scheme III | 320,295 |
| | Scheme IV | 0 |
| | Scheme IVB | 0 |
| Options vested but yet to be exercised | Scheme I | 0 |
| | Scheme II | 1,297,000 |

| Particulars | Total | |
|---|---|---|
| | Scheme IIB | 0 |
| | Scheme III | 634,395 |
| | Scheme IV | 112,500 |
| | Scheme IVB | 527,000 |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled and lapsed options) | Scheme I | - |
| | Scheme II | 1,559,250 |
| | Scheme IIB | 224,000 |
| | Scheme III | 871,611 |
| | Scheme IV | 983,000 |
| | Scheme IVB | 2,595,000 |
| Total options forfeited/lapsed(After Vesting) | Scheme I | 25,000 |
| | Scheme II | 1,009,200 |
| | Scheme IIB | - |
| | Scheme III | 505,965 |
| | Scheme IV | - |
| | Scheme IVB | 25,000 |
| Money realised by exercise of options | Scheme I | 3,823,710<br>19,921,850 (tax) |
| | Scheme II | 190,333,500<br>39,078,931(Tax) |
| | Scheme IIB | 0 |
| | Scheme III | 52,163,789<br>6,268,619 (Tax) |
| | Scheme IV | 0 |
| | Scheme IVB | 0 |
| Total number of options in force (vested and unvested options) | Scheme I | 0 |
| | Scheme II | 1,468,000 |
| | Scheme IIB | 224,000 |
| | Scheme III | 725,396 |
| | Scheme IV | 983,000 |
| | Scheme IVB | 2,595,000 |
| Total Equity Shares issued (Total options allotted – 2,282,966) | Scheme I | 382,371 |
| | Scheme II | 1,580,300 |
| | Scheme IIB | 0 |
| | Scheme III | 320,295 |
| | Scheme IV | 0 |
| | Scheme IVB | 0 |

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| Particulars | | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | For the period April 1, 2024 until the date of this Red Herring Prospectus |
|---|---|---|---|---|---|
| Options granted | Scheme I | 0 | 0 | 0 | 0 |
| | Scheme II | 465,000 | 0 | 0 | 0 |
| | Scheme IIB | 540,000 | 0 | 0 | 0 |
| | Scheme III | 347,500 | 0 | 130,000 | 0 |
| | Scheme IV | 150,000 | 0 | 0 | 833,000 |
| | Scheme IVB | 300,000 | 430,000 | 1,430,000 | 575,000 |
| Cumulative options granted as on September 9, 2024 – 13,776,895 | | | | | |
| No of Employees to whom options were granted | | 56 | 5 | 51 | 43 |
| Cumulative employees to whom options have been granted as on September 9, 2024 – 221 | | | | | |
| Options Cancelled before vesting | Scheme I | 0 | 0 | 0 | 0 |
| | Scheme II | 205,000 | 105,000 | 0 | 0 |
| | Scheme IIB | 23,000 | 157,500 | 40,000 | 95,500 |
| | Scheme III | 75,370 | 102,599 | 25,800 | 10,400 |
| | Scheme IV | 0 | 0 | 0 | 0 |
| | Scheme IVB | 0 | 0 | 0 | 115,000 |
| | | | | | |
| Options vested (including options that have been exercised) | Scheme I | 42,000 | 15,000 | 8,000 | 0 |
| | Scheme II | 1,008,100 | 946,950 | 528,500 | 258,000 |
| | Scheme IIB | 0 | 0 | 0 | 0 |
| | Scheme III | 387,944 | 374,929 | 118,786 | 266,853 |
| | Scheme IV | 0 | 112,500 | 37,500 | 37,500 |
| | Scheme IVB | 0 | 0 | 182,500 | 294,500 |
| Vesting Period (Years) | Scheme 1 | 4 years | | | |
| | Scheme 2 | 5 years | | | |
| | Scheme 2B | 5 years | | | |
| | Scheme 3 | 3 years | | | |
| | Scheme 4 | 4 years | | | |
| | Scheme 4B | 4 years | | | |
| Options exercised | Scheme I | 42,000 | 0 | 8,000 | 0 |
| | Scheme II | 640,100 | 122,000 | 403,500 | 91,250 |
| | Scheme IIB | 0 | 0 | 0 | 0 |
| | Scheme III | 155,202 | 14,150 | 4,727 | 146,216 |
| | Scheme IV | 0 | 0 | 0 | 0 |

| Particulars | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | For the period April 1, 2024 until the date of this Red Herring Prospectus |
|---|---|---|---|---|
| | Scheme IVB 0 | Scheme IVB 0 | Scheme IVB 0 | Scheme IVB 0 |
| Exercise price of options | Scheme I – ₹10<br>Scheme II – ₹110, ₹121, ₹181, ₹188, ₹210,<br>Scheme IIB – ₹275<br>Scheme III – ₹10, ₹181, ₹188, ₹275<br>Scheme IV – ₹324<br>Scheme IVB – ₹ 275 | | | |
| Options forfeited/ lapsed (After Vesting) | Scheme I 0<br>Scheme II 80,000<br>Scheme IIB 0<br>Scheme III 40,348<br>Scheme IV 0<br>Scheme IVB 0 | Scheme I 15,000<br>Scheme II 484,450<br>Scheme IIB 0<br>Scheme III 209,030<br>Scheme IV 0<br>Scheme IVB 0 | Scheme I 0<br>Scheme II 12,000<br>Scheme IIB 0<br>Scheme III 76,409<br>Scheme IV 0<br>Scheme IVB 0 | Scheme I 0<br>Scheme II 43,750<br>Scheme IIB 0<br>Scheme III 39,637<br>Scheme IV 0<br>Scheme IVB 25,000 |
| Options outstanding | Scheme I 23,000<br>Scheme II 2,729,950<br>Scheme IIB 517,000<br>Scheme III 1,224,363<br>Scheme IV 150,000<br>Scheme IVB 300,000 | Scheme I 8,000<br>Scheme II 2,018,500<br>Scheme IIB 359,500<br>Scheme III 898,584<br>Scheme IV 150,000<br>Scheme IVB 730,000 | Scheme I 0<br>Scheme II 1,603,000<br>Scheme IIB 319,500<br>Scheme III 921,648<br>Scheme IV 150,000<br>Scheme IVB 2,160,000 | Scheme I -<br>Scheme II 1,468,000<br>Scheme IIB 224,000<br>Scheme III 725,396<br>Scheme IV 983,000<br>Scheme IVB 2,595,000 |
| Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) | Scheme I 65,000<br>Scheme II 3,370,050<br>Scheme IIB 517,000<br>Scheme III 1,379,565<br>Scheme IV 150,000<br>Scheme IVB 300,000 | Scheme I 8,000<br>Scheme II 2,140,500<br>Scheme IIB 359,500<br>Scheme III 912,734<br>Scheme IV 150,000<br>Scheme IVB 730,000 | Scheme I 8,000<br>Scheme II 2,006,500<br>Scheme IIB 319,500<br>Scheme III 926,375<br>Scheme IV 150,000<br>Scheme IVB 2,160,000 | Scheme I 0<br>Scheme II 1,559,250<br>Scheme IIB 224,000<br>Scheme III 871,611<br>Scheme IV 983,000<br>Scheme IVB 2,595,000 |
| Variation in terms of options | *NA* | | | |
| Money realised by exercise of options | Scheme I 420,000<br>Scheme II 73,506,000<br>Scheme IIB 0<br>Scheme III 28,462,415<br>Scheme IV 0<br>Scheme IVB 0 | Scheme I 0<br>Scheme II 13,420,000<br>Scheme IIB 0<br>Scheme III 2,711,213<br>Scheme IV 0<br>Scheme IVB 0 | Scheme I 80,000<br>Scheme II 54,891,000<br>Scheme IIB 0<br>Scheme III 855,587<br>Scheme IV 0<br>Scheme IVB 0 | Scheme I 0<br>Scheme II 11,441,000<br>Scheme IIB 0<br>Scheme III 20,134,574<br>Scheme IV 0<br>Scheme IVB 0 |
| Total no. of options in force (vested and unvested) | Scheme I 23,000 | Scheme I 8,000 | Scheme I 0 | Scheme I - |

| Particulars | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | For the period April 1, 2024 until the date of this Red Herring Prospectus |
|---|---|---|---|---|
| | Scheme II 2,729,950<br>Scheme IIB 517,000<br>Scheme III 1,224,363<br>Scheme IV 150,000<br>Scheme IVB 300,000 | Scheme II 2,018,500<br>Scheme IIB 359,500<br>Scheme III 898,584<br>Scheme IV 150,000<br>Scheme IVB 730,000 | Scheme II 1,603,000<br>Scheme IIB 319,500<br>Scheme III 921,648<br>Scheme IV 150,000<br>Scheme IVB 2,160,000 | Scheme II 1,468,000<br>Scheme IIB 224,000<br>Scheme III 725,396<br>Scheme IV 983,000<br>Scheme IVB 2,595,000 |

Employee wise details of options granted to

i) Key management personnel

| Name of Key Managerial Personnel | Total no. of options granted |
|---|---|
| Ashish Mehrotra<br>Scheme II – 250,000<br>Scheme III – 130,000<br>Scheme IV – 150,000<br>Scheme IVB - 840,000 | 1,370,000 |
| Atul Tibrewal<br>Scheme II – 115,000<br>Scheme IV – 50,000<br>Scheme IVB – 50,000 | 215,000 |
| Prakash Chandra Panda<br>Scheme IV – 16,000 | 16,000 |

ii)Senior Management

| Name of Senior Management | Total no. of options granted |
|---|---|
| Dr. Kshama Fernandes<br>Scheme I – 156,371<br>Scheme II – 510,000<br>Scheme III – 144,666 | 811,037 |
| C.Kalyanasundaram<br>Scheme I – 40,000<br>Scheme II – 80,000<br>Scheme III – 46,427 | 166,427 |
| Pardhasaradhi Rallabandi<br>Scheme II – 125,000<br>Scheme IIB – 40,000<br>Scheme III – 23,965<br>Scheme IV – 50,000<br>Scheme IVB – 75,000 | 313,965 |
| Amit Mandhanya<br>Scheme II - 225,000<br>Scheme IIB – 20,000<br>Scheme III - 52,493<br>Scheme IV – 50,000 | 397,493 |

<table>
<tr><th>Particulars</th><th>Fiscal 2022</th><th>Fiscal 2023</th><th>Fiscal 2024</th><th>For the period April 1, 2024 until the date of this Red Herring Prospectus</th></tr>
<tr><td></td><td colspan="4">
<table>
<tr><td>Scheme IVB - 50,000</td><td></td></tr>
<tr><td>Gaurav Mehrotra<br>Scheme IV – 35,000<br>Scheme IVB – 150,000</td><td>185,000</td></tr>
<tr><td>Saurabh Jaywant<br>Scheme II – 100,000<br>Scheme IIB – 20,000<br>Scheme III – 38,387<br>Scheme IV – 20,000<br>Scheme IVB – 25,000</td><td>203,387</td></tr>
<tr><td>Umasree Parvathy<br>Scheme II – 25,000<br>Scheme III – 29,895<br>Scheme IV – 20,000</td><td>74,895</td></tr>
<tr><td>Bhatt Bhavdeep Chandrakant<br>Scheme IV – 110,000</td><td>110,000</td></tr>
<tr><td>Gaurav Ajit Shukla<br>Scheme IVB – 140,000</td><td>140,000</td></tr>
</table>
</td></tr>
<tr><td>Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td colspan="4">
<table>
<tr><th>Name of employee</th><th>Total no. of options granted</th></tr>
<tr><td>Sandeep Singh (Fiscal 2021)<br>Scheme II – 125,000</td><td>125,000</td></tr>
<tr><td>Anand Subramaniam (Fiscal 2023)<br>Scheme IVB – 30,000</td><td>30,000</td></tr>
<tr><td>Padmanabhan N (Fiscal 2023)<br>Scheme IVB – 75,000</td><td>75,000</td></tr>
<tr><td>Sujay Prakash (Fiscal 2023)<br>Scheme IVB – 100,000</td><td>100,000</td></tr>
<tr><td>Nikhil Anil Date (Fiscal 2023)<br>Scheme IVB – 75,000</td><td>75,000</td></tr>
<tr><td>Ashish Mehrotra (Fiscal 2024)<br>Scheme III - 130,000<br>Scheme IVB - 210,000</td><td>340,000</td></tr>
<tr><td>Sandhya Gaurav Dhawan (Fiscal 2024)<br>Scheme IVB – 100,000</td><td>100,000</td></tr>
<tr><td>Ashish Mehrotra (Fiscal 2025)<br>Scheme IVB - 330,000</td><td>330,000</td></tr>
<tr><td>Gaurav Ajit Shukla (Fiscal 2025)<br>Scheme IVB - 140,000</td><td>140,000</td></tr>
<tr><td>Bhatt Bhavdeep Chandrakant (Fiscal 2025)</td><td>110,000</td></tr>
</table>
</td></tr>
</table>

| Particulars | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | For the period April 1, 2024 until the date of this Red Herring Prospectus |
|---|---|---|---|---|
| | Scheme IV - 110,000 | | | |
| Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant | Nil | | | |
| Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings Per Share' | Rs. 13.09 | Rs. 17.38 | Rs. 23.40 | Not available |
| Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between employee compensation cost so calculated and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company | Not applicable, as valuation of ESOPs has been done through fair valuation of options under IndAS | | | |
| Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option | Fair value of options is calculated by way of Black Scholes model taking into account the various factors like time value, interest rate, volatility, dividend yield, etc. | | | |
| Method of option valuation | Black Scholes model | | | |
| - Expected life of options (years)<br>- Expected Volatility (% p.a.)<br>- Risk Free Rate of Return (%)<br>- Dividend Yield (% p.a.)<br>- Exercise price per share (₹)<br>- Weighted average share price on the date of grant of option (in ₹) | Scheme II – Grant 6 (Aug '20)<br>4 years<br>22.05%<br>7.24%<br>0.00%<br>188<br>197.02 | Scheme II – Grant 6 (Apr '21)<br>5.5 years<br>48.74%<br>5.58%<br>0.00%<br>210<br>217.10<br><br>Scheme II – Grant 6 (May '21)<br>5.5 years<br>48.48%<br>5.58%<br>0.00%<br>188 | - | Scheme III – Grant 4<br>2.6 years<br>43.33%<br>7.10%<br>0.00%<br>10<br>306.29<br><br>Scheme IV B<br>2.6 years<br>43.33%<br>7.10%<br>0.00%<br>275 |

<table>
<tr><th>Particulars</th><th>Fiscal 2022</th><th>Fiscal 2023</th><th>Fiscal 2024</th><th>For the period April 1, 2024 until the date of this Red Herring Prospectus</th></tr>
<tr><td></td><td></td><td>217.10<br><br>Scheme II – Grant 7<br>(Jul ’21)<br>5.5 years<br>48.55%<br>5.70%<br>0.00%<br>210<br>217.10<br><br>Scheme IIB, Scheme III – Grant 3 (Sept’21)<br>5.5 years<br>48.12%<br>5.61%<br>0.00%<br>275<br>217.10</td><td></td><td>306.29<br><br><br>Scheme IV B – Grant 2<br>3 years<br>40.06%<br>7.00%<br>0.00%<br>275<br>338.25</td></tr>
<tr><td>Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years</td><td colspan="4">Not applicable, since the Company has followed the accounting policies as specified in the SEBI SBEB Regulations in respect of options granted in the last three years.</td></tr>
<tr><td>Intention of the key managerial personnel, senior management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any</td><td colspan="4"><table><tr><th>Name of Key Managerial Personnel/Senior Management</th><th>No. of shares proposed to be sold</th></tr><tr><td>Kshama Fernandes</td><td>372,371</td></tr><tr><td>C.Kalyanasundaram</td><td>100,000</td></tr><tr><td>Amit Mandhanya</td><td>150,000</td></tr></table></td></tr>
<tr><td>Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, key managerial personnel, senior management and</td><td colspan="4">Nil</td></tr>
</table>

| Particulars | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | For the period April 1, 2024 until the date of this Red Herring Prospectus |
|---|---|---|---|---|
| employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions) | | | | |

Pursuant to the ESOP Schemes, the Company has allotted 2,282,966 Equity Shares of face value ₹10 each as of the date of this Red Herring Prospectus, as set out below:

| S. No | Scheme details | No. of Equity Shares – Allotted | No. of employees | No. of Equity Shares – Allotment is under process | No. of employees |
|---|---|---|---|---|---|
| 1. | Northern Arc ESOP 2016 - Scheme I | 382,371 | 8 | Nil | Nil |
| 2. | Northern Arc ESOP 2016 - Scheme II | 1,580,300 | 40 | Nil | Nil |
| 3. | Northern Arc ESOS 2023 – Scheme IIB | Nil | Nil | Nil | Nil |
| 4. | Northern Arc ESOS 2018 - Scheme III | 320,295 | 28 | Nil | Nil |
| 5. | Northern Arc ESOS 2022 – Scheme IV | Nil | Nil | Nil | Nil |
| 6. | Northern Arc ESOS 2023 – Scheme IVB | Nil | Nil | Nil | Nil |
| | **Total** | **2,282,966** | **76*** | **Nil** | **Nil*** |

**The total number of employees include employees who have been allotted Equity Shares under one or more ESOP Schemes. As of the date of this Red Herring Prospectus, the Company has allotted 2,282,966 Equity Shares of face value of ₹10 each in favour of 54 unique employees under one or more ESOP Schemes.*

11. **Non-Convertible Debentures**

Details of the non-convertible debentures issued by our Company that are currently listed are disclosed below:

| S. No. | ISIN Number | Stock Exchange | Amount Issued (₹ million) | Scrip Code | Maturity Date | Credit Rating |
|---|---|---|---|---|---|---|
| 1. | INE850M07426 | BSE | 891 | 974078 | January 27, 2025 | [ICRA] AA- (Stable) |
| 2. | INE850M07426 | BSE | 250 | 974078 | January 27, 2025 | [ICRA] AA- (Stable) |
| 3. | INE850M07467 | BSE | 1,500 | 975570 | March 26, 2027 | [ICRA] AA- (Stable) |
| 4. | INE850M07467 | BSE | 250 | 975570 | March 26, 2027 | [ICRA] AA- (Stable) |
| 5. | INE850M07475 | BSE | 6,200 | 975743 | June 14, 2029 | [ICRA] AA- (Stable) |
| 6. | INE850M07483 | BSE | 300 | 975911 | November 13, 2025 | [ICRA] AA- (Stable) |
| 7. | INE850M07483 | BSE | 200 | 975911 | November 13, 2025 | [ICRA] AA- (Stable) |

12. Our Company is in compliance with the Companies Act, 1956 and the Companies Act, 2013, to the extent applicable, with respect to issuance of Equity Shares from the date of incorporation of our Company until the date of filing of this Red Herring Prospectus. Further, we confirm that: (i) there have been no instances of issuance of equity shares in the past by the Company to more than 49 / 200 investors, as applicable, in violation of Section 42 of the Companies Act, 2013, and the rules notified thereunder, each as amended; and (ii) there has been no instance of an offer of sale of equity shares by the Company or any members of the Company to the public under Section 25 of the Companies Act, 2013, as amended.

13. The entire shareholding of one of the Selling Shareholders, Dvara Trust, as of the date of the Draft Red Herring Prospectus, was pledged in favour of Catalyst Trusteeship Limited (in its capacity as a debenture trustee) ("**Pledged Shares**"). Dvara Trust proposes to offer up to 1,344,828 Equity Shares of face value of ₹10 each under the Offer for Sale, out of which 1,344,828 Equity Shares of face value of ₹10 each formed part of the Pledged Shares ("**Pledged OFS Shares**"). Catalyst Trusteeship Limited, through its letter dated January 16, 2024, subject to certain conditions mentioned therein consented to: (i) release the Pledged OFS Shares three business days prior to the filing of an updated draft red herring prospectus with the SEBI; and (ii) temporarily release the remaining Pledged Shares three business days prior to the filing of the Red Herring Prospectus with the RoC. Dvara Trust is required to re-pledge the Pledged Shares (including the Pledged OFS Shares) within one business day from the earlier of the following events: (a) if this Offer is not consummated in accordance with regulation 44 of the SEBI ICDR Regulations and/or (b) if the Red Herring Prospectus is not filed with SEBI within four days from the date of the proposed filing of the Red Herring Prospectus, as intimated in writing to Catalyst Trusteeship Limited. Accordingly, as of the date of this Red Herring Prospectus, the Pledged Shares have been released by Catalyst Trusteeship Limited.

The release of the Pledged Shares is also subject to: (a) there being no subsisting breach and/or default under the relevant financing agreements entered into between, *inter alia*, Dvara Trust and Catalyst Trusteeship Limited; (b) deposit of the proceeds of the Offer for Sale received by Dvara Trust in account designated by Catalyst Trusteeship Limited no later than one business day after such proceeds are received by Dvara Trust;

and (c) maintenance of the security cover stipulated under the financing agreements entered into between, *inter alia*, Dvara Trust and Catalyst Trusteeship Limited.

Further, upon completion of the Offer, Dvara Trust will be required to pledge its entire shareholding no later than three days from the date of listing of the Equity Shares of the Company on the Stock Exchanges.

14. As of the date of this Red Herring Prospectus, other than outstanding stock options under the ESOP Plan 2016, there are no outstanding warrants, options, debentures, loans or other instruments convertible into Equity Shares.

15. None of the BRLMs or their respective associates, as defined in the SEBI Merchant Bankers Regulations, hold any Equity Shares in our Company as of the date of this Red Herring Prospectus.

16. The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, and our Group Company, and their respective directors and officers, affiliates, associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, and our Group Company, and their respective directors and officers, affiliates, associates or third parties, for which they have received, and may in the future receive, compensation.

17. Other than in the normal course of business, as on date of this Red Herring Prospectus, none of the Shareholders of our Company are directly or indirectly related to the BRLMs or their associates.

18. Our Company has not made any public issue since its incorporation and has not made any rights issue of any kind or class of securities since its incorporation, other than as disclosed in "*Capital Structure - Share Capital History of our Company*" on page 119.

19. Our Company, our Directors and the BRLMs have not entered into any buy-back arrangements for purchase of Equity Shares to be Allotted pursuant to the Offer.

20. Our Company does not have any partly paid-up Equity Shares as of the date of this Red Herring Prospectus. All Equity Shares Allotted in the Offer will be fully paid-up at the time of Allotment.

21. There will not be any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be, other than in connection with: (i) the Offer; (ii) any issue of Equity Shares pursuant to exercise of options granted under the ESOP Plan 2016.

22. There have been no financing arrangements whereby our Directors and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus and this Red Herring Prospectus.

23. Our Company presently does not intend or propose and is not under negotiations or considerations to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to: (a) the issuance of any Equity Shares under the Offer; (b) any issuance, pursuant to the exercise of employee stock options under the ESOP Plan 2016.

24. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, our Directors, our Key Managerial Personnel, members of the Senior Management or Group Companies, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.

25. As of the date of filing of this Red Herring Prospectus, the total number of holders of the Equity Shares is 41.

## OBJECTS OF THE OFFER

The Offer consists of the Fresh Issue of up to [●] Equity Shares of face value ₹10 each aggregating up to ₹5,000.00 million and the Offer for Sale of up to 10,532,320 Equity Shares of face value ₹10 each aggregating up to ₹[●] million, cumulatively aggregating up to ₹[●] million.

### Authority for the Offer

Our Company had applied to the RBI under Regulation 42 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 for its prior consent to changes in the shareholding of our Company pursuant to the Offer, and subsequent changes, as applicable, upon listing and commencement of trading of the Equity Shares on the Stock Exchanges. Pursuant to an email dated May 20, 2024, the RBI has taken our submission on record and instructed us to provide an updated shareholding pattern of our Company within 15 days of completion of the Offer.

For further details, see "*Other Regulatory and Statutory Disclosures–Authority for the Offer*" on page 524.

### Offer for Sale

Each Selling Shareholder will be entitled to the proceeds from the sale of their respective Offered Shares in the Offer for Sale, net of their share of the Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale. For further details of the Offer for Sale, see "*The Offer*" beginning on page 99.

### Objects of the Fresh Issue

Our Company proposes to utilize the Net Proceeds to meet future capital requirements towards onward lending.

Further, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, enhancement of our Company's brand name and creation of a public market for our Equity Shares in India.

The main objects set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised through the Fresh Issue.

### Net Proceeds

After deducting our Company's share of the Offer related expenses, from the gross proceeds received pursuant to the Fresh Issue, we estimate the proceeds to be ₹[●] million ("**Net Proceeds**"), as detailed below:

| Particulars | Estimated Amount (₹ million) |
|---|---|
| Gross proceeds of the Fresh Issue | 5,000.00 |
| (Less) Offer related expenses in relation to the Fresh Issue(1)(2) | [●] |
| **Net Proceeds** | **[●]** |

*(1) To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*
*(2) For details of the expenses related to the Offer, see "Objects of the Offer - Offer Expenses" on page 162.*

### Requirement of Funds and Details of Utilization of the Net Proceeds

We are registered with the RBI as a systemically important, non-deposit taking non-banking finance company, with the mission of catering to the diverse credit requirements of under-served households and businesses by providing efficient and reliable access to debt finance. Further, in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, our Company is classified as an NBFC – middle layer. For further details, see "*Our Business*" and "*Key Regulations and Policies*" beginning on pages 264 and 297, respectively.

As an NBFC registered with the RBI, we are subject to regulations relating to capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio and of the risk adjusted value of off-balance sheet items, as applicable. In accordance with the capital adequacy norms issued by the RBI, we are required to have a regulatory minimum Capital to Risk Weighted Assets Ratio ("**CRAR**") of 15% consisting of Tier I and Tier II capital. Further, we are required to ensure that total Tier-II capital, at any point of time, does not exceed 100% of the Tier-I capital. Set out below are the details of our CRAR and our Tier I and Tier II capital and as a percentage of risk-weighted assets as of the dates indicated:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(₹ million, except for percentages)* | | |
| Tier I Capital | 20,578.17 | 18,190.28 | 16,263.08 |
| Tier II Capital | 215.27 | 562.03 | 518.29 |
| **Total Capital** | **20,793.44** | **18,752.31** | **16,781.37** |
| **Risk Weighted Assets** | **113,868.32** | **90,286.09** | **73,641.83** |
| | | | |
| Tier I Capital Ratio (%) | 18.07% | 20.15% | 22.08% |
| Tier II Capital Ratio (%) | 0.19% | 0.62% | 0.71% |
| **CRAR %(1)** | **18.26%** | **20.77%** | **22.79%** |

*Note:*

1. *CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets).*

Our Company satisfies the regulatory requirement of minimum CRAR of 15%. Further, we aim to maintain a higher CRAR focusing on factors such as targeted leverage, targeted rating, lender covenants, portfolio health and the expectation of future business.

Set forth below are the details of our AUM as at March 31, 2024, March 31, 2023 and March 31, 2022:

| Particulars | March 31, 2024 | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | *(₹ million)* | | |
| AUM(1) | 117,100.19 | 90,086.93 | 71,083.17 |

*Note:*

(1) *AUM represents aggregate of loans and investments in debentures, securitised assets (including loans assigned to us), units of AIF funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*

Accordingly, we propose to utilize the Net Proceeds to meet our future capital requirements towards onward lending in the sectors specified below. For further details, see "*Our Business*" beginning on page 264.

Set out below are details of our sector-wise disbursements for the Fiscals indicated:

| Sector-wise Disbursement | For the Fiscal Years | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(₹ million)* | | |
| MSME finance | 44,374.53 | 32,730.73 | 38,252.93 |
| MFI | 24,204.89 | 20,620.94 | 16,224.68 |
| Consumer finance | 68,505.83 | 53,201.21 | 20,484.63 |
| Vehicle finance | 5,821.09 | 7,479.57 | 10,751.37 |
| Affordable housing finance | 2,789.47 | 950.00 | 1,030.00 |
| Agriculture | 3,155.00 | 2,900.00 | 3,080.00 |
| **Total Disbursements(1)** | **148,850.81** | **117,882.44** | **89,823.61** |

*Note:*

(1) *Disbursements represents the aggregate of amounts disbursed by us for our customers, including Originator Partners and Direct to Customer borrowers, by way of loans or subscription to debt instruments for the relevant Fiscal.*

We anticipate that the Net Proceeds will be sufficient to satisfy our Company's future capital requirements towards onward lending, which are expected to arise out of growth in our focused sectors, namely, MSME financing, MFI, consumer finance, vehicle finance, affordable housing finance and agricultural finance, and to ensure compliance with the RBI regulations on capital adequacy, for Financial Year 2025.

**Proposed Schedule of Implementation and Deployment of Net Proceeds**

The Net Proceeds are currently expected to be deployed in the Financial Year 2025, towards onward lending in our focused sectors, namely, MSME financing, MFI, consumer finance, vehicle finance, affordable housing finance and agricultural finance in the following manner:

| Sector | Amount (*₹ million*)* |
|---|---|
| MSME finance | 1,500.00 |
| Microfinance | 1,500.00 |

| Sector | **Amount** (₹ *million*)* |
|---|---|
| Consumer finance | 1,500.00 |
| Vehicle finance | 250.00 |
| Affordable housing finance | 50.00 |
| Agricultural finance | 200.00 |
| **Total** | **5,000.00** |

* *The amounts shall be proportionately adjusted after deducting Offer related expenses*

The proposed fund deployment as disclosed in this Red Herring Prospectus is based on current circumstances of our business and we may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws. For further details, see "*Risk Factors- The objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders' approval*", on page 87.

**Appraising Entity**

The fund requirements for the objects of the Offer have not been appraised by any bank or financial institution or other independent agency.

**Means of Finance**

Our Company proposes to utilise the Net Proceeds from the Fresh Issue to meet future capital requirements towards onward lending. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals, as prescribed under the SEBI ICDR Regulations.

**Interim Use of Net Proceeds**

The Net Proceeds shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges by our Company. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, as amended, as required and as may be approved by our Board.

In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

**Bridge Financing Facilities**

Our Company has not raised any bridge loans or other financial arrangements, from any bank or financial institution as of the date of this Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

**Offer Expenses**

The total expenses related to the Offer are estimated to be approximately ₹[●] million.

The Offer related expenses primarily include fees payable to the BRLMs, legal counsel, Statutory Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Banks' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than (a) the listing fees which will be borne by the Company, and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which will be borne by the respective Selling Shareholders, all costs, charges, fees and expenses associated with and incurred in connection with the Offer shall be shared among the

Company and each of the Selling Shareholders on a proportionate basis in proportion to the number of Equity Shares issued and Allotted through the Offer and sold by each of the Selling Shareholders through the Offer for Sale in the Offer.

All the above payments shall be made by the Company on behalf of the Selling Shareholders. Upon the successful completion of the Offer, each Selling Shareholder will reimburse the Company in proportion to its respective portion of the Offered Shares in the Offer for Sale, for any expenses incurred by the Company on behalf such Selling Shareholder. However, in the event any selling Shareholder withdraws or abandons the Offer at any stage prior to the completion of Offer, it shall reimburse to the Company all costs, charges, fees and expenses incurred in connection with the Offer on a proportionate basis, up to the date of such withdrawal, abandonment or termination with respect to such selling Shareholder in a reasonable manner as may be mutually agreed between the Company and the Selling Shareholder.

The estimated Offer related expenses are set out below:

| **Activity** | **Estimated expenses(1) (₹ million)** | **As a % of the total estimated Offer expenses(1)** | **As a % of the total Offer size(1** |
|---|---|---|---|
| BRLMs' fees and commissions (including underwriting commission, brokerage and selling commission) | [●] | [●] | [●] |
| Selling commission/processing fee for SCSBs, Banker to the Offer, Sponsor Banks and fee payable to the Sponsor Banks for Bids made by UPI Bidders(2)(3)(4) | [●] | [●] | [●] |
| Brokerage and selling commission and bidding charges for members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs(5) | [●] | [●] | [●] |
| Fees payable to the Registrar to the Offer | [●] | [●] | [●] |
| Fee payable to other parties, including but not limited to auditors, independent chartered accountants and independent third party research agencies | [●] | [●] | [●] |
| Others | | | |
| - Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses | [●] | [●] | [●] |
| - Printing and stationery expenses | [●] | [●] | [●] |
| - Advertising and marketing expenses | [●] | [●] | [●] |
| - Fees payable to legal counsel | [●] | [●] | [●] |
| - Miscellaneous | [●] | [●] | [●] |
| **Total estimated Offer expenses** | [●] | [●] | [●] |

(1) *Amounts will be finalized and incorporated in the Prospectus on determination of Offer Price. Offer expenses include applicable taxes, where applicable. Offer expenses are estimates and are subject to change.*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are directly procured by the SCSBs, would be as follows*

| | |
|---|---|
| *Portion for Retail Individual Bidders** | *0.35% of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Non-Institutional Bidders** | *0.20% of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Eligible Employees** | *0.20% of the Amount Allotted* (plus applicable taxes)* |

**Amount allotted is the product of the number of Equity Shares Allotted and the Offer Price. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE.*

(3) *Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees (excluding UPI Bids) which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows*

| | |
|---|---|
| *Portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees** | *₹ 10 per valid Bid cum Application Form (plus applicable taxes)* |

** Processing fees payable to the SCSBs for capturing Syndicate Member/Sub-syndicate(Broker)/Sub-broker code on the ASBA Form for Non-Institutional Bidders and Qualified Institutional Bidders with bids above ₹0.5 million would be ₹10 plus applicable taxes, per valid application.*

(4) *Selling commission on the portion for Retail Individual Bidders (up to ₹ 0.2 million), Non-Institutional Bidders (from ₹ 0.2 - ₹ 0.5 million) and Eligible Employees which are procured by Members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows*

| | |
|---|---|
| *Portion for Retail Individual Bidders* | *0.35% of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Non-Institutional Bidders* | *0.20% of the Amount Allotted* (plus applicable taxes)* |
| *Portion for the Eligible Employees** | *0.20% of the Amount Allotted* (plus applicable taxes)* |

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

(5) *The selling commission payable to the Syndicate / Sub-Syndicate Members will be determined (i) for RIIs, NIIs and Eligible Employees (upto ₹ 0.5 million), on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member; and (ii) for NIIs (above ₹ 0.5 million), Syndicate ASBA Form bearing SM Code & Sub-Syndicate Code of the application form submitted to SCSBs for Blocking of the Fund and uploading on the Exchanges platform by SCSBs. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the Syndicate / Sub Syndicate members and not the SCSB.*

(6) *Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members) on the applications made using 3-in-1 accounts would be ₹ 10 plus applicable taxes, per valid application bid by the Syndicate (including their sub- Syndicate Members). However, this will be capped at INR 2.5mn (plus applicable taxes). Bidding charges payable to SCSBs on the QIB Portion and NIIs (excluding UPI Bids) which are procured by the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSBs for blocking and uploading would be ₹ 10 per valid application (plus applicable taxes). The selling commission and bidding charges payable to Registered Brokers, the RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the bid book of BSE or NSE.*

(7) *Selling commission/ bidding charges payable to the Registered Brokers on the portion for Retail Individual Bidders, Eligible Employees procured through UPI Mechanism and Non-Institutional Bidders which are directly procured by the Registered Broker and submitted to SCSB for processing, would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees* | *₹ 10 per valid Bid cum Application Form (plus applicable taxes)* |

(8) *Uploading Charges*

*Bidding charges/ processing fees for applications made by UPI Bidders using the UPI Mechanism would be as under:*

| | |
|---|---|
| *Members of the Syndicate/RTAs/CDPs (uploading charges)* | *₹ 30 per valid application (plus applicable taxes)* |
| *Kotak Bank Limited* | *₹ 6.5* per valid Bid cum Application Form (plus applicable taxes)*<br><br>**Upto 450,000 forms charges are Nil and above 450,000 forms charges will be ₹ 6.5 per application. The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.* |
| *HDFC Bank Limited* | *₹ NIL per valid Bid cum Application Form (plus applicable taxes)*<br><br>*The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.* |

(9) *The total uploading charges / processing fees payable to Members of the Syndicate, RTAs, CDPs, Registered Brokers as listed under will be subject to a maximum cap of ₹7.50 million (plus applicable taxes). In case the total uploading charges/processing fees payable exceeds ₹7.50 million, then the amount payable to Members of the Syndicate, RTAs, CDPs, Registered Brokers would be proportionately distributed based on the number of valid applications such that the total uploading charges / processing fees payable does not exceed ₹7.50 million.*

(10) *All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Cash Escrow and Sponsor Bank Agreement. The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and such payment of processing fees to the SCSBs shall be made in compliance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 (to the extent these have not been rescinded by the SEBI RTA Master Circular, as applicable to RTAs) and the SEBI RTA Master Circular (as applicable to RTAs).*

## Monitoring of utilization of funds

Our Company has appointed CRISIL Ratings Limited as a Monitoring Agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Board and the Monitoring Agency will monitor the utilisation of the gross proceeds, and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the gross proceeds have been utilised in full.

To the extent applicable, our Company will disclose and continue to disclose, the utilisation of the gross proceeds under a separate head in our balance sheet for such Fiscals as required under applicable law, clearly specifying the purposes for which the gross proceeds have been utilised, till the time any part of the gross proceeds remains unutilised. Our Company will indicate investments, if any, of unutilised gross proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) and Part C of Schedule II of the Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the gross proceeds, which shall discuss, monitor and approve the use of the gross proceeds along with our Board. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the gross proceeds remain unutilised. Such disclosure shall be made only until such time that all the gross proceeds have been utilised in full. The statement prepared on an annual basis for utilization of the gross proceeds shall be certified by the Statutory Auditors in accordance with Regulation 32(5) of Listing Regulations.

Furthermore, in accordance with Regulation 32(1) of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the object of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the object of the Fresh Issue as stated above. This information will also be uploaded onto our website.

### Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable provisions of the SEBI ICDR Regulations, our Company shall not vary the objects of the Fresh Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Tamil, being the vernacular language of the jurisdiction where the Registered and Corporate Office is situated in accordance with the Companies Act.

Since our Company does not have any identifiable promoters, no exit opportunity is required to be provided to such Shareholders who do not agree to the proposal to vary the objects in accordance with Regulation 59 of the SEBI ICDR Regulations.

### Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Directors, our Key Managerial Personnel, our Senior Management or our Group Companies. There are no existing or anticipated transactions/arrangements in relation to utilization of Net Proceeds with our Directors, our Key Managerial Personnel, our Senior Management or our Group Companies.

## BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and the quantitative and qualitative factors as described below and justified in view of the relevant parameters. The face value of the Equity Shares is ₹10 each and the Floor Price is [●] times the face value of the Equity Shares and the Cap Price is [●] times the face value of the Equity Shares.

Investors should also refer to "*Risk Factors*", "*Our Business*", "*Financial Information*", "*Other Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 38, 264, 354, 443 and 448, respectively, to have an informed view before making an investment decision.

**Qualitative factors**

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Large addressable and underpenetrated market with strong sectoral expertise. The Indian retail credit market has grown at a strong pace over the last few years and is expected to further grow at a CAGR of 17-18% between Fiscals 2024 and 2026 to reach ₹100.9 trillion by Fiscal 2026. (*Source: CRISIL Report*)We believe this presents us with an opportunity for capitalizing on the large potential for growth in the retail credit market, particularly in the rural and semi-urban areas. For further details, see "*Our Business – Strengths – Large addressable and underpenetrated market with strong sectoral expertise*" on page 269.

- Large ecosystem of partners and data and technology platform creating strong network effects. We have, over the last 15 years, by serving the Indian retail credit market and facilitating financing of over ₹1.73 trillion since 2009, that has impacted over 101.82 million lives, created an ecosystem of 328 Originator Partners, 50 Retail Lending Partners and 1,158 Investor Partners, as of March 31, 2024, multi-channel offerings comprising Lending, Placements and Fund Management channels, propertiary technology solutions and a substantial data repository of over 35.17 million data points, as of March 31, 2024. For further details, see "*Our Business – Strengths – Large ecosystem of partners and data and technology platform creating strong network effects*" on page 270.

- Proprietary technology product suite transforming the debt market ecosystem. We are a technology driven financial services platform supported by in-house technology solutions and architecture driving a scalable and sustainable business model that enables us to expand and scale our business and drive growth in revenue. For further details, see "*Our Business – Strengths – Proprietary technology product suite transforming the debt market ecosystem*" on page 272.

- Robust risk management based on domain expertise, proprietary risk models and data repository driving asset quality. We have customized our risk management systems for each of the focused sectors and channels in which we operate and these systems which are specific to each offering, enable us to develop a diversified portfolio and address both risks. We leverage our own expertise and data to develop customized and proprietary risk models that suit our offerings, products and markets, and enhance our capital efficiency. For further details, see "*Our Business – Strengths – Robust risk management based on domain expertise, proprietary risk models and data repository driving asset quality*" on page 273.

- Diversified sources of funding for our own deployment and proactive liquidity management. We maintain a well-diversified funding profile that is underpinned by our established relationships with our lenders and investors, proactive liquidity management system and strong credit rating. Our diversified base of lenders (including various banks, offshore financial institutions and NBFCs) and investors provide us a strong base for increased funding. For further details, see "*Our Business – Strengths – Diversified sources of funding for our own deployment and proactive liquidity management*" on page 274.

- Professional management team supported by an experienced Board and marquee investors driving high standards of governance. We have an experienced leadership team who have played a pivotal role in building our business and brand. We have also benefited and expect to continue to benefit from the strong capital sponsorship and professional expertise, especially in the area of corporate governance and risk management, of our shareholders, which include funds and a global systemically important bank. For further details, see

"*Our Business – Strengths – Professional management team supported by an experienced Board and marquee investors driving high standards of governance*" on page 275.

- Strong ESG framework integrated into the business model with focus on creating sustainable impact and climate-smart lending. Our underwriting guidelines along with the ESG policy incorporate a responsible financing framework across parameters such as governance, employee rights and environment which are applied at multiple stages such as client on-boarding, investment or lending, and post-transaction monitoring. Specifically, as part of our relationships with Originator Partners, we also require their adherence to norms on customer protection and fair practice codes including instituting adequate mechanisms for grievance redressal and, fostering fair and respectful treatment of borrowers. For further details, see "*Our Business – Strengths – Strong ESG framework integrated into the business model with focus on creating sustainable impact and climate-smart lending*" on page 276.

**Quantitative factors**

Certain information presented below relating to our Company is derived from the Restated Consolidated Summary Statements.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

**1. Basic and diluted Earnings per Share ("EPS") at face value of ₹10 each:**

Based on / derived from the Restated Consolidated Summary Statements:

| Financial Year | Basic EPS *(in ₹)* | Diluted EPS *(in ₹)* | Weight |
|---|---|---|---|
| 2024 | 34.61 | 23.40 | 3 |
| 2023 | 25.85 | 17.38 | 2 |
| 2022 | 19.52 | 13.09 | 1 |
| **Weighted Average** | 29.18 | 19.68 | |

***Notes:***

*(1) EPS has been calculated in accordance with the Indian Accounting Standard (Ind AS) 33 (earnings per share). The face value of Equity Shares of our Company is ₹10.*

*(2) Basic earnings per equity share is computed by dividing net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.*

*(3) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights, i.e., (EPS x Weight for each year /total of weights).*

*(4) Diluted earnings per equity share is computed and disclosed by dividing the net profit after tax attributable to the equity shareholders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.*

**2. Price/Earnings Ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share: (1)**

| Particulars | P/E at the lower end of Price Band (no. of times)# | P/E at the higher end of Price band (no. of times)# |
|---|---|---|
| P/E ratio based on basic EPS for Financial Year 2024 | [●] | [●] |
| P/E ratio based on diluted EPS for Financial Year 2024 | [●] | [●] |

*(1) To be updated on finalisation of the Price Band.*

**3. Industry Peer Group Price / Earnings (P/E) ratio**

| Particulars | P/E Ratio |
|---|---|
| Highest | 36.64 |
| Lowest | 6.21 |
| Average | 23.28 |

***Source**: Based on peer set provided below.*

*(1) The industry high and low has been considered from the industry peer set. The industry average has been calculated as the arithmetic average of P/E of the industry peer set.*

*(2) P/E figures for the peer are computed based on closing market price as on September 4, 2024, divided by diluted EPS (on consolidated basis). For further details, see "– Comparison of Accounting Ratios with listed industry peers (as of or for the year ended March 31, 2024, as applicable)" on page 168.*

### 4. Return on Net Worth ("RoNW")

| Financial Year | RoNW (%) | Weight |
|---|---|---|
| 2024 | 13.32 | 3 |
| 2023 | 11.76 | 2 |
| 2022 | 9.92 | 1 |
| **Weighted Average** | 12.24 | |

***Notes:***
1. *RoNW is calculated as restated profit after tax for the year attributable to Owners of the holding company divided by Net worth as on the last day of the relevant year.*
2. *Net worth of the Company, means the aggregate value of the paid-up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.*
3. *Weighted average = Aggregate of year-wise weighted Net Worth divided by the aggregate of weights i.e., (Net Worth x Weight) for each year / Total of weights*

### 5. Net Asset Value ("NAV") per Equity Share (face value of ₹10 each)

| NAV per Equity Share | *(in ₹)* |
|---|---|
| As of March 31, 2024 | 177.06 |
| After the completion of the Offer* | |
| - At the Floor Price | [●] |
| - At the Cap Price | [●] |
| - At the Offer Price | [●] |

** To be completed prior to filing of the Prospectus with the RoC*

***Notes:***

*(1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

*(2) Net Asset Value per Equity Share is calculated as Net Worth as of the end of relevant year divided by the aggregate of total number of Equity Shares and instruments entirely equity in nature outstanding at the end of such Fiscal.*

### 6. Comparison of Accounting Ratios with listed industry peers (as of or for the year ended March 31, 2024, as applicable)

The following peer group has been determined based on the companies listed on the Stock Exchanges:

| Name of Company | Revenue from operations *(₹ million)* | Face value (₹ per share) | Closing price on September 4, 2024 (in ₹) | EPS (₹) | | NAV (per share) (₹) | P/E | RoNW (%) |
|---|---|---|---|---|---|---|---|---|
| | | | | Basic | Diluted | | | |
| Northern Arc Capital Limited[(1)] | 18,900.84 | 10.00 | - | 34.61 | 23.40 | 177.06 | [●] | 13.32% |
| ***Listed peers***[(2)] | | | | | | | | |
| Five-Star Business Finance Limited ("**Five Star**") | 21,828.47 | 1.00 | 759.80 | 28.64 | 28.39 | 177.68 | 26.76 | 16.09% |
| SBFC Finance Limited ("**SBFC**") | 10,186.40 | 10.00 | 84.27 | 2.35 | 2.30 | 25.87 | 36.64 | 8.53% |
| CreditAccess Grameen Limited ("**CreditAccess**") | 51,666.70 | 10.00 | 1,185.85 | 90.88 | 90.41 | 1,809.93 | 13.12 | 5.01% |
| Fusion Micro Finance Limited ("**Fusion**") | 23,167.30 | 10.00 | 311.20 | 50.30 | 50.11 | 281.93 | 6.21 | 17.74% |
| Bajaj Finance Limited ("**Bajaj Finance**") | 549,694.90 | 2.00 | 7,299.50 | 236.89 | 235.98 | 1,239.03 | 30.93 | 18.84% |
| Cholamandalam Investment and Finance Company Limited ("**Cholamandalam**") | 191,396.20 | 2.00 | 1,487.30 | 41.17 | 41.06 | 233.26 | 36.22 | 17.46% |
| Poonawalla Fincorp Limited ("**Poonawalla**") | 31,090.10 | 2.00 | 385.25 | 21.89 | 21.63 | 105.44 | 17.81 | 20.60% |
| MAS Financial Services Limited ("**MAS**") | 12,791.60 | 10.00 | 284.05 | 15.31 | 15.31 | 108.71 | 18.55 | 14.08% |

*(1) Financial information of our Company is derived from the Restated Consolidated Summary Statements as certified by the M/s Kumbhat & Co,*

*Chartered Accountants, pursuant to their certificate dated September 9, 2024.*
*[(2)] Source: Annual report or financial results of the peer companies for the Financial Year 2024 submitted to stock exchanges.*

***Notes:***

1. *All the financial information for listed industry peers mentioned above is on a consolidated basis.*
2. *P/E ratio is calculated as closing share price as on September 4, 2024, divided by the diluted EPS for year ended March 31, 2024.*
3. *Diluted EPS refers to the diluted EPS sourced from the financial statements of the respective peer group companies for the Financial Year ended March 31, 2024.*
4. *NAV per Equity Share represents total equity attributable to the equity shareholders as of the end of the Financial Year ended March 31, 2024 divided by the number of Equity Shares (i.e., equity shares and instruments entirely equity in nature) outstanding at the end of the year*
5. *RoNW is computed as consolidated profit after tax for the year as a percentage of closing Net Worth of the Financial Year ended March 31, 2024.*

## 7. Key Performance Indicators

The table below sets forth the details of our KPIs which our Company considers have a bearing for arriving at the basis for Offer Price.

| S. No. | Key performance indicators[(1)] | As of and for | | |
|---|---|---|---|---|
| | | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV[(2)] | 293,236.80 | 273,851.59 | 198,964.29 |
| 2. | GTV growth (%)[(3)] | 7.08 | 37.64 | 52.42 |
| 3. | AUM[(4)] | 117,100.19 | 90,086.93 | 71,083.17 |
| 4. | AUM growth (%) [(5)] | 29.99 | 26.73 | 36.15 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) [(6)] | 16.76 | 14.73 | 13.90 |
| 6. | Total Fund AUM [(7)] | 28,581.27 | 27,756.74 | 29,964.03 |
| 7. | Placements volumes[(8)] | 1,17,559.19 | 130,642.25 | 73,257.47 |
| 8. | Direct to Customer borrowers [(9)] | 1,608,871 | 816,397 | 465,975 |
| ***Distribution Channel – Key performance indicator*** | | | | |
| 9. | Cumulative number of Originator Partners onboarded [(10)] | 328 | 298 | 278 |
| 10. | Number of retail lending partners[(11)] | 50 | 46 | 38 |
| 11. | Number of branches [(12)] | 316 | 205 | 7 |
| ***Sectoral Mix – GTV – Key performance indicator*** | | | | |
| 12. | MSME [(13)] | 81,609.16 | 76,077.66 | 70,764.08 |
| 13. | Microfinance ("**MFI**") [(14)] | 76,229.91 | 81,337.50 | 52,658.69 |
| 14. | Consumer finance [(15)] | 1,01,174.93 | 85,742.80 | 32,067.31 |
| 15. | Vehicle finance [(16)] | 19,012.61 | 20,760.89 | 34,636.25 |
| 16. | Affordable housing [(17)] | 10,154.50 | 6,632.74 | 4,797.01 |
| 17. | Agriculture [(18)] | 5,055.69 | 3,300.00 | 4,040.94 |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net Worth [(19)] | 23,143.49 | 19,553.90 | 17,390.42 |
| 19. | CRAR (%)[(20)] | 18.26 | 20.77 | 22.79 |
| 20. | Tier I Capital Ratio (%) [(21)] | 18.07 | 20.15 | 22.08 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%)[(22)] | 0.45 | 0.77 | 0.50 |
| 22. | Provision coverage ratio - Stage 3 assets (%)[(23)] | 82.67 | 47.84 | 57.32 |
| 23. | Net Stage 3 (%)[(24)] | 0.08 | 0.40 | 0.21 |
| 24. | Credit cost / Average Total Assets (%)[(25)] | 1.18 | 0.47 | 0.55 |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income [(26)] | 17,121.12 | 11,483.88 | 7,808.45 |
| 26. | Adjusted net interest income [(27)] | 8,637.07 | 5,461.19 | 3,670.06 |
| 27. | Fee and commission income and other income [(28)] | 1,008.77 | 918.45 | 930.51 |
| 28. | Profit for the year attributable to Owners of the holding company [(29)] | 3,083.34 | 2,300.11 | 1,725.00 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) [(30)] | 7.53 | 5.89 | 5.34 |
| 30. | Earnings per equity share – Basic (in ₹)[(31)] | 34.61 | 25.85 | 19.52 |
| 31. | Earnings per equity share - Diluted(in ₹)[(32)] | 23.40 | 17.38 | 13.09 |
| ***Return ratio – Key performance indicator*** | | | | |

| S. No. | Key performance indicators[(1)] | As of and for | | |
|---|---|---|---|---|
| | | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 32. | Adjusted net interest income / Average Total Assets (%)[(33)] | 8.33 | 6.48 | 5.53 |
| 33. | Operating expenses/ Average Total Assets (%)[(34)] | 4.02 | 3.22 | 2.56 |
| 34. | Operating expenses/ Adjusted net total income (%) [(35)] | 43.40 | 42.83 | 37.33 |
| 35. | Profit for the year/ Average Total Assets (%) [(36)] | 2.97 | 2.73 | 2.60 |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%)[(37)] | 14.54 | 12.55 | 10.38 |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹)[(38)] | 177.06 | 150.01 | 133.54 |
| 38. | Number of employees[(39)] | 2,695 | 1,775 | 323 |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) [(40)] | 9.23 | 8.84 | 8.55 |
| 40. | Debt/Equity ratio [(41)] | 3.90 | 3.40 | 3.27 |
| 41. | Credit Rating [(42)] | AA- (Stable) | AA- (Stable) | A+ (Stable) |
| ***Digital Adoption – Key performance indicator*** | | | | |
| 42. | Number of transactions through Nimbus [(43)] | 543 | 540 | 525 |
| 43. | Number of transactions through nPOS[(44)] | 2,895,363 | 5,740,666 | 192,344 |
| 44. | Number of Nu Score assessments conducted [(45)] | 17,052 | Not Applicable | Not Applicable |

***Notes:***

*(1) KPI as identified and approved by the audit committee of the board of directors of our Company pursuant to their resolution dated September 9, 2024 and certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.*

*(2) GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal*

*(3) GTV growth (%) represents the percentage of growth in total GTV for the relevant Fiscal over total GTV for the previous Fiscal.*

*(4) AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal*

*(5) AUM growth (%) represents the percentage of growth in the assets under management for the relevant Fiscal over the asset under management for the previous Fiscal.*

*(6) Yield on Assets is the amount of adjusted interest income earned during the relevant Fiscal divided by Average Earning Assets for the relevant Fiscal. Adjusted interest income represents aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fees and commission expense for the relevant Fiscal.*

*(7) Total Fund AUM represents the aggregate investments across all live AIF and PMS funds as of the last day of the relevant Fiscal.*

*(8) Placements volume represents the total financing enabled by us from our Investor Partners during the relevant Fiscal.*

*(9) Number of Direct to Customer borrowers to whom we had financed through our Lending channel and had outstanding exposure as of the relevant Fiscal.*

*(10) Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of the relevant Fiscal.*

*(11) Represents the cumulative number of retail lending partners onboarded as of the relevant Fiscal.*

*(12) Represents number of branches of our Company as of the relevant Fiscal.*

*(13) Represents the sector wise gross transaction volume enabled by us in the MSME sector during the relevant Fiscal.*

*(14) Represents the sector wise gross transaction volume enabled by us in the MFI sector during the relevant Fiscal.*

*(15) Represents the sector wise gross transaction volume enabled by us in the consumer finance sector during the relevant Fiscal.*

*(16) Represents the sector wise gross transaction volume enabled by us in the vehicle finance sector during the relevant Fiscal*

*(17) Represents the sector wise gross transaction volume enabled by us in the affordable housing sector during the relevant Fiscal.*

*(18) Represents the sector wise gross transaction volume enabled by us in the agriculture sector during the relevant Fiscal*

*(19) Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

*(20) CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets).*

*(21) Tier I Capital has been computed as per relevant RBI Guidelines.*

*(22) Gross Stage 3 (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount –investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount – investments - total as of the last day of the relevant Fiscal.*

*(23) Provision coverage ratio - Stage 3 assets represents Stage 3 ECL Provision as of the last day of the relevant Fiscal as reported as a percentage of the aggregate of Gross Stage 3 Assets as of the last day of the relevant Fiscal.*

*(24) Net Stage 3 (%) represents aggregate of gross carrying amount - loans - Stage 3 (Net) and gross carrying amount - investments - Stage 3 (Net) as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount –- loans-total and gross carrying amount – investments-total as of the last day of the relevant Fiscal.*

*(25) Represents Credit cost (i.e., impairment on financial instruments which represents impairment loss allowance on financial instruments, net of recovery and write-off on financial instruments during the relevant Fiscal) divided by Average Total Assets.*

*(26) Interest income represents Interest income received on loans, investments, T-bills and deposits with bank, for the relevant Fiscal.*

*(27) Adjusted net interest income represents adjusted interest income less adjusted finance costs, for the relevant Fiscal.*

(28) *Fee and commission and other income represents the aggregate of fee income and commission income and other income for the relevant Fiscal.*
(29) *Represents profit for the year attributable to the Owners of the holding company for the relevant Fiscal.*
(30) *Yield on assets minus Average Cost of Borrowings (Spread) represents yield on assets minus average cost of borrowings.*
(31) *Represents net profit after tax, attributable to equity shareholders for the year/ Weighted average number of equity shares outstanding during the Fiscal/year.*
(32) *Represent net profit after tax, attributable to equity shareholders for the year / Weighted average number of diluted equity shares and potential additional equity shares outstanding during the Fiscal/year.*
(33) *Represents adjusted net interest income (i.e., adjusted interest income less adjusted finance costs, for the relevant Fiscal) divided by average total assets (i.e., average total assets represents the average of total assets as of the last day of each of the four quarters/ two quarters of the relevant fiscal and as of the last day of the preceding Fiscal).*
(34) *Operating expenses/ Average Total Assets represents the aggregate of employee benefits expense, depreciation and amortisation expense, other expenses and interest on lease liability for the relevant fiscal divided by average total assets.*
(35) *Operating expenses/ Adjusted net total income represents the aggregate of employee benefits expense, depreciation and amortisation expense, other expenses and interest on lease liability for the relevant fiscal divided by adjusted net total income (i.e., aggregate of adjusted interest income, professional and management fee income and income other than interest and fees minus adjusted finance cost).*
(36) *Represents the profit for the year attributable to Owners of the holding company / average total assets.*
(37) *Represents profit for the year attributable to Owners of the holding company / Average net worth. Average net worth represents the average of net worth as of the last day of each of the four quarters/ two quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*
(38) *Net Asset Value per Equity Share is calculated as Net Worth as of the end of relevant year divided by the aggregate of total number of Equity Shares and instruments entirely equity in nature outstanding at the end of such Fiscal*
(39) *Represents number of employees of our Company as of the relevant Fiscal.*
(40) *Average cost of borrowing represents adjusted finance cost (i.e., finance costs less interest on lease liabilities) divided by average total borrowings. Average total borrowings represents the average of debt securities, subordinated liabilities and borrowings (other than debt securities) outstanding as of the last day of each of the four quarters/ two quarters of the relevant Fiscal and as of the last day of the preceding Fiscal) during the relevant Fiscal.*
(41) *Debt/Equity Ratio represents Total Borrowings (i.e., aggregate of our borrowings (other than debt securities), debt securities and subordinated liabilities), as of the last day of the relevant Fiscal divided by Total Equity as of the last day of the relevant Fiscal.*
(42) *Credit rating provided to our Company by ICRA Limited and India Ratings.*
(43) *Number of financing transactions executed on Nimbus represents the total number of financing transactions for our Originator Partners whether funded by us or enabled by us and funded by other lenders or investors on Nimbus during the relevant Fiscal.*
(44) *Number of transactions executed on nPOS represents the total number of Direct to Customer Lending financial transactions executed on nPOS during the relevant Fiscal.*
(45) *Number of transactions executed on Nu Score represents the transactions executed by our active partners on Nu Score in the relevant Fiscal.*

Explanation for the key performance indicators:

| **S. No.** | **Key performance indicators[(1)]** | **Description** |
|---|---|---|
| ***Key Business KPIs – Key performance indicator*** | | |
| 1. | GTV | GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal |
| 2. | GTV growth (%) | GTV growth (%) represents the percentage of growth in total GTV for the relevant Fiscal over total GTV for the previous Fiscal. |
| 3. | AUM | AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal. |
| 4. | AUM growth (%) | AUM growth (%) represents the percentage of growth in the assets under management for the relevant Fiscal over the assets under management for the previous Fiscal |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | Yield on Assets is the amount of adjusted interest income earned during the relevant Fiscal divided by Average Earning Assets for the relevant Fiscal. Adjusted interest income represents aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fees and commission expense for the relevant Fiscal |
| 6. | Total Fund AUM | Total Fund AUM represents the aggregate investments across all live AIF and PMS funds as of the last day of the relevant Fiscal |
| 7. | Placements volumes | Placements volume represents the total financing enabled by us from our Investor Partners during the relevant Fiscal. |
| 8. | Direct to Customer borrowers | Number of Direct to Customer borrowers to whom we had financed through our Lending channel and had outstanding exposure as of the relevant Fiscal |
| ***Distribution Channel – Key performance indicator*** | | |
| 9. | Cumulative number of Originator Partners | Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of the relevant Fiscal |

| S. No. | Key performance indicators[1] | Description |
|---|---|---|
| | onboarded | |
| 10. | Number of retail lending partners | Represents the cumulative number of retail lending partners onboarded as of the relevant Fiscal |
| 11. | Number of branches | Represents number of branches of our Company as of the relevant Fiscal |
| ***Sectoral Mix – GTV – Key performance indicator*** | | |
| 12. | MSME | Represents the sector wise gross transaction volume enabled by us in the MSME sector during the relevant Fiscal |
| 13. | MFI | Represents the sector wise gross transaction volume enabled by us in the MFI sector during the relevant Fiscal |
| 14. | Consumer finance | Represents the sector wise gross transaction volume enabled by us in the consumer finance sector during the relevant Fiscal |
| 15. | Vehicle finance | Represents the sector wise gross transaction volume enabled by us in the vehicle finance sector during the relevant Fiscal |
| 16. | Affordable housing | Represents the sector wise gross transaction volume enabled by us in the affordable housing sector during the relevant Fiscal |
| 17. | Agriculture | Represents the sector wise gross transaction volume enabled by us in the agriculture sectors during the relevant Fiscal |
| ***Capital – Key performance indicator*** | | |
| 18. | Net Worth | Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation |
| 19. | CRAR (%) | CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets) |
| 20. | Tier I Capital Ratio (%) | Tier I Capital has been computed as per relevant RBI Guidelines |
| ***Asset Quality – Key performance indicator*** | | |
| 21. | Gross Stage 3 (%) | Gross Stage 3 (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount –investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount – investments - total as of the last day of the relevant Fiscal |
| 22. | Provision coverage ratio - Stage 3 assets (%) | Provision coverage ratio - Stage 3 assets represents Stage 3 ECL Provision as of the last day of the relevant Fiscal as reported as a percentage of the aggregate of Gross Stage 3 Assets as of the last day of the relevant Fiscal |
| 23. | Net Stage 3 (%) | Net Stage 3 (%) represents aggregate of gross carrying amount - loans - Stage 3 (Net) and gross carrying amount - investments - Stage 3 (Net) as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans-total and gross carrying amount – investments - total as of the last day of the relevant Fiscal |
| 24. | Credit cost / Average Total Assets (%) | Represents Credit cost (*i.e.,* impairment on financial instruments which represents impairment loss allowance on financial instruments, net of recovery and write-off on financial instruments during the relevant Fiscal) divided by Average Total Assets |
| ***Profitability – Key performance indicator*** | | |
| 25. | Interest income | Interest income represents Interest income received on loans, investments, T-bills and deposits with bank, for the relevant Fiscal |
| 26. | Adjusted net Interest income | Adjusted net Interest Income represents Adjusted interest income less Adjusted finance costs, for the relevant Fiscal |
| 27. | Fee and commission and other income | Fee and commission and other income represents the aggregate of fee income and commission income and other income for the relevant Fiscal |
| 28. | Profit for the year attributable to Owners of the holding company | Represents profit for the year attributable to Owners of the holding company for the relevant Fiscal |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | Yield on assets minus Average Cost of Borrowings (Spread) represents yield on assets minus average cost of borrowings |
| 30. | Earnings per equity share - Basic (in ₹) | Represents net profit after tax, attributable to equity shareholders for the year/ Weighted average number of equity shares outstanding during the Fiscal |
| 31. | Earnings per equity share - Diluted (in ₹) | Represent net profit after tax, attributable to equity shareholders for the year / Weighted average number of diluted equity shares and potential additional equity shares outstanding during the Fiscal |
| ***Return ratio – Key performance indicator*** | | |

| S. No. | Key performance indicators[1] | Description |
|---|---|---|
| 32. | Adjusted net interest income / Average Total Assets (%) | Represents adjusted net interest income (*i.e.*, Adjusted interest income less Adjusted finance costs, for the relevant Fiscal) divided by Average Total Assets (*i.e.*, Average Total Assets represents the average of total assets as of the last day of each of the four quarters/ two quarters of the relevant Fiscal and as of the last day of the preceding Fiscal) |
| 33. | Operating expenses/ Average Total Assets (%) | Operating expenses/ Average Total Assets represents the aggregate of employee benefits expense, depreciation and amortisation expense, other expenses and interest on lease liability for the relevant Fiscal divided by Average Total assets |
| 34. | Operating expenses/ Adjusted net total income (%) | Operating expenses/ Adjusted net Total income represents the aggregate of employee benefits expense, depreciation and amortisation expense, other expenses and interest on lease liability for the relevant Fiscal divided by Adjusted net total income (*i.e.*, aggregate of Adjusted interest income, professional and management fee income and income other than interest and fees minus adjusted finance cost) |
| 35. | Profit for the year/ Average Total Assets (%) | Represents the profit for the year attributable to Owners of the holding company / Average total assets |
| 36. | Profit for the year attributable to Owners of the holding company/ Average Net Worth (Return on average net worth) (%) | Represents profit for the year attributable to Owners of the holding company / Average net worth. Average net worth represents the average of net worth as of the last day of each of the four quarters/ two quarters of the relevant Fiscal and as of the last day of the preceding Fiscal. |
| ***Others – Key performance indicator*** | | |
| 37. | Net Asset Value per Equity Share (in ₹) | Net Asset Value per Equity Share is calculated as Net Worth as of the end of relevant year divided by the aggregate of total number of Equity Shares and instruments entirely equity in nature outstanding at the end of such Fiscal |
| 38. | Number of employees | Represents number of employees of our Company as of the relevant Fiscal |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | Average Cost of Borrowing represents adjusted finance costs (*i.e.,* finance costs less interest on lease liabilities) divided by average total borrowings. Average total borrowings represents the average of debt securities, subordinated liabilities and borrowings (other than debt securities) outstanding as of the last day of each of the four quarters/ two quarters of the relevant Fiscal and as of the last day of the preceding Fiscal) during the relevant Fiscal |
| 40. | Debt/Equity ratio | Debt/Equity Ratio represents Total Borrowings (*i.e.,* aggregate of our borrowings (other than debt securities), debt securities and subordinated liabilities), as of the last day of the relevant Fiscal divided by Total Equity as of the last day of the relevant Fiscal |
| 41. | Credit Rating | Credit rating provided to our Company by ICRA Limited and India Ratings |
| ***Digital Adoption – Key performance indicator*** | | |
| 42. | Number of transactions through Nimbus | Number of financing transactions executed on Nimbus represents the total number of financing transactions for our Originator Partners whether funded by us or enabled by us and funded by other lenders or investors on Nimbus during the relevant Fiscal |
| 43. | Number of transactions through nPOS | Number of transactions executed on nPOS represents the total number of Direct to Customer Lending financial transactions executed on nPOS during the relevant Fiscal |
| 44. | Number of Nu Score assessments conducted | Number of transactions executed on Nu Score represents the transactions executed by our active partners on Nu Score in the relevant Fiscal |

*[1] As certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.*

The members of the Audit Committee have, by way of a resolution dated September 9, 2024, confirmed that the key performance indicators pertaining to the Company which have been disclosed to earlier investors of our Company at any point of time during the three year period preceding the date of this Red Herring Prospectus, have been disclosed in this section and have been verified and certified by M/s Kumbhat & Co, Chartered Accountants in accordance with the SEBI ICDR Regulations.

**Description on the historic use of KPIs by our Company to analyze, track or monitor the operational and/or financial performance of our Company**:

In evaluating our business, we consider and use certain KPIs, as presented below, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs are not intended to be considered in isolation or as a substitute for the Restated Consolidated Summary Statements. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools.

Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these KPIs should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS. Investors are encouraged to review the Ind AS financial measures and to not rely on any single KPI to evaluate our business.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by our Board), until the later of (a) one year after the date of listing of the Equity Shares on the Stock Exchanges; or (b) complete utilisation of the proceeds of the Fresh Issue as disclosed in "*Objects of the Offer*" on page 160, or for such other duration as may be required under the SEBI ICDR Regulations.

**Comparison of KPIs over time shall be explained based on additions or dispositions to our business**

Our Company has not made any additions or dispositions to its business during the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 except for the acquisition of identified assets and liabilities of S.M.I.L.E. Microfinance Limited and the investment in Finreach. For further details, see "*History and Certain Corporate Matters - Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Asset*" on page 326.

While the investment in Finreach has not had an impact on our KPIs, the acquisition of identified assets and liabilities of S.M.I.L.E. Microfinance Limited resulted in an increase in the AUM, GTV, number of employees and number of branches of our Company in Fiscal 2023, as reflected in the table above.

**8. Comparison of our key performance indicators with listed industry peers**

The following table provides a comparison of our KPIs with our listed peers for the Fiscal indicated, which has been determined on the basis of companies listed on the Indian stock exchanges of comparable size to our Company, operating in the same industry as our Company and whose business model is similar to our business model.

(*The remainder of this page has been intentionally left blank*)

**1. CreditAccess Grameen Limited**

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV | Not available | Not available | Not available |
| 2. | GTV growth (%) | Not available | Not available | Not available |
| 3. | AUM | 267,140.00 | 210,310.00 | 137,320.00 |
| 4. | AUM growth (%) | 27.02 | 53.15 | 21.08 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 23.48 | 24.82 | 21.27 |
| 6. | Total Fund AUM | Not available | Not available | Not available |
| 7. | Placements volumes | Not available | Not available | Not available |
| 8. | Direct to Customer borrowers | 4,918,000 | 4,264,269 | 3,823,724 |
| ***Distribution Channel – Key performance indicator*** | | | | |
| 9. | Cumulative number of Originator Partners onboarded | Not available | Not available | Not available |
| 10. | Number of retail lending partners | Not available | Not available | Not available |
| 11. | Number of branches | 1,967 | 1,786 | 1,635 |
| ***Sectoral Mix - GTV – Key performance indicator*** | | | | |
| 12. | MSME | Not available | Not available | Not available |
| 13. | Microfinance (**MFI**) | Not available | Not available | Not available |
| 14. | Consumer finance | Not available | Not available | Not available |
| 15. | Vehicle finance | Not available | Not available | Not available |
| 16. | Affordable housing | Not available | Not available | Not available |
| 17. | Agriculture | Not available | Not available | Not available |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net Worth | 65,699.50 | 51,069.40 | 39,398.00 |
| 19. | CRAR (%) | 23.13 | 23.60 | 26.50 |
| 20. | Tier I Capital Ratio (%) | 22.20 | 22.69 | 25.87 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%) | 1.18 | 1.21 | 3.12 |
| 22. | Provision coverage ratio - Stage 3 assets (%) | 70.34 | 71.07 | 69.87 |
| 23. | Net Stage 3 (%) | 0.35 | 0.35 | 0.94 |
| 24. | Credit cost / Average Total Assets (%) | 1.84 | 2.45 | 3.45 |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income | 49,001.10 | 33,271.30 | 21,247.90 |
| 26. | Adjusted net interest income | 32,902.20 | 22,528.40 | 14,201.20 |
| 27. | Fee and commission income and other income | 1,460.90 | 832.40 | 799.90 |
| 28. | Profit for the year attributable to Owners of the holding company | 14,459.30 | 8,260.30 | 3,821.40 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | 14.03 | 14.33 | 12.45 |
| 30. | Earnings per equity share – Basic (in ₹) | 90.88 | 52.04 | 22.29 |
| 31. | Earnings per equity share – Diluted (in ₹) | 90.41 | 51.81 | 22.20 |
| ***Return Ratio – Key performance indicator*** | | | | |
| 32. | Adjusted net interest income / Average Total Assets (%) | 13.37 | 13.79 | 10.90 |
| 33. | Operating expenses/ Average Total Assets (%) | 4.25 | 5.08 | 4.13 |
| 34. | Operating expenses/ Adjusted net total income (%) | 30.42 | 35.52 | 35.87 |
| 35. | Profit for the year/ Average Total Assets (%) | 5.88 | 5.06 | 2.93 |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%) | 24.85 | 18.77 | 10.15 |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹) | 412.23 | 321.38 | 252.77 |
| 38. | Number of employees | 19,395 | 16,759 | 15,667 |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | 9.45 | 10.49 | 8.82 |
| 40. | Debt/Equity ratio | 3.32 | 3.19 | 2.66 |
| 41. | Credit Rating | AA- (Stable) | A+ (Positive) | A+ (Stable) |
| ***Digital Adoption – Key performance indicator*** | | | | |
| 42. | Number of transactions through Nimbus | Not available | Not available | Not available |
| 43. | Number of transactions through nPOS | Not available | Not available | Not available |
| 44. | Number of Nu Score assessments conducted | Not available | Not available | Not available |

**2. Fusion Micro Finance Limited**

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV | Not available | Not available | Not available |
| 2. | GTV growth (%) | Not available | Not available | Not available |
| 3. | AUM | 114,760.80 | 92,960.00 | 67,860.00 |
| 4. | AUM growth (%) | 23.45 | 36.99 | 46.31 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 25.60 | 24.46 | Not available |
| 6. | Total Fund AUM | Not available | Not available | Not available |
| 7. | Placements volumes | Not available | Not available | Not available |
| 8. | Direct to Customer borrowers | 3,862,000 | 3,528,107 | 2,723,449 |
| ***Distribution Channel – Key performance indicator*** | | | | |
| 9. | Cumulative number of Originator Partners onboarded | Not available | Not available | Not available |
| 10. | Number of retail lending partners | Not available | Not available | Not available |
| 11. | Number of branches | 1,297 | 1,086 | 934 |
| ***Sectoral Mix - GTV – Key performance indicator*** | | | | |
| 12. | MSME | Not available | Not available | Not available |
| 13. | Microfinance (**MFI**) | Not available | Not available | Not available |
| 14. | Consumer finance | Not available | Not available | Not available |
| 15. | Vehicle finance | Not available | Not available | Not available |
| 16. | Affordable housing | Not available | Not available | Not available |
| 17. | Agriculture | Not available | Not available | Not available |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net Worth | 28,481.50 | 23,219.19 | 13,379.00 |
| 19. | CRAR (%) | 27.53 | 27.94 | 21.94 |
| 20. | Tier I Capital Ratio (%) | Not available | 26.59 | 19.93 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%) | 2.89 | 3.46 | 5.70 |
| 22. | Provision coverage ratio - Stage 3 assets (%) | 79.24 | 74.86 | 71.93 |
| 23. | Net Stage 3 (%) | 0.60 | 0.87 | 1.60 |
| 24. | Credit cost / Average Total Assets (%) | 3.47 | 2.41 | Not available |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income | 20,919.00 | 16,001.03 | 10,643.19 |
| 26. | Adjusted net interest income | 14,842.30 | 10,795.66 | 6,539.79 |
| 27. | Fee and commission income and other income | 1,373.60 | 776.27 | 514.70 |
| 28. | Profit for the year attributable to Owners of the holding company | 5,052.90 | 3,871.50 | 217.55 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | 15.23 | 14.31 | Not available |
| 30. | Earnings per equity share - Basic (in ₹) | 50.30 | 43.29 | 2.67 |
| 31. | Earnings per equity share - Diluted (in ₹) | 50.11 | 43.13 | 2.64 |
| ***Return Ratio – Key performance indicator*** | | | | |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 32. | Adjusted net interest income / Average Total Assets (%) | 14.12 | 12.98 | Not available |
| 33. | Operating expenses/ Average Total Assets (%) | 5.65 | 5.35 | Not available |
| 34. | Operating expenses/ Adjusted net total income (%) | 36.60 | 38.44 | 44.26 |
| 35. | Profit for the year/ Average Total Assets (%) | 4.81 | 4.66 | Not available |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%) | 19.58 | 22.01 | Not available |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹) | 281.93 | 231.39 | 161.66 |
| 38. | Number of employees | 13,000 | 10,363 | 8,716 |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | 10.37 | 10.15 | Not available |
| 40. | Debt/Equity ratio | 3.03 | 2.92 | 4.32 |
| 41. | Credit Rating | A+ (Stable) | A (Stable) | A- (Stable) |
| ***Digital Adoption – Key performance indicator*** | | | | |
| 42. | Number of transactions through Nimbus | Not available | Not available | Not available |
| 43. | Number of transactions through nPOS | Not available | Not available | Not available |
| 44. | Number of Nu Score assessments conducted | Not available | Not available | Not available |

**3. Bajaj Finance Limited**

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV | Not available | Not available | Not available |
| 2. | GTV growth (%) | Not available | Not available | Not available |
| 3. | AUM | 2,448,260 | 1,809,990.00 | 1,467,430.00 |
| 4. | AUM growth (%) | 35.26 | 23.34 | 27.14 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 18.70 | 17.88 | 17.72 |
| 6. | Total Fund AUM | Not available | Not available | Not available |
| 7. | Placements volumes | Not available | Not available | Not available |
| 8. | Direct to Customer borrowers | Not available | 69,140,000 | 57,570,000 |
| ***Distribution Channel – Key performance indicator*** | | | | |
| 9. | Cumulative number of Originator Partners onboarded | Not available | Not available | Not available |
| 10. | Number of retail lending partners | Not available | Not available | Not available |
| 11. | Number of branches | 4,145 | 3,733 | 3,504 |
| ***Sectoral Mix - GTV – Key performance indicator*** | | | | |
| 12. | MSME | Not available | Not available | Not available |
| 13. | Microfinance (**MFI**) | Not available | Not available | Not available |
| 14. | Consumer finance | Not available | Not available | Not available |
| 15. | Vehicle finance | Not available | Not available | Not available |
| 16. | Affordable housing | Not available | Not available | Not available |
| 17. | Agriculture | Not available | Not available | Not available |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net Worth | 720,105.30 | 514,931.30 | 420,558.80 |
| 19. | CRAR (%) | 22.52 | 24.97 | 27.22 |
| 20. | Tier I Capital Ratio () | 21.51 | 23.20 | 24.75 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%) | 1.05 | 1.19 | 2.02 |
| 22. | Provision coverage ratio - Stage 3 assets (%) | 56.19 | 63.87 | 57.92 |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 23. | Net Stage 3 (%) | 0.46 | 0.43 | 0.85 |
| 24. | Credit cost / Average Total Assets (%) | Not available | Not available | Not available |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income | 407,827.60 | 301,418.40 | 237,360.60 |
| 26. | Adjusted net interest income | 251,190.90 | 191,300.80 | 146,355.30 |
| 27. | Fee and commission income and other income | 60,243.70 | 53,368.80 | 38,826.40 |
| 28. | Profit for the year attributable to Owners of the holding company | 126,441.10 | 102,897.40 | 63,504.90 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | Not available | Not available | Not available |
| 30. | Earnings per equity share - Basic (in ₹) | 207.27 | 170.37 | 105.39 |
| 31. | Earnings per equity share - Diluted (in ₹) | 206.47 | 169.51 | 104.63 |
| ***Return Ratio – Key performance indicator*** | | | | |
| 32. | Adjusted net interest income / Average Total Assets (%) | Not available | Not available | Not available |
| 33. | Operating expenses/ Average Total Assets (%) | Not available | Not available | Not available |
| 34. | Operating expenses/ Adjusted net total income (%) | 30.56 | 30.73 | 28.67 |
| 35. | Profit for the year/ Average Total Assets (%) | Not available | Not available | Not available |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%) | Not available | Not available | Not available |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹) | 1,163.34 | 850.52 | 694.65 |
| 38. | Number of employees | Not available | 43,147 | 35,425 |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | Not available | Not available | Not available |
| 40. | Debt/Equity ratio | 2.23 | 2.28 | 2.21 |
| 41. | Credit Rating | AAA (Stable) | AAA (Stable) | AAA (Stable) |
| ***Digital Adoption – Key performance indicator*** | | | | |
| 42. | Number of transactions through Nimbus | Not available | Not available | Not available |
| 43. | Number of transactions through nPOS | Not available | Not available | Not available |
| 44. | Number of Nu Score assessments conducted | Not available | Not available | Not available |

**4. Cholamandalam Investment and Finance Company Limited**

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV | Not available | Not available | Not available |
| 2. | GTV growth (%) | Not available | Not available | Not available |
| 3. | AUM | 1,455,720.00 | 1,064,980.00 | 769,070.00 |
| 4. | AUM growth (%) | 36.69 | 38.48 | 9.87 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 14.38 | 13.89 | 14.09 |
| 6. | Total Fund AUM | Not available | Not available | Not available |
| 7. | Placements volumes | Not available | Not available | Not available |
| 8. | Direct to Customer borrowers | 3,635,824 | 2,517,444 | 1,870,000 |
| ***Distribution Channel – Key performance indicator*** | | | | |
| 9. | Cumulative number of Originator Partners onboarded | Not available | Not available | Not available |
| 10. | Number of retail lending partners | Not available | Not available | Not available |
| 11. | Number of branches | 1,387 | 1,191 | 1,145 |
| ***Sectoral Mix - GTV – Key performance indicator*** | | | | |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 12. | MSME | Not available | Not available | Not available |
| 13. | Microfinance (**MFI**) | Not available | Not available | Not available |
| 14. | Consumer finance | Not available | Not available | Not available |
| 15. | Vehicle finance | Not available | Not available | Not available |
| 16. | Affordable housing | Not available | Not available | Not available |
| 17. | Agriculture | Not available | Not available | Not available |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net Worth | 195,565.10 | 142,960.50 | 117,076.80 |
| 19. | CRAR (%) | 18.57 | 17.13 | 19.62 |
| 20. | Tier I Capital Ratio (%) | 15.10 | 14.78 | 16.49 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%) | 3.54 | 4.60 | 6.80 |
| 22. | Provision coverage ratio - Stage 3 assets (%) | 34.46 | 32.61 | 30.88 |
| 23. | Net Stage 3 (%) | 2.32 | 3.10 | 4.70 |
| 24. | Credit cost / Average Total Assets (%) | 0.98 | 0.88 | 1.15 |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income | 176,136.80 | 120,821.80 | 95,668.10 |
| 26. | Adjusted net total income | 85,436.20 | 64,028.30 | 52,809.80 |
| 27. | Fee and other income | 14,420.50 | 8,264.00 | 5,589.70 |
| 28. | Profit for the year attributable to Owners of the holding company | 34,227.60 | 26,662.00 | 21,467.10 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | 6.46 | 6.86 | 7.46 |
| 30. | Earnings per equity share - Basic (in ₹) | 41.20 | 32.45 | 26.16 |
| 31. | Earnings per equity share - Diluted (in ₹) | 41.09 | 32.40 | 26.11 |
| ***Return Ratio – Key performance indicator*** | | | | |
| 32. | Adjusted net interest income / Average Total Assets (%) | 6.33 | 6.65 | 6.89 |
| 33. | Operating expenses/ Average Total Assets (%) | 3.02 | 2.89 | 2.70 |
| 34. | Operating expenses/ Adjusted net total income (%) | 40.88 | 38.45 | 35.42 |
| 35. | Profit for the year/ Average Total Assets (%) | 2.53 | 2.77 | 2.80 |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%) | 20.56 | 20.60 | 20.39 |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹) | 232.82 | 173.91 | 142.59 |
| 38. | Number of employees | 54,098 | 44,922 | 33,077 |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | 7.92 | 7.03 | 6.63 |
| 40. | Debt/Equity ratio | 6.88 | 6.81 | 5.91 |
| 41. | Credit Rating | AA+ (Stable) | AA+ (Stable) | AA+ (Stable) |
| ***Digital Adoption – Key performance indicator*** | | | | |
| 42. | Number of transactions through Nimbus | Not available | Not available | Not available |
| 43. | Number of transactions through nPOS | Not available | Not available | Not available |
| 44. | Number of Nu Score assessments conducted | Not available | Not available | Not available |

**5. Five-Star Business Finance Limited**

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV | Not available | Not available | Not available |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | (₹ million, unless otherwise specified) | | |
| 2. | GTV growth (%) | Not available | Not available | Not available |
| 3. | AUM | 96,406.00 | 69,148.00 | 50,670.00 |
| 4. | AUM growth (%) | 39.42 | 36.47 | 13.99 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 26.35 | 25.72 | Not available |
| 6. | Total Fund AUM | Not available | Not available | Not available |
| 7. | Placements volumes | Not available | Not available | Not available |
| 8. | Direct to Customer borrowers | 385,966 | 294,032 | 217,745 |
| ***Distribution Channel – Key performance indicator*** | | | | |
| 9. | Cumulative number of Originator Partners onboarded | Not available | Not available | Not available |
| 10. | Number of retail lending partners | Not available | Not available | Not available |
| 11. | Number of branches | 520 | 373 | 300 |
| ***Sectoral Mix - GTV – Key performance indicator*** | | | | |
| 12. | MSME | Not available | Not available | Not available |
| 13. | Microfinance (**MFI**) | Not available | Not available | Not available |
| 14. | Consumer finance | Not available | Not available | Not available |
| 15. | Vehicle finance | Not available | Not available | Not available |
| 16. | Affordable housing | Not available | Not available | Not available |
| 17. | Agriculture | Not available | Not available | Not available |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net worth | 51,961.50 | 43,395.35 | 37,103.51 |
| 19. | CRAR (%) | 50.50 | 67.17 | 75.20 |
| 20. | Tier I Capital Ratio (%) | Not available | 67.17 | 75.20 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%) | 1.38 | 1.36 | 1.05 |
| 22. | Provision coverage ratio - Stage 3 assets (%) | 54.35 | 49.26 | 35.24 |
| 23. | Net Stage 3 (%) | 0.63 | 0.69 | 0.68 |
| 24. | Credit cost / Average Total Assets (%) | 0.55 | 0.28 | Not available |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income | 21,165.80 | 14,987.84 | 12,037.60 |
| 26. | Adjusted net interest income | 16,924.30 | 12,408.39 | 9,240.62 |
| 27. | Fee and commission income and other income | 341.80 | 218.38 | 315.07 |
| 28. | Profit for the year attributable to Owners of the holding company | 8,359.10 | 6,034.96 | 4,535.45 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | 17.16 | 16.86 | Not available |
| 30. | Earnings per equity share - Basic (in ₹) | 28.64 | 20.71 | 16.09 |
| 31. | Earnings per equity share - Diluted (in ₹) | 28.39 | 20.49 | 15.92 |
| ***Return Ratio – Key performance indicator*** | | | | |
| 32. | Adjusted net interest income / Average Total Assets (%) | 16.94 | 17.44 | Not available |
| 33. | Operating expenses/ Average Total Assets (%) | 5.56 | 6.15 | Not available |
| 34. | Operating expenses/ Adjusted net total income (%) | 32.16 | 34.67 | 32.01 |
| 35. | Profit for the year/ Average Total Assets (%) | 8.37 | 8.48 | Not available |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth(Return on average net worth) (%) | 17.59 | 15.03 | Not available |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹) | 177.68 | 148.94 | 127.35 |
| 38. | Number of employees | 9,327 | 7,347 | 5,675 |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | 9.19 | 8.86 | Not available |
| 40. | Debt/Equity ratio | 1.22 | 0.98 | 0.69 |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 41. | Credit Rating | CARE AA- (Stable) | CARE A+ (Stable) | CARE A+ (Stable) |
| ***Digital Adoption – Key performance indicator*** | | | | |
| 42. | Number of transactions through Nimbus | Not available | Not available | Not available |
| 43. | Number of transactions through nPOS | Not available | Not available | Not available |
| 44. | Number of Nu Score assessments conducted | Not available | Not available | Not available |

**6. SBFC Finance Limited**

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV | Not available | Not available | Not available |
| 2. | GTV growth (%) | Not available | Not available | Not available |
| 3. | AUM | 68,220.00 | 49,428 | 31,920 |
| 4. | AUM growth (%) | 38.02 | 54.85 | 43.72 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 18.39 | Not available | Not available |
| 6. | Total Fund AUM | Not available | Not available | Not available |
| 7. | Placements volumes | Not available | Not available | Not available |
| 8. | Direct to Customer borrowers | 129,183 | 102,722 | 72,816 |
| ***Distribution Channel – Key performance indicator*** | | | | |
| 9. | Cumulative number of Originator Partners onboarded | Not available | Not available | Not available |
| 10. | Number of retail lending partners | Not available | Not available | Not available |
| 11. | Number of branches | 183 | 152 | 135 |
| ***Sectoral Mix - GTV – Key performance indicator*** | | | | |
| 12. | MSME | Not available | Not available | Not available |
| 13. | Microfinance (**MFI**) | Not available | Not available | Not available |
| 14. | Consumer finance | Not available | Not available | Not available |
| 15. | Vehicle finance | Not available | Not available | Not available |
| 16. | Affordable housing | Not available | Not available | Not available |
| 17. | Agriculture | Not available | Not available | Not available |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net Worth | 27,782.55 | 17,273.28 | 12,871.68 |
| 19. | CRAR (%) | 40.52 | 31.90 | 26.21 |
| 20. | Tier I Capital Ratio (%) | 40.52 | 31.71 | 25.90 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%) | 2.43 | 2.43 | 2.74 |
| 22. | Provision coverage ratio - Stage 3 assets (%) | 44.03 | 41.98 | 40.51 |
| 23. | Net Stage 3 (%) | 1.36 | 1.41 | 1.63 |
| 24. | Credit cost / Average Total Assets (%) | 0.73 | Not available | Not available |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income | 9,182.60 | 6,541.52 | 4,731.46 |
| 26. | Adjusted net interest income | 5,851.41 | 3,925.06 | 2,705.82 |
| 27. | Fee and commission income and other income | 840.49 | 714.03 | 418.32 |
| 28. | Profit for the year attributable to Owners of the holding company | 2,370.21 | 1,497.69 | 642.19 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | 9.13 | Not available | Not available |
| 30. | Earnings per equity share - Basic (in ₹) | 2.35 | 1.71 | 0.80 |
| 31. | Earnings per equity share - Diluted (in ₹) | 2.29 | 1.62 | 0.79 |
| ***Return Ratio – Key performance indicator*** | | | | |
| 32. | Adjusted net interest income / Average Total Assets (%) | 9.10 | Not available | Not available |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 33. | Operating expenses/ Average Total Assets (%) | 4.76 | Not available | Not available |
| 34. | Operating expenses/ Adjusted net total income (%) | 45.74 | 49.67 | 56.53 |
| 35. | Profit for the year/ Average Total Assets (%) | 3.68 | Not available | Not available |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%) | 10.12 | Not available | Not available |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹) | 25.87 | 19.26 | 15.42 |
| 38. | Number of employees | 3,758 | 2,822 | 2,048 |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | 9.25 | Not available | Not available |
| 40. | Debt/Equity ratio | 1.44 | 2.16 | 2.29 |
| 41. | Credit Rating | IND AA- (Stable) | ICRA A+ (Stable) | ICRA A+ (Stable) |
| ***Digital Adoption – Key performance indicator*** | | | | |
| 42. | Number of transactions through Nimbus | Not available | Not available | Not available |
| 43. | Number of transactions through nPOS | Not available | Not available | Not available |
| 44. | Number of Nu Score assessments conducted | Not available | Not available | Not available |

**7. MAS Financial Services Limited**

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV | Not available | Not available | Not available |
| 2. | GTV growth (%) | Not available | Not available | Not available |
| 3. | AUM | 101,256.00 | 80,926.00 | 62,468.00 |
| 4. | AUM growth (%) | 25.12 | 29.55 | 16.28 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 17.01 | 15.87 | 15.01 |
| 6. | Total Fund AUM | Not available | Not available | Not available |
| 7. | Placements volumes | Not available | Not available | Not available |
| 8. | Direct to Customer borrowers | 880,000 | 758,000 | 675,000 |
| ***Distribution Channel – Key performance indicator*** | | | | |
| 9. | Cumulative number of Originator Partners onboarded | Not available | Not available | Not available |
| 10. | Number of retail lending partners | Not available | Not available | Not available |
| 11. | Number of branches | 189 | 149 | 125 |
| ***Sectoral Mix - GTV – Key performance indicator*** | | | | |
| 12. | MSME | Not available | Not available | Not available |
| 13. | Microfinance (**MFI**) | Not available | Not available | Not available |
| 14. | Consumer finance | Not available | Not available | Not available |
| 15. | Vehicle finance | Not available | Not available | Not available |
| 16. | Affordable housing | Not available | Not available | Not available |
| 17. | Agriculture | Not available | Not available | Not available |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net worth | 17,689.60 | 15,057.30 | 13,405.90 |
| 19. | CRAR (%) | 24.05 | 25.25 | 26.35 |
| 20. | Tier I Capital Ratio (%) | 20.33 | 20.79 | 23.08 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%) | 2.25 | 2.15 | 2.28 |
| 22. | Provision coverage ratio - Stage 3 assets (%) | 32.89 | 29.30 | 25.44 |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 23. | Net Stage 3 (%) | 1.51 | 1.52 | 1.70 |
| 24. | Credit cost / Average Total Assets (%) | 1.07 | 0.75 | 0.62 |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income | 10,222.80 | 8,065.70 | 5,694.83 |
| 26. | Adjusted net interest income | 4,888.60 | 3,640.60 | 2,960.82 |
| 27. | Fee and commission income and other income | 727.50 | 530.00 | 187.37 |
| 28. | Profit for the year attributable to Owners of the holding company | 2,477.50 | 2,009.60 | 1,578.26 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | 7.46 | 6.64 | 6.39 |
| 30. | Earnings per equity share - Basic (in ₹) | 15.11 | 36.76 | 28.82 |
| 31. | Earnings per equity share - Diluted (in ₹) | 15.11 | 36.76 | 28.82 |
| ***Return Ratio – Key performance indicator*** | | | | |
| 32. | Adjusted net interest income / Average Total Assets (%) | 5.83 | 5.14 | 5.35 |
| 33. | Operating expenses/ Average Total Assets (%) | 1.68 | 1.40 | 1.25 |
| 34. | Operating expenses/ Adjusted net total income (%) | 25.04 | 23.82 | 21.93 |
| 35. | Profit for the year/ Average Total Assets (%) | 2.95 | 2.84 | 2.85 |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth(Return on average net worth) (%) | 15.13 | 14.38 | 12.59 |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹) | 107.87 | 275.46 | 245.25 |
| 38. | Number of employees | 3,500 | 1,154 | 946 |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | 9.55 | 9.23 | 8.62 |
| 40. | Debt/Equity ratio | 3.99 | 3.88 | 3.16 |
| 41. | Credit Rating | CARE AA- (Stable) | CARE A+ (Stable) | CARE A+ (Stable) |
| ***Digital Adoption – Key performance indicator*** | | | | |
| 42. | Number of transactions through Nimbus | Not available | Not available | Not available |
| 43. | Number of transactions through nPOS | Not available | Not available | Not available |
| 44. | Number of Nu Score assessments conducted | Not available | Not available | Not available |

**8. Poonawalla Fincorp Limited**

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| ***Key Business KPIs – Key performance indicator*** | | | | |
| 1. | GTV | Not available | Not available | Not available |
| 2. | GTV growth (%) | Not available | Not available | Not available |
| 3. | AUM | 250,030.00 | 161,430.00 | 165,790.00 |
| 4. | AUM growth (%) | 54.88 | -2.63 | 16.55 |
| 5. | Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 16.44 | 14.80 | NA |
| 6. | Total Fund AUM | Not available | Not available | Not available |
| 7. | Placements volumes | Not available | Not available | Not available |
| 8. | Direct to Customer borrowers | Not available | 1,900,000 | 500,000 |
| ***Distribution Channel – Key performance indicator*** | | | | |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 9. | Cumulative number of Originator Partners onboarded | Not available | Not available | Not available |
| 10. | Number of retail lending partners | Not available | Not available | Not available |
| 11. | Number of branches | 102 | 85 | 242 |
| ***Sectoral Mix - GTV – Key performance indicator*** | | | | |
| 12. | MSME | Not available | Not available | Not available |
| 13. | Microfinance (**MFI**) | Not available | Not available | Not available |
| 14. | Consumer finance | Not available | Not available | Not available |
| 15. | Vehicle finance | Not available | Not available | Not available |
| 16. | Affordable housing | Not available | Not available | Not available |
| 17. | Agriculture | Not available | Not available | Not available |
| ***Capital – Key performance indicator*** | | | | |
| 18. | Net worth | 81,164.00 | 64,247.00 | 57,145.00 |
| 19. | CRAR (%) | 33.80 | 38.91 | 49.06 |
| 20. | Tier I Capital Ratio (%) | 32.28 | 37.69 | 46.61 |
| ***Asset Quality – Key performance indicator*** | | | | |
| 21. | Gross Stage 3 – Loans and Investments (%) | 1.16 | 1.44 | 3.29 |
| 22. | Provision coverage ratio - Stage 3 assets (%) | 49.14 | 45.83 | 60.49 |
| 23. | Net Stage 3 (%) | 0.59 | 0.78 | 1.30 |
| 24. | Credit cost / Average Total Assets (%) | 0.35 | -0.97 | Not available |
| ***Profitability – Key performance indicator*** | | | | |
| 25. | Interest income | 29,040.50 | 18,169.40 | 14,585.50 |
| 26. | Adjusted net interest income | 20,596.40 | 12,557.90 | 9,519.39 |
| 27. | Fee and commission income and other income | 1,370.80 | 1,589.60 | 1,058.51 |
| 28. | Profit for the year attributable to Owners of the holding company | 20,559.60 | 5,849.40 | 2,931.90 |
| 29. | Yield on assets minus Average Cost of Borrowings (Spread) (%) | 8.80 | 7.73 | Not available |
| 30. | Earnings per equity share - Basic (in ₹) | 26.75 | 7.64 | 4.09 |
| 31. | Earnings per equity share - Diluted (in ₹) | 26.43 | 7.57 | 4.04 |
| ***Return Ratio – Key performance indicator*** | | | | |
| 32. | Adjusted net interest income / Average Total Assets (%) | 10.04 | 8.42 | Not available |
| 33. | Operating expenses/ Average Total Assets (%) | 3.93 | 5.38 | Not available |
| 34. | Operating expenses/ Adjusted net total income (%) | 36.75 | 56.76 | 57.16 |
| 35. | Profit for the year/ Average Total Assets (%) | 10.02 | 3.92 | Not available |
| 36. | Profit for the year attributable to Owners of the holding company/ Average net worth(Return on average net worth) (%) | 27.75 | 9.67 | Not available |
| ***Others – Key performance indicator*** | | | | |
| 37. | Net Asset Value per Equity Share (in ₹) | 104.79 | 83.66 | 74.71 |
| 38. | Number of employees | 2,384 | 2,452 | 5,184 |
| 39. | Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | 7.64 | 7.07 | Not available |
| 40. | Debt/Equity ratio | 1.86 | 1.73 | 1.18 |
| 41. | Credit Rating | CRISIL AAA | CRISIL AAA | CRISIL AA+ |
| ***Digital Adoption – Key performance indicator*** | | | | |

| S. No. | Name of key performance indicators | As of and for the Financial Year | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| | | *(₹ million, unless otherwise specified)* | | |
| 42. | Number of transactions through Nimbus | Not available | Not available | Not available |
| 43. | Number of transactions through nPOS | Not available | Not available | Not available |
| 44. | Number of Nu Score assessments conducted | Not available | Not available | Not available |

*Source: All the information for the listed industry peers mentioned above is on a standalone basis and is sourced from the data available in the public domain for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022. The ratios and percentages in the listed industry peers are recalculated to make it comparable with our Company's KPI.*

## 9. Weighted average cost of acquisition

### A. The price per share of our Company based on the primary/ new issue of shares (equity/ convertible securities)

Except as stated below, our Company has not issued any Equity Shares or convertible securities issued (excluding Equity Shares issued under any employee stock option plan/scheme and issuance of bonus shares), during the 18 months preceding the date of this Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("**Primary Issue**").

| Date of Allotment | Name of Allottee | Securities allotted | Nature of Allotment | Nature of Consideration | Total Consideration (in ₹ million) | Price per security (in ₹) |
|---|---|---|---|---|---|---|
| August 9, 2024 | Augusta Investments II Pte. Ltd | 3,256,115 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 661.84 | 203.26@ |
| | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | 11,630,889 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 1,410.01 | 121.23* |
| | 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | 4,161,142 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 819.83 | 197.02* |
| | 360 ONE Special Opportunities Fund – Series 2 (*formerly known as IIFL Special Opportunities Fund – Series 2*) | 4,371,781 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 861.33 | 197.02* |
| | 360 ONE Special Opportunities Fund – Series 3 (*formerly known as IIFL Special Opportunities Fund – Series 3*) | 1,923,059 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 378.88 | 197.02* |
| | 360 ONE Special Opportunities Fund – Series 4 (*formerly known as IIFL Special Opportunities Fund – Series 4*) | 6,609,362 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 1,302.18 | 197.02* |
| | 360 ONE Special Opportunities Fund – Series 5 (*formerly known as IIFL Special Opportunities Fund –* | 5,423,128 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 1,068.46 | 197.02* |

| Date of Allotment | Name of Allottee | Securities allotted | Nature of Allotment | Nature of Consideration | Total Consideration (in ₹ million) | Price per security (in ₹) |
|---|---|---|---|---|---|---|
| | *Series 5*) | | | | | |
| | 360 ONE Special Opportunities Fund – Series 6 (*formerly known as IIFL Special Opportunities Fund – Series 6*) | 253,781 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 49.99 | 197.02* |
| | 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 7*) | 3,693,947 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 727.78 | 197.02* |
| | International Finance Corporation# | 9,815,224 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 3,319.99 | 338.25* |
| | Varun Jaipuria | 739,098 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 249.99 | 338.25* |
| | RJ Corp Limited | 739,098 Equity Shares | Conversion of CCPS to Equity Shares | Cash^ | 249.99 | 338.25* |

^ *Cash was paid at the time of allotment of CCPS or at the time of purchase of CCPS from other shareholders.*
* *Based on the conversion price of the CCPS.*
@*Average of the conversion price of the CCPS and the price at which CCPS were purchased from other shareholders.*
#*This pertains to the conversion of the CCPS allotted to International Finance Corporation through a private placement of 84,91,048 CCPS, each for cash at a price of ₹391 per CCPS (including a premium of ₹371) aggregating to ₹3,319.99 million on April 22, 2024, which is within 18 months preceding the date of this Red Herring Prospectus, and more than 5% of the fully diluted paid-up share capital of the Company calculated before such transaction.*

**B. The price per share of our Company based on secondary sale/ acquisitions of shares (equity/ convertible securities)**

No Equity Shares or convertible securities have been transacted (excluding by way of gifts) by the Selling Shareholders, or Shareholder(s) having the right to nominate director(s) on our Board, during the 18 months preceding the date of this Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transactions and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("**Secondary Transaction**").

**C.** Since there are eligible transactions to report to under point (A) above, information of price per share of the last five primary or secondary transactions (where the Selling Shareholders or Shareholder(s) having the right to nominate Director(s) on our Board were a party to the secondary transaction), not older than three years prior to the date of this Red Herring Prospectus irrespective of the size of transactions has not been computed.

## D. Weighted average cost of acquisition, floor price and cap price

| Type of Transaction | WACA (₹)(2) | Floor Price (₹ [●] is 'X' times the | Cap Price (₹ [●] is 'X' times the WACA)(1) |
|---|---|---|---|
| Weighted average cost of acquisition for last 18 months for primary/new issue of shares (equity/convertible securities) (excluding Equity Shares issued under any employee stock option plan/scheme and issuance of bonus shares), during the 18 months preceding the date of this certificate, where such issuance is equal to or more than five per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days | 210.97 | [●] times | [●] times |
| Weighted average cost of acquisition for last 18 months for secondary sale/acquisition of shares equity/convertible securities), where the Selling Shareholders or Shareholder(s) having the right to nominate director(s) in our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days | NA | [●] times | [●] times |

(1) *Details have been left intentionally blank as the Floor Price and Cap Price are not available as on date of this Red Herring Prospectus. To be updated on finalisation of the Price Band.*
(2) *As certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.*

## E. Justification for Basis of Offer Price

1. *The following provides a detailed explanation for the Offer Price/Cap Price being [●] times of weighted average cost of acquisition of Equity Shares that were issued by our Company or acquired or sold by the Selling Shareholders or Shareholder(s) having the right to nominate director(s) by way of primary and secondary transactions as disclosed above, in the last 18 months preceding the date of this Red Herring Prospectus compared to our Company's KPIs and financial ratios for the Financial Years 2024, 2023 and 2022.*

   *[●](1)*

   (1)*Note: This will be included on finalisation of Price Band*

2. *The following provides an explanation to the Cap Price being [●] times of weighted average cost of acquisition of Equity Shares that were issued by our Company or acquired by the Shareholders with rights to nominate directors by way of primary and secondary transactions as disclosed above, in the last 18 months preceding the date of this Red Herring Prospectus in view of external factors, if any*

   *[●](1)*

   (1)*Note: This will be included on finalisation of Price Band*

The Offer Price of ₹[●] is [●] times of the face value of the Equity Shares and is justified in view of the above qualitative and quantitative parameters. The trading price of Equity Shares could decline due to factors mentioned in "*Risk Factors*" on page 38 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO NORTHERN ARC CAPITAL LIMITED (THE "COMPANY"), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA**

The Board of Directors,
Northern Arc Capital Limited,
No. 1 Kanagam Village, Taramani
10th floor, IIT Madras Research Park,
Chennai – 600 113, India

Dear Sir/ Madam,

**Re: Statement of Special Tax Benefits available to Northern Arc Capital Limited and its shareholders under the Indian tax laws.**

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the "**Annexures**"), prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures, under:

   - the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2024 and proposed to be amended by Finance (No.2) Bill, 2024 which has been approved by the Lok Sabha and the same would be finalized on receiving the assent of Honorable President of India, applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India; and

   - the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and relevant State Goods and Services Tax Act, 2017 read with rules, circulars, and notifications (hereinafter collectively referred to as "GST law"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") read with rules, circulars, and notifications (hereinafter collectively referred to as "Customs law"), each as amended by the Finance Act, 2024 and proposed to be amended by Finance Act, (No.2) Bill, 2024, which has been approved by the Lok Sabha and the same would be finalized on receiving the assent of Honorable President of India, applicable for the Financial Year 2024 - 25 and Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy 2023-2028 (hereinafter referred to as "FTP"), each as amended and presently in force in India (herein collectively referred as "Indirect Tax Laws").

   The Act, the GST Acts, Customs Act and Tariff Act, as defined above, are collectively referred to as the "Relevant Acts".

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.

3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Company. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the "**Proposed IPO**") by the Company.

4. We do not express any opinion or provide any assurance as to whether:

   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

6. This Statement is issued solely in connection with the proposed initial public offer of equity shares of face value Rs. 10 each of the Company and is not to be used, referred to or distributed for any other purpose.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

**Bharath N S**
Partner
ICAI Membership Number: 210934
UDIN: 24210934BKFUOJ4118
Place of Signature: Chennai
Date: August 13, 2024

## ANNEXURE 1

## STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO NORTHERN ARC CAPITAL LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE INCOME-TAX ACT, 1961

Outlined below are the special tax benefits available to the Company and its Shareholders under the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2024 and proposed to be amended by Finance (No.2) Bill, 2024 which has been approved by the Lok Sabha and the same would be finalized on receiving the assent of Honourable President of India, applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India.

### I. Special direct tax benefits available to the Company

1. As per the provisions of section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

2. The Company is entitled to accelerated deduction in respect of bad and doubtful debts up to the limit specified under section 36(1)(viia) of the Act in computing its income under the head "Profits and gains of business or profession", to the extent of five per cent (5%) of the gross total income, computed before considering any deduction under the aforesaid section and Chapter VI-A of the Act, and subject to satisfaction of prescribed conditions.

3. As per the provisions of section 43D of the Act, the Company, being a systematically important non-deposit taking non-banking financial company, is entitled to the benefit of offering to tax the interest income on bad and doubtful loans, which are not credited to profit and loss account of that year, on realization basis. Such benefit is available in respect of certain categories of bad and doubtful loans as may be prescribed having regard to the guidelines issued by the Reserve Bank of India.

4. As per provisions of section 80M of the Act, dividend received by a domestic company from any other domestic company or a foreign company or a business trust shall be eligible for deduction of dividend income under section 80M of the Act while computing its total income for the relevant assessment year subject to the fulfilment of prescribed conditions. The amount of such deduction would be restricted to the amount of dividend distributed by the shareholder (domestic company) up to 1 month prior to the due date for furnishing the return of income under section 139(1) of the Act. Where the company has investments in Indian subsidiaries and other companies, if any, it can avail the above-mentioned benefit under Section 80M of the Act.

### II. Special direct tax benefits available to the Shareholders

There are no special tax benefits available to the shareholders for investing in the shares of the Company under the Act.

Notes:

1. This Annexure sets out only the special tax benefits available to the Company and its shareholders under under the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2024 and proposed to be amended by Finance (No.2) Bill, 2024, which has been approved by the Lok Sabha and the same would be finalized on receiving the assent of Honorable President of India, applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India.

2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

4. As per section 115BAA of the Act, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.168% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2019-20 (i.e. Assessment Year 2020-21). The Company has adopted the said tax rate with effect from Financial Year 2019-20 (i.e. Assessment Year 2020-21). Such option once exercised shall apply to

subsequent assessment years. In such a case, the Company may not be allowed to claim any of the following deductions/exemptions:

i) Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone.
ii) Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation).
iii) Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
iv) Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
v) Deduction under section 35AD or section 35CCC (Deduction for specified business agricultural extension project)
vi) Deduction under section 35CCD (Expenditure on skill development)
vii) Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M
viii) No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred from clause i) to vii) above.
ix) No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred from clause i) to vii) above

Further, it was clarified by the Central Board of Direct Taxes vide Circular No. 29/ 2019 dated 2 October 2019 and under section 115JB(5A) that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

5. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO

6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.

7. The views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is provided that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **Northern Arc Capital Limited**

Atul Tibrewal
Chief Financial Officer

Place: Mumbai
Date: August 13, 2024

## ANNEXURE 2

**STATEMENT OF SPECIALTAX BENEFITS AVAILABLE TO NORTHERN ARC CAPITAL LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – OTHERS**

Outlined below are the special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and relevant State Goods and Services Tax Act, 2017 read with rules, circulars, and notifications (hereinafter collectively referred to as "GST law"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") read with rules, circulars, and notifications (hereinafter collectively referred to as "Customs law"), each as amended by the Finance Act, 2024 and proposed to be amended by Finance (No. 2) Bill, 2024 which has been approved by the Lok Sabha and the same would be finalized on receiving the assent of Honourable President of India, applicable for the Financial Year 2024 - 25 and Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy 2023-2028 (hereinafter referred to as "FTP"), each as amended and presently in force in India (herein collectively referred as "Indirect Tax Laws").

**I. Special tax benefits available to the Company**

No special indirect tax benefits available to the Company

**II. Special tax benefits available to the Shareholders of the Company**

There are no special indirect tax benefits available to the shareholders for investing in the shares of the Company

Notes:

1. This Annexure sets out the only the special tax benefits available to the Company and its Shareholders under the the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable State / Union Territory Goods and Services Tax Act, 2017, The Goods and Services Tax (Compensation to States) Act, 2017 and relevant rules made thereunder ("GST Acts"), as amended from time to time, the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") read with rules, circulars, and notifications (hereinafter collectively referred to as "Customs law"), each as amended by the Finance Act, 2024 and proposed to be amended by Finance (No. 2) Bill, 2024 which has been approved by the Lok Sabha and the same would be finalized on receiving the assent of Honourable President of India, applicable for the Financial Year 2024 - 25, Foreign Trade Policy 2023 read with Foreign Trade – Handbook of Procedures, 2023 (unless otherwise specified), presently in force in India.

2. This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed IPO.

3. Our comments are based on specific activities carried out by the Company from April 1, 2024, till the date of issuance of certificate. Any variation in the understanding could require our comments to be suitably modified.

4. During the period from April 1, 2024, to till date, the Company has:

   i. not claimed any exemption or benefits or incentives under the indirect tax laws;
   ii. not exported any goods or services outside India;
   iii. not imported any goods or services from outside India;
   iv. not made any fresh investment in any State of the country and has not claimed any incentive under any State Incentive Policy.

5. This annexure covers only indirect tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

6. These comments are based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **Northern Arc Capital Limited**

Atul Tibrewal
Chief Financial Officer

Place: Mumbai
Date: August 13, 2024

## SECTION IV: ABOUT OUR COMPANY

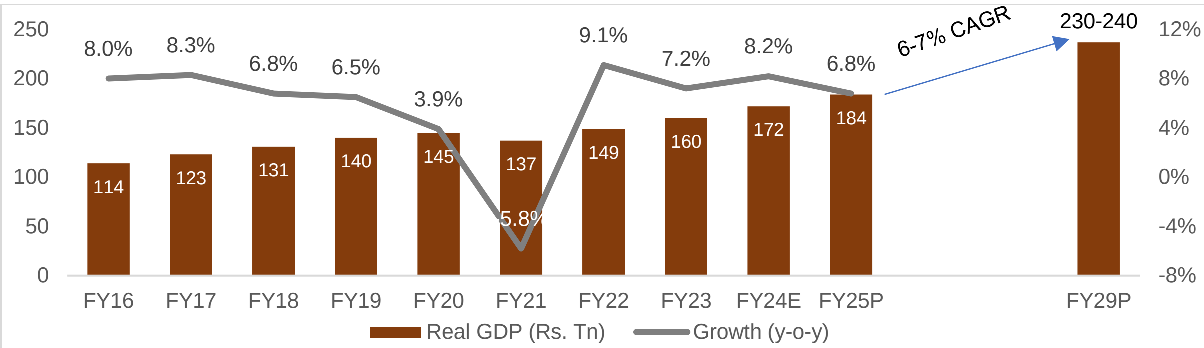
## INDUSTRY OVERVIEW

*Unless otherwise indicated, the information in this section is derived from the industry report titled "Analysis of NBFC sector and select asset classes" dated June 2024, prepared by CRISIL MI&A, a division of CRISIL Limited (the "CRISIL Report"). We have commissioned and paid for the CRISIL Report for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. We officially engaged CRISIL in connection with the preparation of the CRISIL Report pursuant to engagement letter dated October 6, 2023 (read with the addendum dated June 17, 2024). A copy of the CRISIL Report is available on the website of our Company at www.northernarc.com/assets/uploads/pdf/crisil-investor-report.pdf and has also been included in "Material Contracts and Documents for Inspection –Material Documents" on page 579. Further, references to segments in the CRISIL Report and this section, and information derived therefrom are in accordance with the presentation, analysis and categorisation in the CRISIL Report. The segment reporting in the Restated Consolidated Summary Statements is based on the criteria set out in Ind AS 108 (Operating Segments) and accordingly, our Company does not prepare its financial statements based on the segments outlined in the CRISIL Report and this section. The data included in this section includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. For the disclaimers associated with the CRISIL Report, see "Certain Conventions, Use of Financial Information and Market Data – Non-GAAP measures" on page 33. For further details and risks in relation to commissioned reports, see "Risk Factors - Internal Risks - Certain sections of this Red Herring Prospectus disclose information from the CRISIL Report which has been prepared exclusively for the Offer and commissioned and paid for by us in connection with the Offer, and any reliance on such information for making an investment decision in the Offer is subject to inherent risks." on page 88. All references to years in this section are to calendar years.*

**<u>Macroeconomic scenario</u>**

Key updates on the Indian economy

India's economy to grow at 6.8% in Fiscal 2025




*Note: E - Estimated, P - Projected, FY - Fiscal; GDP growth till fiscal 2023 is actuals. GDP Estimates for fiscals 2023- 2024 is based on NSO Estimates and 2024-2025 is projected based on CRISIL MI&A estimates and that for fiscals 2025-2029 based on IMF estimates; Source: National Statistics Office (NSO), CRISIL MI&A, International Monetary Fund (IMF) (World Economic Outlook – April 2024 update)*

Over the past three Fiscals (FY22-FY24), the Indian economy has outperformed its global counterparts by witnessing a faster growth. Going forward as well, IMF projects that Indian economy will remain strong and would continue to be one of the fastest growing economies.

India is among the fastest-growing major economies (GDP growth, % year-on-year)

| GDP Growth (% YoY) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025P | 2026P | 2027P | 2028P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | BRICS Nations | | | | | | | | | | | |
| **India** | 6.8 | 6.5 | 3.9 | (5.8) | 9.7 | 7.0 | 7.8 | 6.8 | 6.5 | 6.5 | 6.5 | 6.5 |
| **China** | 6.9 | 6.8 | 6.0 | 2.2 | 8.5 | 3.0 | 5.2 | 4.6 | 4.1 | 3.8 | 3.6 | 3.4 |
| **Russia** | 1.8 | 2.8 | 2.2 | (2.7) | 6.0 | (1.2) | 3.6 | 3.2 | 1.8 | 1.3 | 1.3 | 1.3 |
| **Brazil** | 1.3 | 1.8 | 1.2 | (3.3) | 4.8 | 3.0 | 2.9 | 2.2 | 2.1 | 2.1 | 2.0 | 2.0 |
| **South Africa** | 1.2 | 1.5 | 0.3 | (6.0) | 4.7 | 1.9 | 0.6 | 0.9 | 1.2 | 1.4 | 1.4 | 1.4 |

| GDP Growth (% YoY) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025P | 2026P | 2027P | 2028P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | BRICS Nations | | | | | | | | | | | |
| | Major Economies (outside BRICS) | | | | | | | | | | | |
| **United States** | 2.2 | 2.9 | 2.5 | (2.2) | 5.8 | 1.9 | 2.5 | 2.7 | 1.9 | 2.0 | 2.1 | 2.1 |
| **Japan** | 1.7 | 0.6 | (0.4) | (4.1) | 2.6 | 1.0 | 1.9 | 0.9 | 1.0 | 0.8 | 0.6 | 0.6 |
| **Germany** | 2.7 | 1.0 | 1.1 | (3.8) | 3.2 | 1.8 | (0.3) | 0.2 | 1.3 | 1.5 | 1.1 | 0.8 |
| **France** | 2.5 | 1.8 | 1.8 | (7.5) | 6.3 | 2.5 | 0.9 | 0.7 | 1.4 | 1.6 | 1.5 | 1.4 |
| **UK** | 2.4 | 1.7 | 1.6 | (10.4) | 8.7 | 4.3 | 0.1 | 0.5 | 1.5 | 1.7 | 1.7 | 1.6 |

*Note: All forecasts refer to IMF forecasts. GDP growth is based on constant prices, Growth numbers for India till 2022 are for financial year, 2023 is as per IMF estimates for Fiscal 2023. Post Fiscal 2024, all estimates for India are as per calendar year. Data represented for other countries is for calendar years, E: Estimated, P: Projected; Source: IMF (World Economic Outlook – April 2024), CRISIL MI&A*

**Financial conditions stabilise, broader economy to face elevated rates**

The Monetary Policy Committee ("**MPC**") of the Reserve Bank of India ("**RBI**") is expected to be on an extended pause for the next few meetings, as it evaluates the inflation trajectory and growth momentum. While CPI inflation has fallen in the past four months coming down to 4.3% in May 2023, down from 4.7% in April 2023, progress of monsoon and impact of El Nino will be monitored. The impact of past rate hikes on growth will be the most prominent in the current Fiscal. As growth slows, CRISIL MI&A expects RBI to initiate rate cuts in the last quarter of Fiscal 2024. While the pause on rate hikes has augured well for financial markets, elevated bank lending rates could tighten financial conditions for some segments of the economy which could ease down subsequently basis the direction of the economy.

**US Fed pauses rate hikes, Eurozone inflation softens, while India remains resilient**

On the global front, given the resilient economic activity, a low unemployment rate and elevated inflation, the US Federal Reserve kept interest rates at 5.25-5.50% in its April meeting, maintaining a data-dependent approach in assessing the need for rate cuts. The US Fed is likely to wait longer for a rate cut until December, according to S&P Global. According to flash estimates released by Eurostat, inflation in the euro area stayed steady at 2.4% in April. While inflation picked up in the food-related category (2.8% vs. 2.6%), energy prices continued to decline, though the extent of deflation eased (-0.6% vs. -1.8%). Core inflation eased further to 2.7% from 2.9%. driven by decreases in inflation in both non-energy industrial goods (0.9% vs. 1.1%) and services (3.7% vs. 4.0%). Given that inflation continues to remain above its 2% target, the European Central Bank kept its policy interest rate unchanged at 4.5% in its April meeting.

While the risk of tight and volatile global financial conditions persists, India's vulnerability to these shocks is likely to be lower in Fiscal 2025. India's key external liability – current account deficit – will likely be pared this Fiscal on the back of lower crude oil prices. This, coupled with the RBI's adequate forex reserves and the country's good growth prospects, should cushion the impact of a global spill over on Indian macroeconomic conditions.

**MPC maintains status quo on monetary policy**

Amid strong economic growth, the RBI has been wary of monetary easing, remaining focussed on inflation risks. Like the Fed, the RBI's Monetary Policy Committee (MPC) kept policy rates and stance unchanged in June. GDP growth continues to surprise both the RBI and Fed, giving them time to ensure a durable reduction in inflation to their target levels before cutting rates. While inflation in the US has been above the Fed's 2% target, the headline inflation in India is now within the MPC's 2-6% target range, but not at 4% mid-point. CRISIL MI&A do not expect the MPC to cut rates before October. Assuming normal monsoon and gradual slowing in GDP growth, CRISIL MI&A expect two rate cuts in the second half of this Fiscal.

Macroeconomic outlook for Fiscal 2025

| Macro variables | Fiscal 2024E | Fiscal 2025P | Rationale for outlook |
|---|---|---|---|
| GDP (y-o-y) | 8.2% | 6.8% | Slowing global growth is likely to weaken India's exports, while peak impact of past rate hikes and lower fiscal impulse could temper domestic demand. Despite the lower forecast, India continuous to grow at the highest rate among major economies propelled by budgetary support to capital expenditure and strong rural demand to support growth. |

| Macro variables | Fiscal 2024E | Fiscal 2025P | Rationale for outlook |
|---|---|---|---|
| Consumer price index (CPI) inflation (y-o-y) | 5.5% | 4.5% | Lower commodity prices, base effect, and cooling off domestic demand is likely to help in moderating inflation in Fiscal 2025. |
| 10-year Government security yield (Fiscal-end) | 7.0% | 6.8% | A moderate reduction in gross market borrowings to lower pressures on yields in Fiscal 2025. This, coupled with lower inflation, is likely to moderate yields in Fiscal 2025. India's inclusion in the JP Morgan Emerging Market Bond Index is favorable for capital flows into government debt. |
| CAD (Current account balance)/GDP (%) | -1.0% | -1.0% | Softer crude oil prices and moderation in domestic growth will keep the trade deficit in check despite tepid exports of goods. Robust services trade surplus and healthy remittances will keep the current account deficit (CAD) in check. |
| ₹/$ (March average) | 83.0 | 83.5 | Narrower CAD and healthy foreign portfolio flow into debt amid a favorable domestic macro environment will support the rupee |

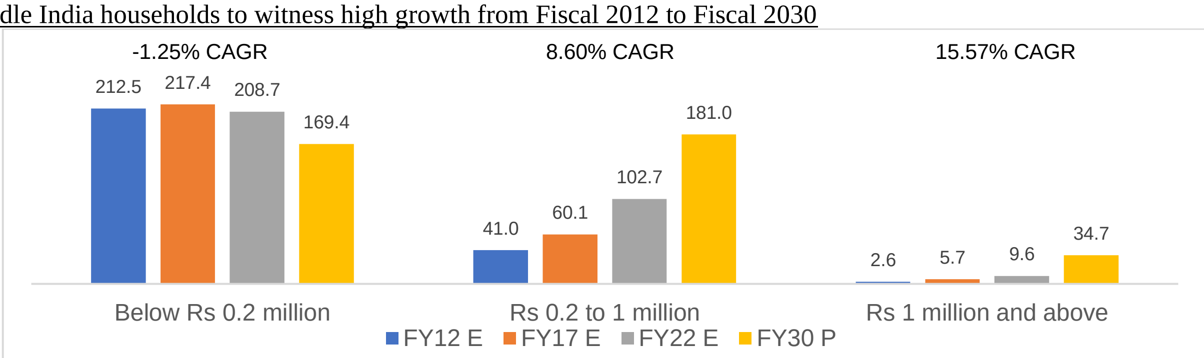
*Note: P – Projected; Source: Reserve Bank of India (RBI), National Statistics Office (NSO), CRISIL MI&A*

**Rising Middle India population to help sustain growth**

Proportion of Middle India (defined as households with annual income of between ₹0.2 to ₹1 million) has been on a rise over the last decade and is expected to grow further with continuous increase in GDP and household incomes. To illustrate, CRISIL MI&A estimates that there were 41 million households in India in this category as at the end of Fiscal 2012, and by the end of Fiscal 2030, CRISIL MI&A projects this figure will increase to 181 million households translating into a compound annual growth rate ("**CAGR**") of 9% over this time. This growth in the number of middle-income households is expected to lead to enhanced opportunities for retail and Micro, Small and Medium Enterprises ("**MSME**") financiers as well as consumer goods marketers. A large number of these households, which have entered the middle-income bracket in the last few years, are likely to be from semi-urban and rural areas. The rise in incomes in these areas is also evident when one observes the trend in share of deposits coming into banks.

CRISIL MI&A believes that the improvement in the literacy levels, increasing access to information and awareness, increases in the availability of necessities, such as electricity, cooking gas, and toilets, and the improvement in road infrastructure has led to an increase in aspirations of Middle India, which is likely to translate into increased opportunities for financial service providers. In fact, some of these trends are already visible. Smart phone ownership, internet users and the proportion of users accessing social media is increasing rapidly. Smaller cities and towns (with population less than 1 million) account for a significant portion of sales of e-retailers.

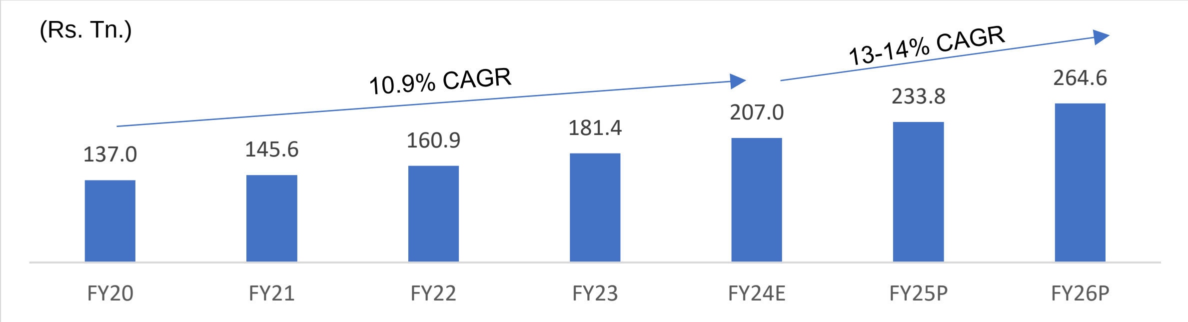
Middle India households to witness high growth from Fiscal 2012 to Fiscal 2030




*Note: E - Estimated, P – Projected; Source: CRISIL MI&A*

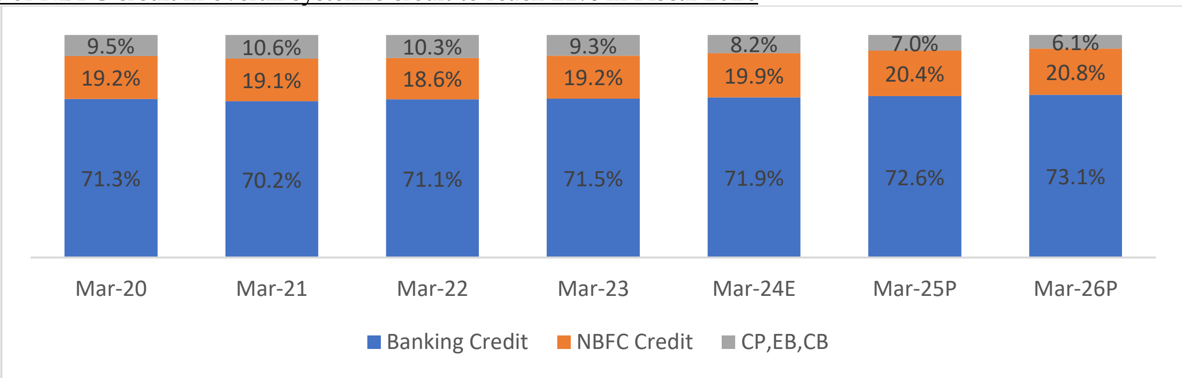
**Credit penetration in India**

<u>Systemic credit to grow by 13-14% between Fiscals 2024 and 2026</u>




*Note: P – Projected; Systemic credit includes domestic banking credit (after deduction of bank lending to NBFC), NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by Banks and NBFC; Source: RBI, Company Reports, CRISIL MI&A*

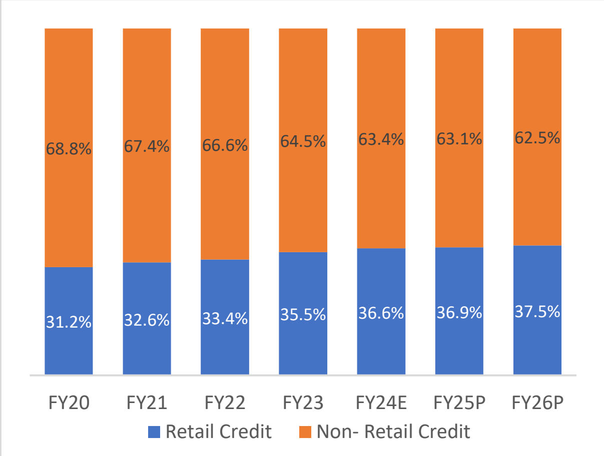
<u>Share of NBFC credit in overall systemic credit to reach 21% in Fiscal 2026</u>



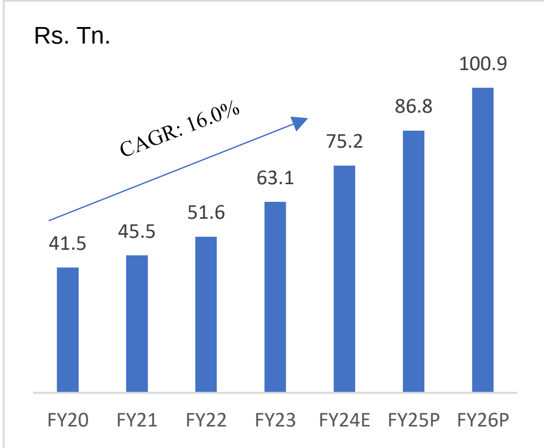

*Note: P – Projected;9 Systemic credit includes domestic banking credit, NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by Banks and NBFC; Source: RBI, Company Reports, CRISIL MI&A*

The retail credit (includes Housing finance, Vehicle Financing, Gold Loans, Education Loans, Consumer Durables, Personal loans, Credit cards and Microfinance) in India stood at Rs. 75.2 trillion, as of Fiscal 2024 and has rapidly grown at a CAGR of 16.0% during Fiscals 2020 and 2024. Retail credit growth in Fiscal 2020 was around approximately 12.1% which came down to approximately 9.6% in Fiscal 2021. However, post-pandemic, retail credit growth revived back to reach approximately 13.5% in Fiscal 2022. In Fiscal 2023, retail credit has grown at ~22.3% year on year basis. The Indian retail credit market has grown at a strong pace over the last few years and is expected to further grow at CAGR of 17-18% between Fiscals 2024 and 2026 to reach Rs. 100.9 trillion by Fiscal 2026. The moderation of growth of retail credit is on account of normalisation in unsecured segment which had witnessed exuberant growth in the past and impact of RBI's risk weight circular. Moreover, the increasing demand and positive sentiments in the Indian retail credit market, presents an opportunity for both banks and NBFCs to broaden their investor base.

Retail segment to account for 37.5% of overall systemic credit by Fiscal 2026

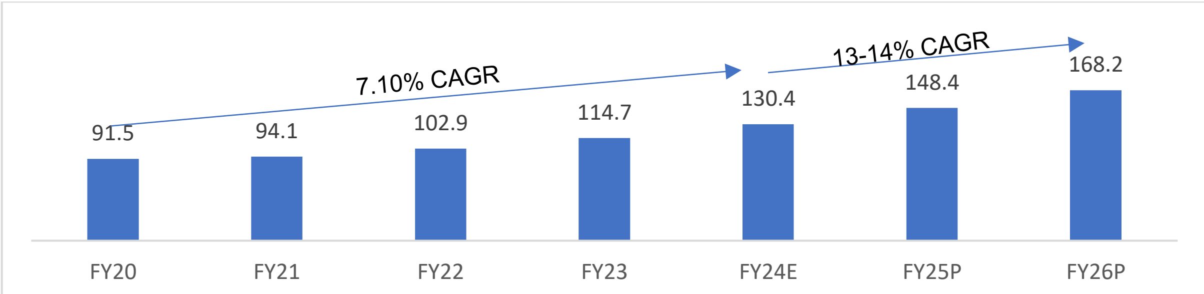



Retail credit growth to continue a strong footing in Fiscal 2025 and Fiscal 2026



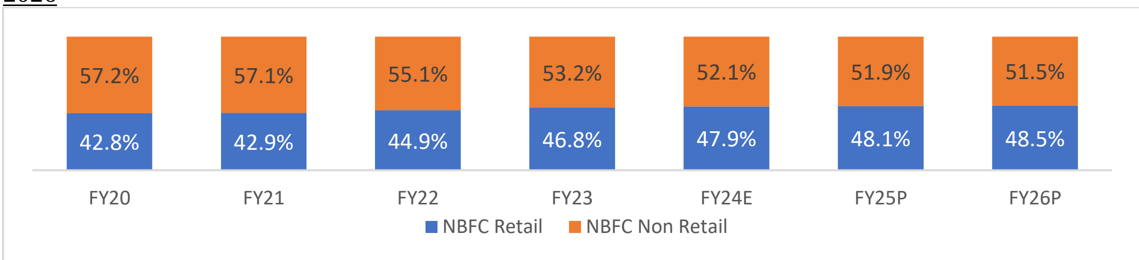

*Note: E - Estimates, P – Projected; Source: RBI, CRISIL MI&A*

Systemic nonretail credit to grow with lower growth




*Note: E - Estimates, P – Projected, FY- Fiscal; Source: RBI, CRISIL MI&A*

Share of retail credit in total NBFC credit to grow to 48% by end of Fiscal 2025 and expected to reach 48.5% in Fiscal 2026




*Note: E - Estimates, P - Projected; Retail credit includes housing finance, vehicle finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans; Source: Company reports, CRISIL MI&A*

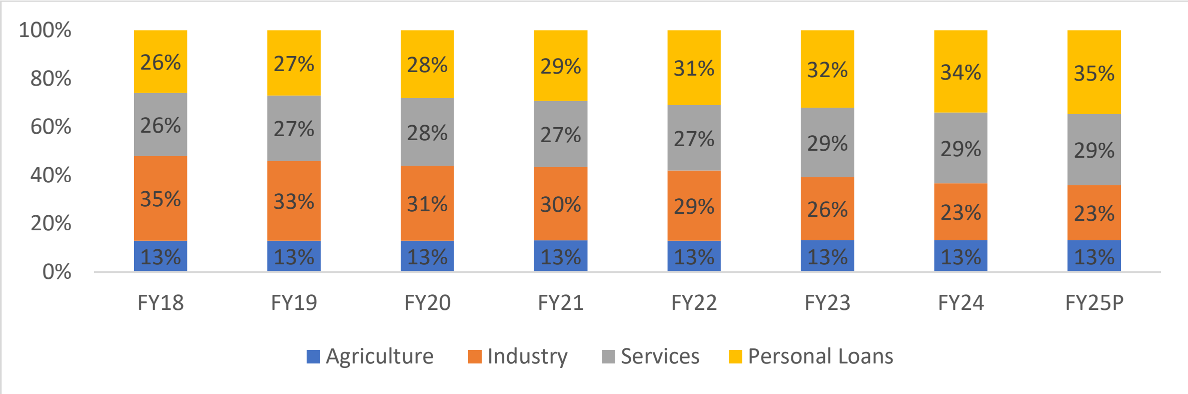
**Personal Loan and Service segment to drive credit growth in Fiscal 2025**

Industrial credit accounted for nearly a third of the overall banking credit mix in Fiscal 2019.

CRISIL MI&A estimates that agricultural credit grew in Fiscal 2024 due to higher priority sector lending ("**PSL**") targets, expected higher food-grain production, increase in commodity prices and increase in agriculture credit target. Industrial credit grew in Fiscal 2024 supported by healthy growth in segments like basic metal and metal products, chemical and chem products and government's continued focus on production linked incentive scheme. Services segment grew in Fiscal 2024 on back of healthy credit demand from Non-Banking Financial Companies ("**NBFCs**"). Personal Loans segment grew in Fiscal 2024 driven by sharp rise in demand in unsecured loans, demand in housing segment and pent-up demand in vehicle loans segment.

Going forward, CRISIL MI&A expects personal loans and services segment to drive credit growth in Fiscal 2025. Personal Loans segment is expected to show strong growth in Fiscal 2025 on back of credit demand from consumer durables, gold and other personal loan segment.

Personal loan share reached 34% as of March 31, 2024

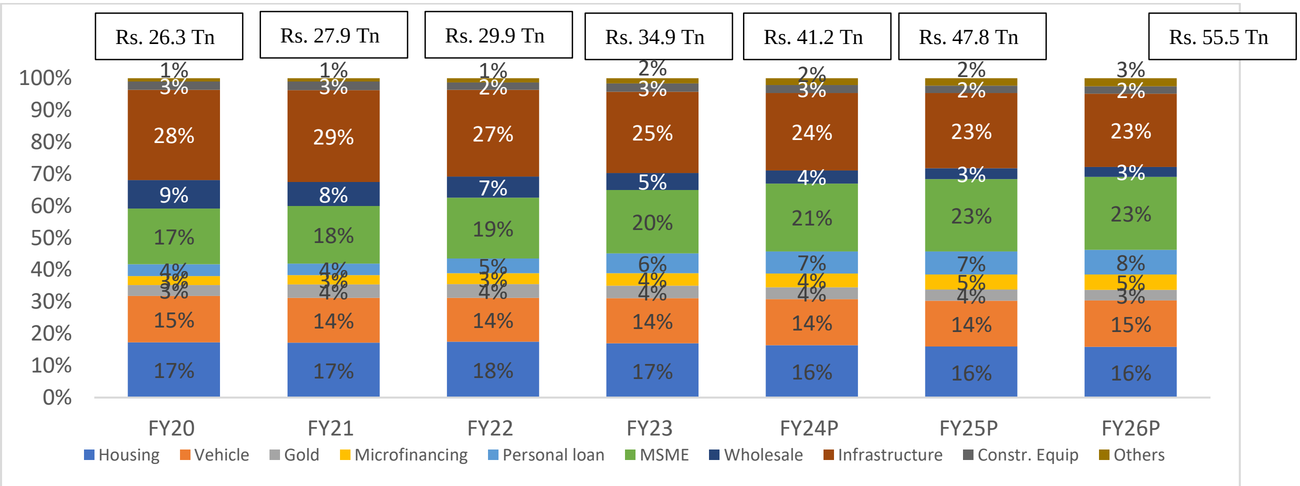



*Note: As at the end of each Fiscal; P – Projected*
*Source: RBI; CRISIL MI&A*

**Housing finance accounts for third highest share in overall NBFC credit as of Fiscal 2024**

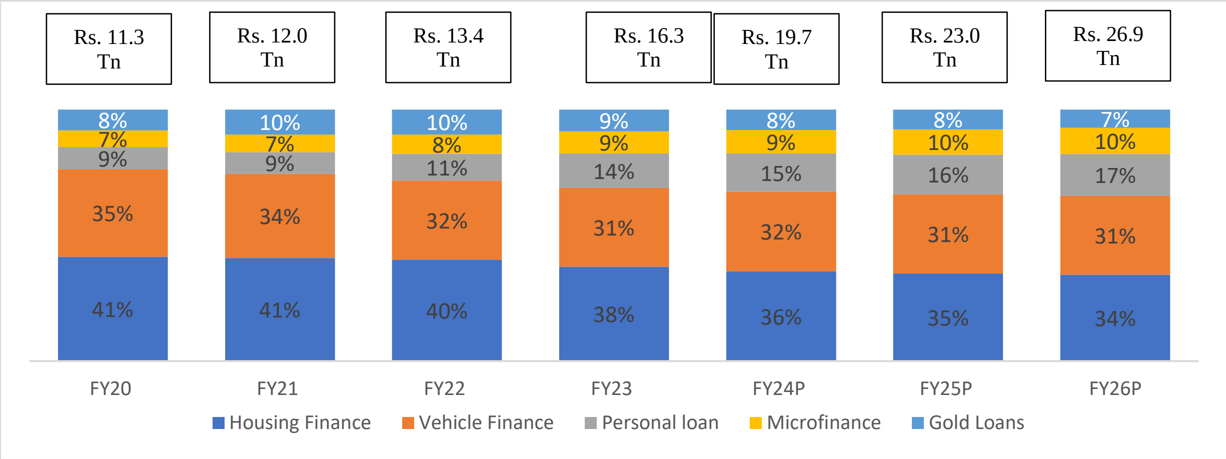
As of Fiscal 2024 infrastructure financing accounts for the highest share in NBFC credit (24%), which was followed by MSME loans which account for 21% share of overall NBFC credit. Housing finance accounted for third highest share in overall NBFC credit outstanding with 16% share in overall NBFC credit.

**Distribution of NBFC Credit across asset classes**




*Note: FY – Fiscal, Others include education loan and consumer durable loans, Infrastructure includes PFC & REC*
*Source: Company reports, CRISIL MI&A*

**Housing finance accounted for the highest share in NBFC retail credit**




*Source: Company reports, CRISIL MI&A*

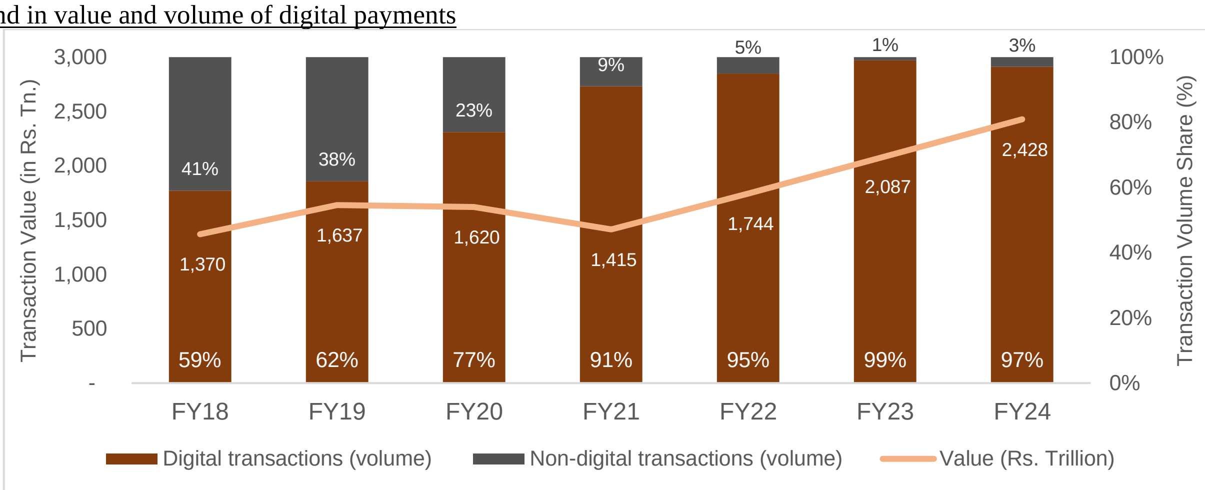
Housing finance accounted for the highest share in NBFC retail credit across fiscals accounting for 36% as of Fiscal 2024, witnessing a fall in share from 41% in Fiscal 2020. This was followed by vehicle financing and personal loans with 32% and 15% share in Fiscal 2024 respectively. Top 3 asset classes accounted for ~83% of total NBFC retail credit. During the fiscals, personal loans witnessed the highest increase in credit share during Fiscals 2020-2024, growing from ~9% in Fiscal 2020 to 15% in Fiscal 2024.

**Digital payments have witnessed substantial growth**

The share of different channels in domestic money transfer has changed significantly over the past five years. Banks, for example, are witnessing a change in customer behaviour with fewer customers visiting bank branches for transactions. This change in behaviour was led by demonetisation when cash transactions slowed down, many new accounts were opened, and digital banking witnessed a surge in use and continued its growth trajectory. Post-COVID-19, with consumers preferring to transact digitally rather than engage in physical exchange of any paper or face-to-face contact, digital transactions have received another shot in the arm.

Between Fiscals 2018 and 2024, the volume of digital payments transactions has increased from ₹14.6 billion to ₹164.4 billion, causing its share in overall payment transactions to increase from 59% in Fiscal 2018 to 97% in Fiscal 2024. During the same period, value of digital transactions has increased from ₹1,371 trillion in Fiscal 2018 to ₹2,428 trillion in Fiscal 2024.

Trend in value and volume of digital payments

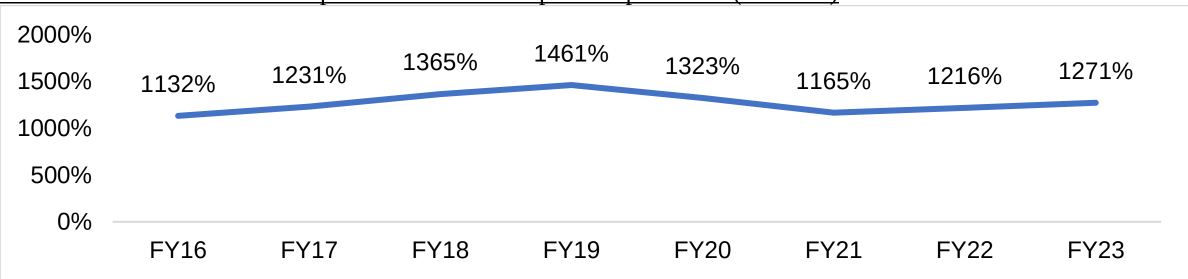



*Note: FY – Fiscal, Digital Payments includes RTGS payments, Credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI), Debit Transfers (BHIM, ECS Dr, NACH Dr, NETC), Card Payments (Debit and Credit Cards) and Prepaid Payments Instruments*
*Source: RBI, CRISIL MI&A*

Consumers are increasingly finding transacting through mobile convenient. CRISIL MI&A expects the share of mobile banking and prepaid payment instruments to increase dramatically over the coming years. In addition, CRISIL MI&A expects improved data connectivity, low digital payment penetration and proactive government measures to drive digitalisation in the country, transforming it into a cashless economy.

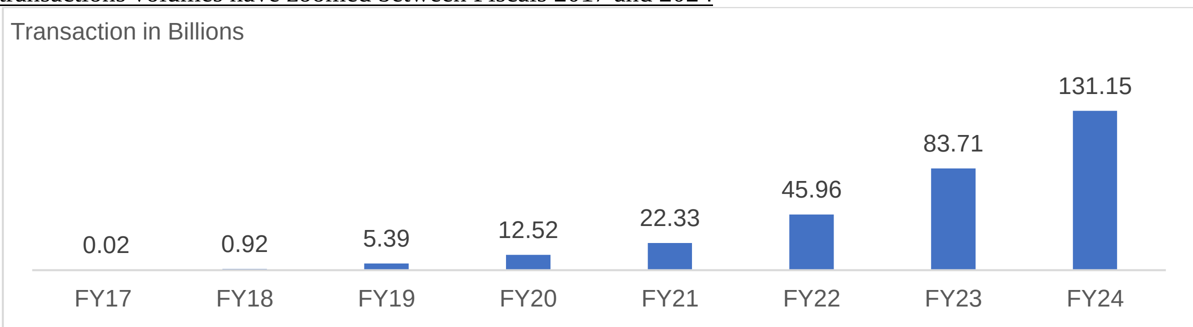
The value of digital transactions as a proportion of private consumption expenditure in between Fiscal 2016 and Fiscal 2023 also rose from 1,132% to 1,271%, which shows that the usage of digital transactions for consumption has been on the rise over the past few years.

Digital transaction value as a % of private final consumption expenditure ("PFCE")



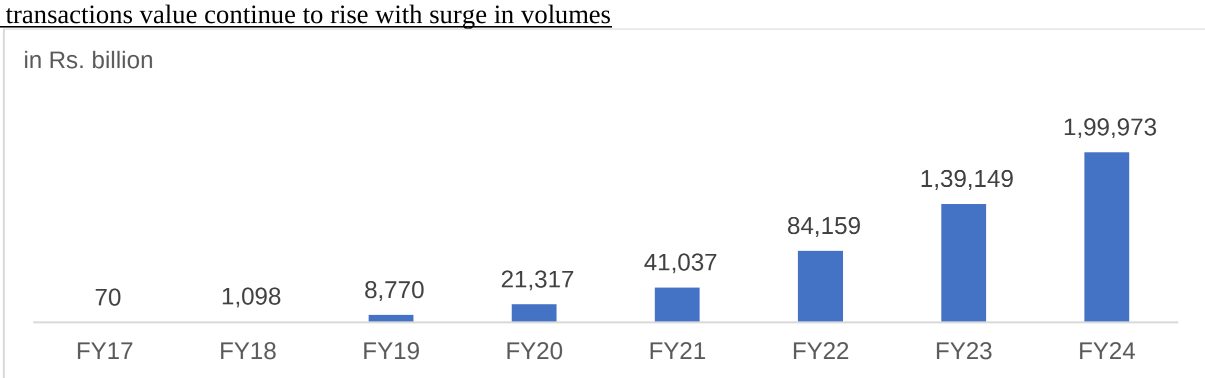

*Note: FY - Fiscal, PFCE is based on current prices; Source: Second advance income estimates Mops, RBI, CRISIL MI&A*

UPI transactions volumes have zoomed between Fiscals 2017 and 2024




*Source: RBI, CRISIL MI&A*

UPI transactions value continue to rise with surge in volumes

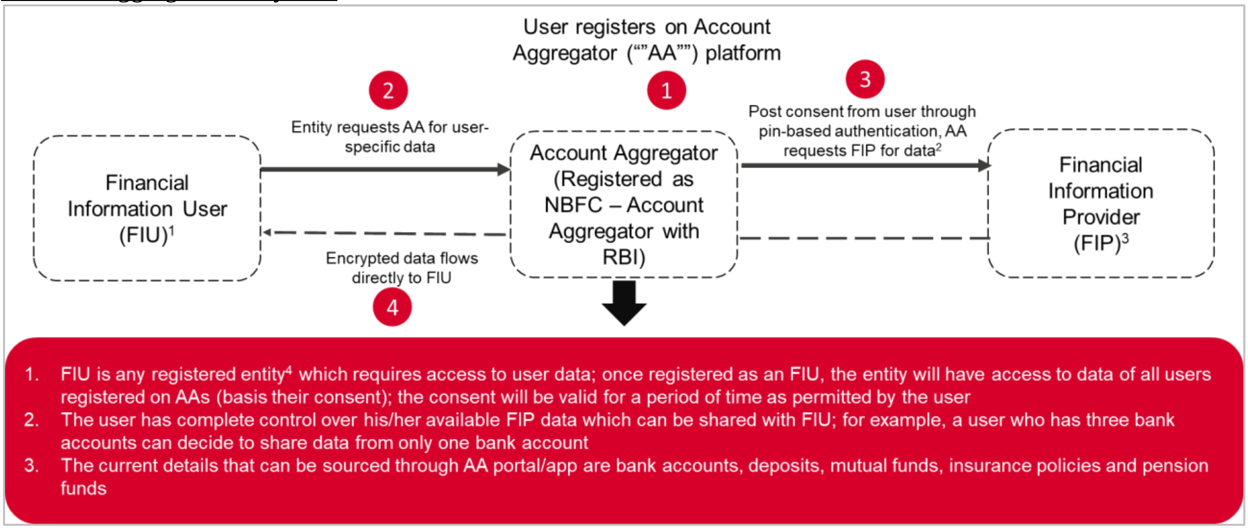



*Note: FY - Fiscal; Source: RBI, NPCI, CRISIL MI&A*

**Account aggregators**

The RBI launched the account aggregator ("**AA**") system on September 2, 2021. This has the potential to transform the financial landscape once there is widespread adoption amongst the stakeholders. AAs are essentially non-banking financial companies, licensed by RBI, that act as an intermediary to collect and consolidate data from all financial information providers ("**FIPs**"), such as banks, that hold users' personal financial data and share that with financial information users ("**FIUs**"), such as lending agencies or wealth management companies that provide financial services. These AAs would provide granular insights to lenders into customers' financial assets and their borrowing history centrally, based on customer consent. Availability of this data is expected to support faster onboarding of customers and could allow wealth advisors to utilize asset side data and advice switching between asset classes to yield better overall returns as per the risk appetite of the individual. For the AA platform providers, it is believed that entities having a first mover advantage, strong technological capability and deep engagement with FIUs and FIPs are slated to gain most out of the evolving landscape.

Account Aggregator ecosystem




*Note: 4 Registered with any one of the regulators – SEBI, RBI, IRDAI, PFRDA*
*Source: CRISIL MI&A*

Other digital trends in India

| Digital trend | Implications |
|---|---|
| Trade Receivables e-Discounting System (TReDS) | TReDS is an electronic platform for facilitating the financing / discounting of trade receivables of Micro, Small and Medium Enterprises (MSMEs) through multiple financiers. These receivables can be due from corporates and other buyers, including Government Departments and Public Sector Undertakings (PSUs).<br><br>The Receivables Exchange of India Limited, one of the three RBI-licensed TReDS platforms, reported significant rise in TReDS business throughout, reaching ₹25,086 business in Fiscal 2023 from ₹13,500 in Fiscal 2022, witnessing 86% surge. The rise in TReDS business was owing to increased awareness among the corporates of its benefits and government’s efforts to onboard more corporates. |
| Central KYC (CKYC) | The Indian government launched Central KYC (CKYC) to help financial service providers and investors with the Know Your Customer (KYC) procedure. Customers can use a centralised KYC repository to submit their required documents only once and then access services from different financial institutions without having to go through the KYC procedure again.<br><br>CKYC enables streamlining of the process of KYC by having a single form to follow, hence avoiding duplication of documents, accessing information quickly and securely through a central database, consolidation of KYC records across multiple entities, diminishing customer inconvenience. |
| E-KYC and Aadhaar based authentication | In India, Unique Identification Authority of India (UIDAI) facilities the authentication through online using demographic and biometric data. The unique identification number (UIN) or Aadhaar which is assigned on an individual level helps in establishing the identity of individual to public or private enterprises. The implementation of the Aadhaar has led to a revolution in authentication and consequently in monitoring and security, credit ecosystems, payment systems, and direct benefit transfers (DBTs). |
| Open Network for Digital Commerce (ONDC) | E-commerce industry is still under growth phase and certain concerns which exist in the current scenario such as malpractices followed by players, barriers in launching new products, and limited reach to audience need to be addressed. Open Network for Digital Commerce (ONDC) is one such solution government is planning to implement to make the overall e-commerce market more efficient and inclusive. ONDC aims to provide equal opportunities to all traders by providing an easy and fair access to e-commerce. It will facilitate small businesses with opportunities to adopt and accept the online market as an additional business avenue for them. The consumers will also be equally benefitted by getting the option to choose a better product, coupled with reasonable price and with efficient and responsible delivery system.<br><br>Apart from putting a control on malpractices, ONDC can improve the agility of market players by letting them implement more lightweight, agile digital commerce solutions to improve the customer experience and lower total cost of ownership. |

| Digital trend | Implications |
|---|---|
| DigiLocker service | In Union Budget 2023-24, the finance minister announced simplification of the know-your-customer process through an expanded DigiLocker service and National Financial Information Registry. Support in technological advancement would promote financial inclusion, ensure better availability of customer data, enable faster and secure sharing of documents with financial institution and increase rural penetration. |

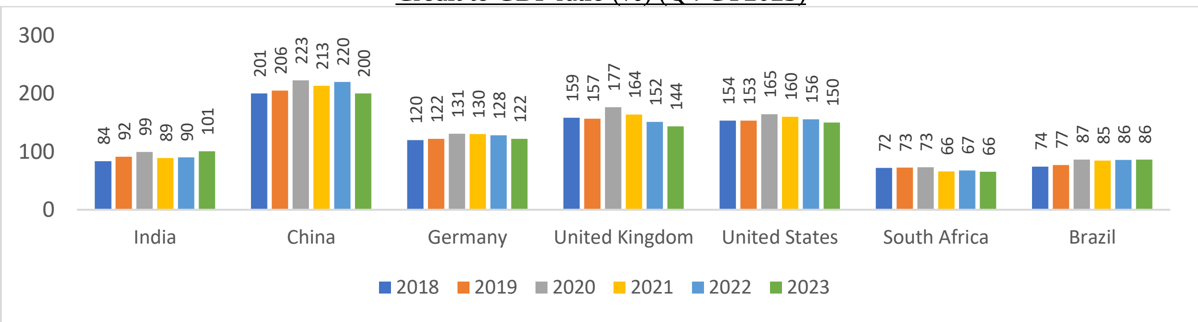
Source: CRISIL MI&A

Financial inclusion

**Current scenario and key developments**

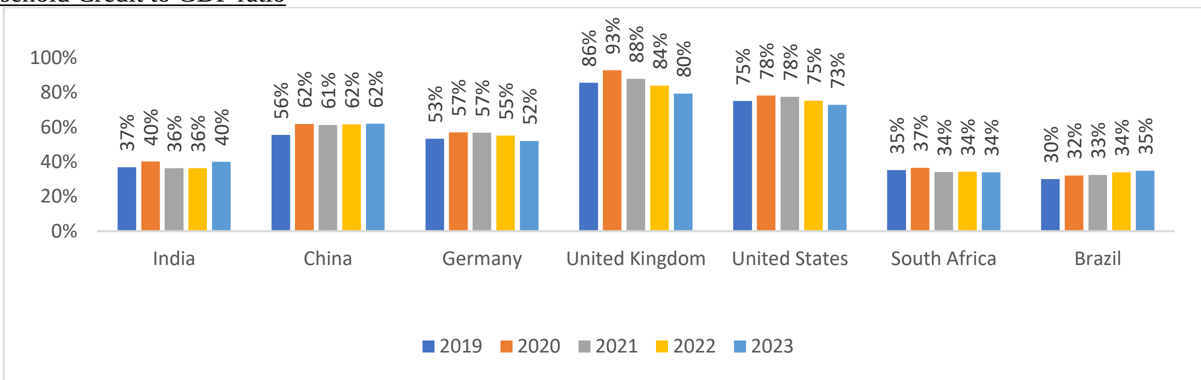
The significance of financial inclusion has deepened, particularly in the post-pandemic era, as vulnerable households and businesses strive to navigate the crises and achieve recovery. In terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as, China, indicating a significant untapped potential. Similarly, in terms of credit to households as a proportion of GDP as well, India lags other markets, with retail credit hovering at around 40% of GDP as of 2023.

Credit to GDP ratio (%) (Q4 CY2023)




*Note: Data is represented for calendar years for all countries except India; For India, numbers are for Fiscal year.*
*Source: Bank of International Settlements, CRISIL MI&A*

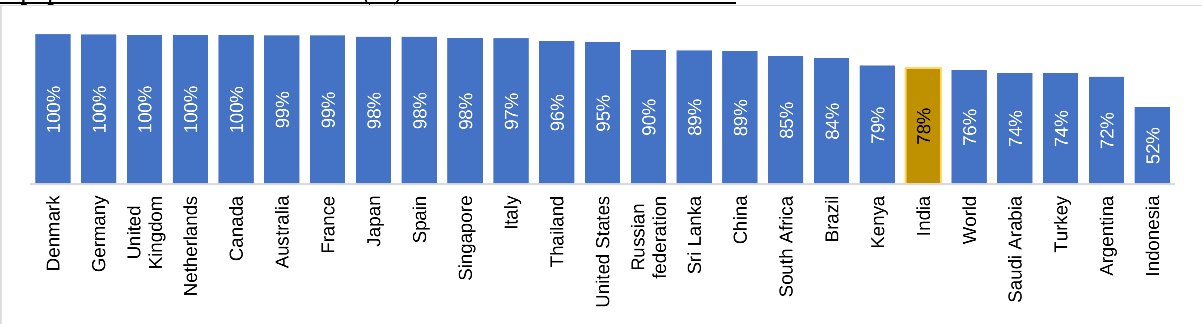
Household Credit to GDP ratio




*Note: Data is for calendar year. Source: Bank of International Settlements, CRISIL MI&A*

India's focus on financial inclusion is increasing; however, a large section of the population is still unbanked

Adult population with a bank account (%): India vis-à-vis other countries




*Note: Global Findex data for India excludes northeast states, remote islands and selected districts. Account penetration is for the population within the age group of 15+; Source: World Bank - The Global Findex Database 2021, CRISIL MI&A*

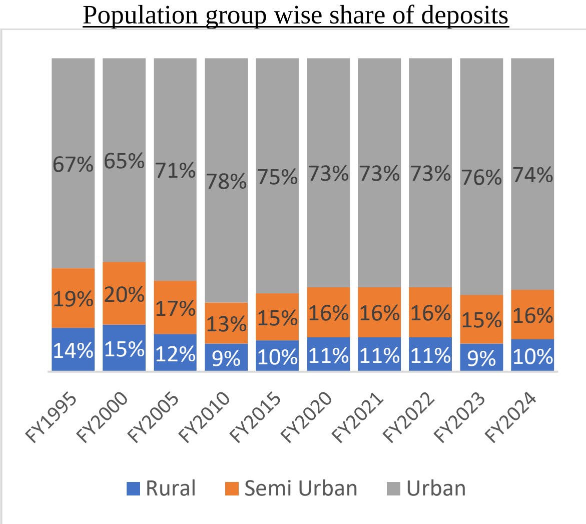
Further, according to the World Bank's Global Findex Database 2021, 230 million unbanked adults live in India.

**Rural India accounts for about half of GDP, but only about 9% of total credit and 10% of total deposits**

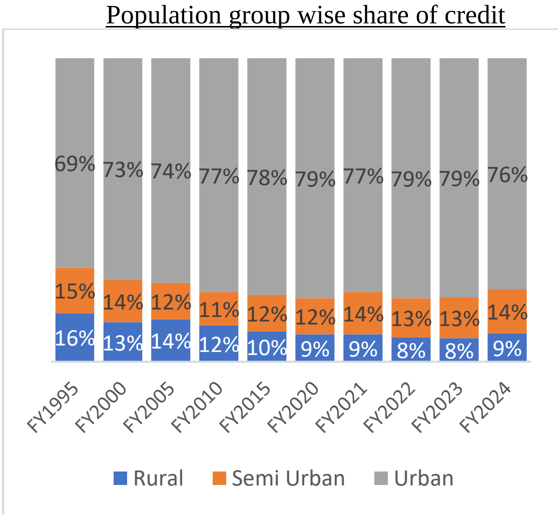
The chart below shows the percentage of GDP contribution and credit outstanding in rural and urban areas:

Low share of banking credit and deposit indicates lower penetration in rural areas

Population group wise share of deposits

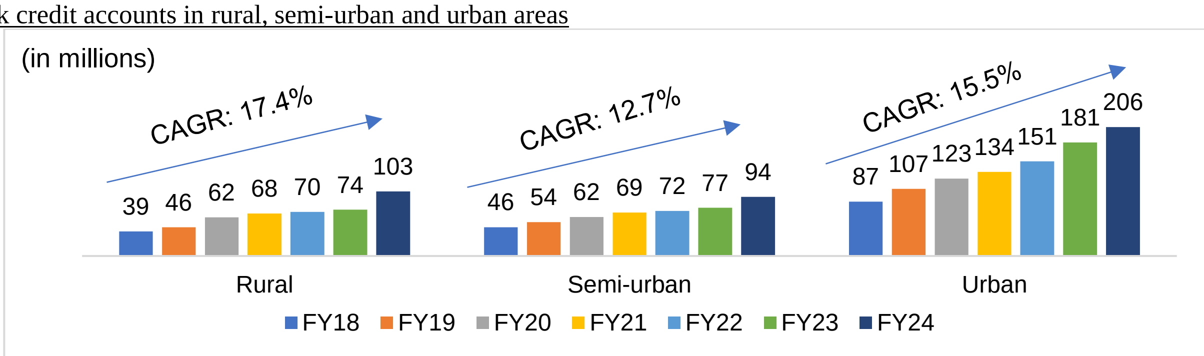



Population group wise share of credit




*Note: FY – Fiscal, Urban includes data for Urban and Metropolitan areas*
*Source: RBI, CRISIL MI&A*

Bank credit accounts in rural, semi-urban and urban areas



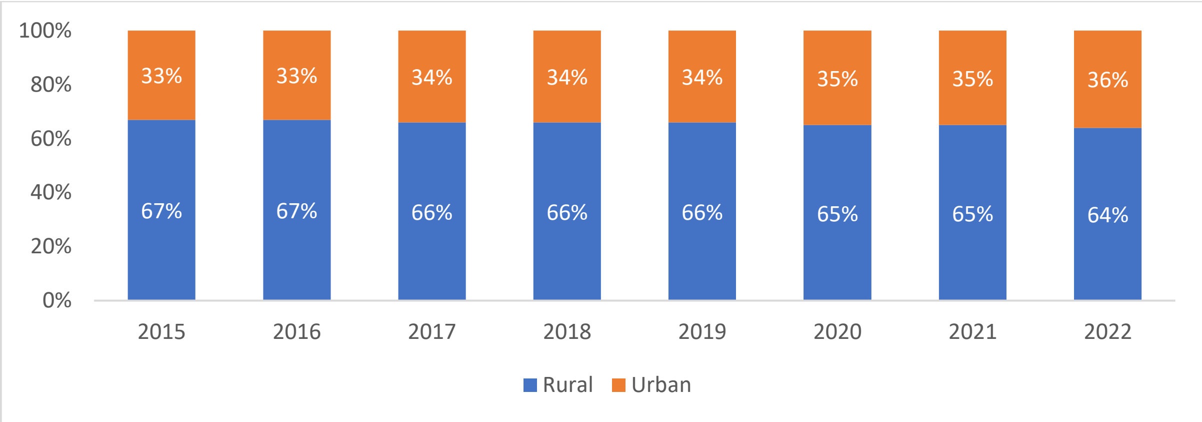

*Note: FY – Fiscal, Urban includes data for Urban and Metropolitan areas Data represents only bank credit accounts Source: RBI; CRISIL MI&A*

**Rural India – Under penetration and untapped market presents a huge opportunity for growth**

Credit to metropolitan areas has decreased over the past few years with its share decreasing from 66% as of March 31, 2018, to 57% as of March 2024. Between the same period, credit share has witnessed a marginal rise in rural and urban areas. For semi-urban areas, credit share has gone up from 12% as of March 31, 2018, to 14% as of March 31, 2024.

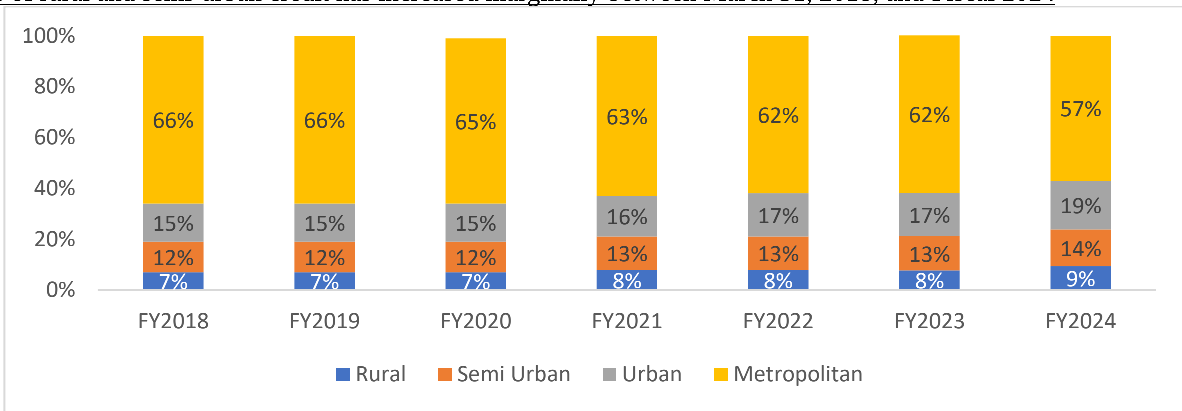
Rural areas, which accounted for around 47% of GDP, received only 9% of the overall banking credit, as of March 31, 2024, which also shows the vast market opportunity for banks and NBFCs to lend in these areas. With increasing focus of government towards financial inclusion, rising financial awareness, increasing smartphone and internet penetration, CRISIL MI&A expects delivery of credit services in rural area to increase. Further, usage of alternative data to underwrite customers will also help the financiers to assess customers and cater to the informal sections of the society in these regions.

Two-thirds of total households are in rural India




*Source: World Bank; Census; CRISIL MI&A*

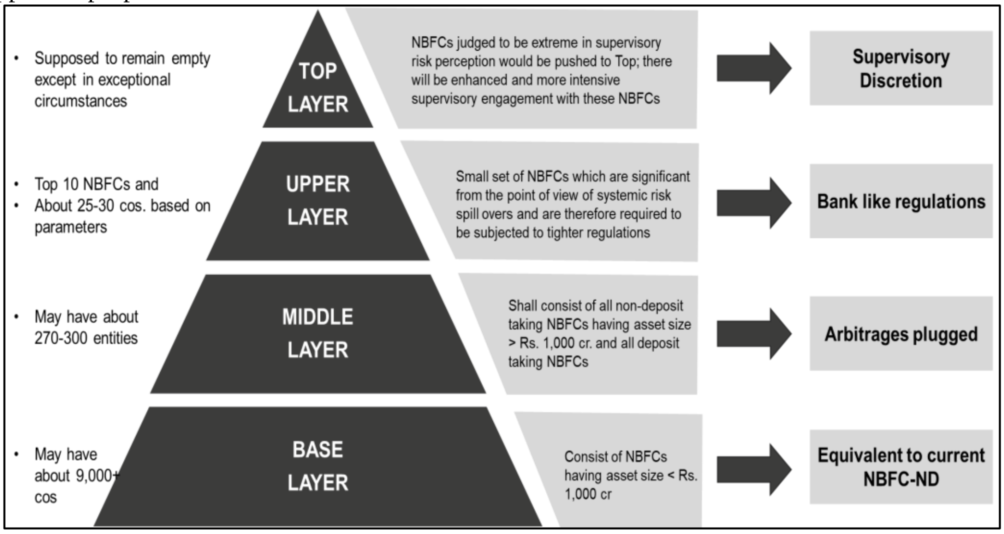
Share of rural and semi-urban credit has increased marginally between March 31, 2018, and Fiscal 2024




*Note: As at the end of each Fiscal*
*Source: RBI, MOSPI, CRISIL MI&A*

## NBFC overview

Scale based approach proposed for NBFCs




*Source: RBI, CRISIL MI&A*

Regulatory distinction between banks and NBFCs

| | NBFC – ND –SI | NBFC – D | Banks (Basel-III) |
|---|---|---|---|
| Minimum net owned funds | ₹20 million | ₹20 million | N.A. |
| Capital adequacy | 15.0% | 15.0% | 11.5% |
| Tier I capital | 10.0% | 10.0% | 9.5% |
| Stage III assets | 90 days# | 90 days# | 90 days |
| Cash reserve ratio (CRR) | N.A. | N.A. | 3.0% |
| Statutory liquidity ratio (SLR) | N.A. | 15.0%$ | 18.00% |
| Priority sector | N.A. | N.A. | 40% of advances |
| SARFAESI eligibility | Yes* | Yes* | Yes |
| Exposure norms (% of NOF) | Single borrower: 15% (+10% for IFC) | Single borrower: 15% | Single borrower: 15% (+5% for infrastructure projects) |
| | Group of borrowers: 25% (+15% for IFC) | Group of borrowers: 25% | Group of borrowers: 30% (+10% for infrastructure projects) |

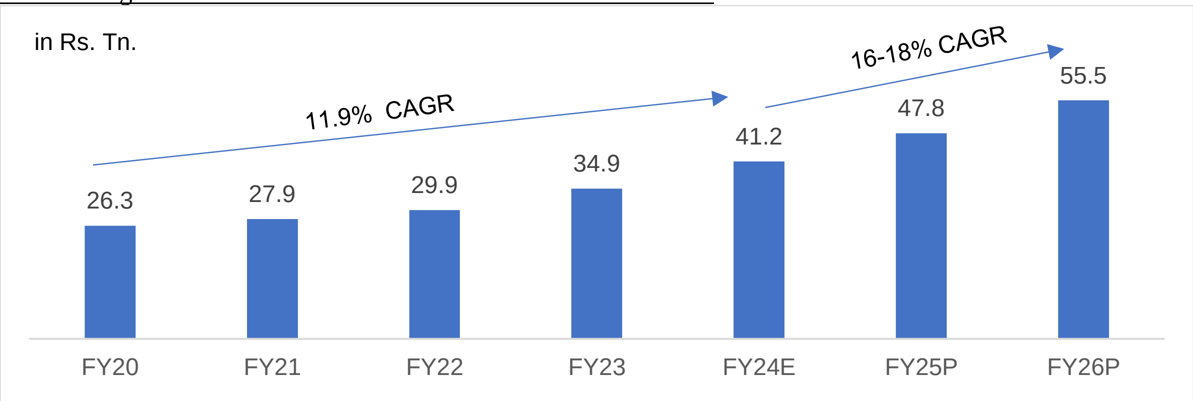
*Note: NA - Not applicable*
*(*) The Ministry of Finance, in its union budget for 2021, proposed that the SARFAESI threshold be reduced from ₹5 million to ₹2 million*
*($) as per RBI regulations, NBFC-D, shall invest in India in unencumbered approved securities valued at the price not exceeding the current market price of such securities an amount which shall, at the close of business or any day, not be less than 15% of the "public deposit".*
*(#) Discretion with the audit committee of NBFCs to defer stage 3 classification beyond 90+dpd*
*Source: CRISIL MI&A*

The RBI has taken a balanced view, and instead of going for a one-size-fits-all approach, it has opted for differential regulations based on the size and systemic importance of an NBFC. Furthermore, the importance of NBFCs in providing credit to underserved customers has been recognised. The RBI has not proposed imposition of CRR and SLR on NBFCs, which would come as a relief to NBFCs.

**NBFC credit to grow faster than systemic credit between Fiscals 2024 and 2026**

CRISIL MI&A projects NBFC credit to grow at 16%-18% between Fiscal 2024 and Fiscal 2026. The credit growth will be driven by the retail vertical, including housing, auto, and microfinance segments. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2025, leading to healthy growth of NBFCs. Moreover, organic consolidation is underway with larger NBFCs gaining share with some of the merger and acquisition in the NBFC space such as Ambit Finvest's acquisition of SME Corner and merger of Incred and KKR India. Further growth of the NBFC industry will be driven mainly by large and medium size players with strong parentage who have funding advantage and capability to invest and expand into newer geographies.

NBFC credit to grow at CAGR 16-18% between Fiscals 2024 and 2026



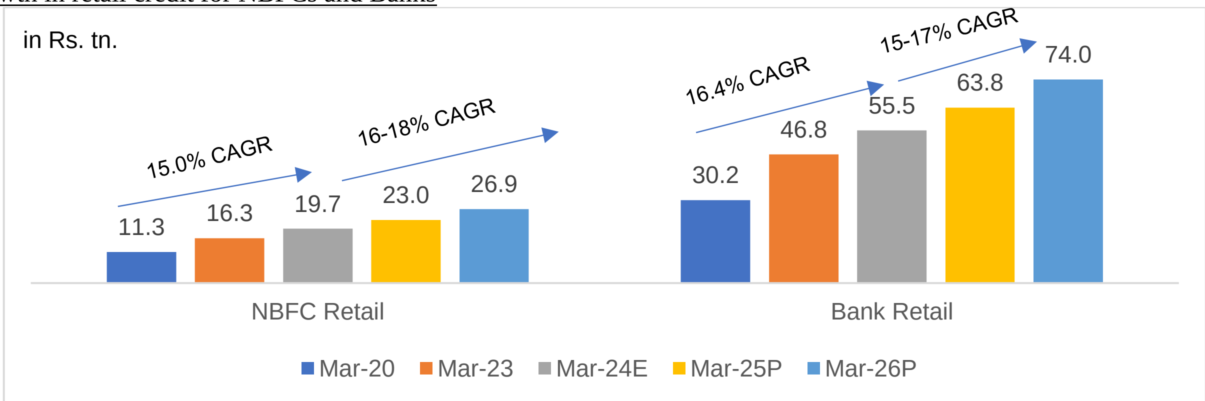

*Note: P - Projected, FY - Fiscal*
*Source: RBI, Company reports, CRISIL MI&A*

**Retail segment to support NBFCs overall credit growth**

The NBFC sector has, over the years, evolved considerably in terms of size, operations, technological sophistication, and entry into newer areas of financial services and products. The number of NBFCs as well as the size of the sector have grown significantly, with a number of players with heterogeneous business models starting operations. The increasing penetration of neo-banking, digital authentication, and mobile phone usage as well as mobile internet has resulted in the modularization of financial services, particularly credit. Overall NBFC credit during Fiscals 2020 to 2024, witnessed a CAGR of ~12% which was majorly led by retail segment which accounts for ~48% of overall NBFC credit and witnessed a CAGR of ~15%, while NBFC non-retail credit witnessed a growth of ~9% during the fiscals.

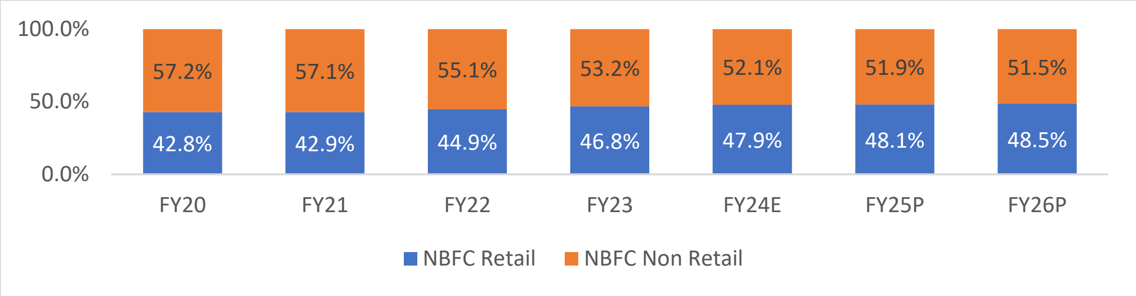
Going forward, growth in the NBFC retail segment is expected at 16-18% CAGR between Fiscals 2024-2026 which will support overall NBFC credit growth, with continued focus on the retail segment and multiple players announcing plans to reduce wholesale exposure. The retail segment's market share is expected to rise further to 48% by end of Fiscal 2025 and remain around 48.5% in Fiscal 2026.

Growth in retail credit for NBFCs and Banks




*Note: P - Projected*
*Retail credit above includes housing finance, auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans*
*Source: Company reports, RBI, CRISIL MI&A*

Share of retail credit in total NBFC credit to grow to 48% by end of Fiscal 2025 and expected to reach 48.5% in Fiscal 2026




*Note: E - Estimates, P – Projected*
*Retail credit includes housing finance, auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans*
*Source: Company reports, CRISIL MI&A*

Set forth are details of the NBFCs loan outstanding size in terms of assets under management ("**AUM**") and growth along with key growth drivers of each of the focused sectors:

| Parameter | Sub-Parameter | AUM ₹Billions (Fiscal 2024) | Loan outstanding (CAGR Fiscal 2024-Fiscal 2026) | Key Growth Drivers |
|---|---|---|---|---|
| **Overall NBFCs growth** | Loan outstanding growth | 41,200 | 16-18% | |
| **Selected asset class wise NBFCs loan outstanding growth** | MSME loans^ | 6,135 | 13-15% | Low credit penetration for MSMEs, increased data availability and transparency, and Government initiatives including credit guarantee fund scheme, emergency credit line guarantee scheme |
| | Micro finance loans$ | 1,709 | 23-25% | Government's continued focus on strengthening rural financial ecosystem, strong credit demand and increasing ticket sizes of loans |
| | Consumer finance# | 4,592 | 17-20% | Strong macro tailwinds, increased consumer spending and digitization driving consumer durables demand |
| | Vehicle loans* | 2,676 | 12-14% | Improving rural productivity, Government income support, improving industrial activity, Government's focus on infrastructure development and return to office |
| | Affordable housing loan | 4,295 | 14-16% | Higher data availability, increasing affordability, urbanization, and supportive government policies |
| | Agri loans | 35 | 9-10% | Increasing demand for high-value commodities, shift to tech-intensive supply chain solutions and increase in finance penetration across agriculture value chain |

*Note: Note: (^) MSME loans include small business loans and mid-corporate loans*
*(#) Consumer finance include personal loans, gold loans and consumer durable loans*
*(*) Vehicle loans include two-wheeler disbursement and new commercial vehicle loans*
*($) MFI (Microfinance Institutions) loans data is for NBFC-MFIs. Source: Company reports, RBI, CRISIL MI&A estimates*

| Parameter | Sub-Parameter | Loan outstanding (CAGR Fiscal 2020-Fiscal 2024 | Loan outstanding (CAGR Fiscal 2024-Fiscal 2026) |
|---|---|---|---|
| **Size-wise loan outstanding growth** | Small NBFCs | 1% | 12-14% |
| | Medium NBFCs | 21% | 16-19% |
| | Large NBFCs | 13% | 14-15% |

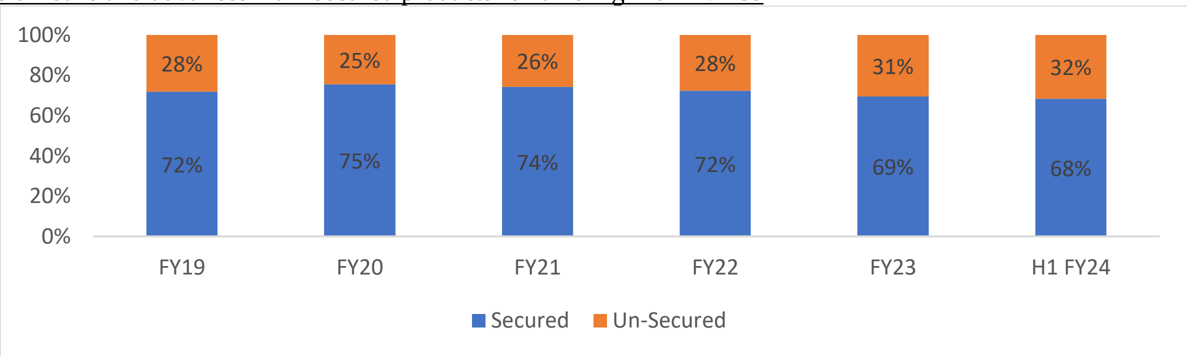
*Note - Classification of players into large, medium and small is done basis below criteria : -*
*For MFIs - Large players have GLP> ₹20,000 million, Medium players have GLP between ₹5,000 and ₹20,000 million, Small players have GLP upto ₹5,000 million.*
*For other players - Large players have AUM> ₹50 billion, Medium players have AUM> ₹10 billion, Small players have AUM upto ₹10 billion*
*Source: CRISIL MI&A estimates*

Set out below are certain details of the MSME, MFI and consumer finance sectors in India:

| | |
|---|---|
| MSME | |
| NBFC MSME industry AUM (₹ billion)** | 6,135 |
| NBFC MSME industry GNPA (%) | **4.8%-5.2%*** |
| MFI | |
| NBFC MFI industry AUM (₹ billion)## | 1,584 |
| NBFC MFI industry GNPA (%) | **1.0%#** |
| Consumer Finance | |
| NBFC Consumer finance industry AUM (₹ billion)^^ | 4,592 |
| NBFC Consumer finance industry GNPA (%) | **6.8%-7.4%^** |

*Note: (*) Simple average of GNPA (Gross Non-Performing Asset) ratio in small business loans and mid-corporate loans*
*(^) Simple average of GNPA ratio in personal loans, gold loans and consumer durable loans*
*(#) PAR (Portfolio at Risk) 91 to 180 Bucket ratio for NBFC-MFIs*
*(**) MSME loans include small business loans and mid-corporate loans*
*(^^) Consumer finance includes personal loans, gold loans and consumer durable loans*
*(##) MFI loans data is for NBFC-MFIs*
*Source: Company reports, RBI, CRISIL MI&A estimates*

Share of loans and advances from secured products remains high for NBFCs




*Source: RBI, CRISIL MI&A; Source: CRISIL MI&A*

**NBFCs have a reasonable market share across segments**

Under-served households and businesses represent a significant proportion of India's population that faces challenges in obtaining credit due to reasons such as a lack of credit history and the inability to provide collateral. Government initiatives such as Pradhan Mantri Jan-Dhan Yojana (PMJDY), Aadhaar, and widespread digitization (referred collectively as the 'JAM Trinity') have expanded the formal financial inclusion for underserved Indian population. Additionally, the widespread availability of affordable data and digital disruption has transformed the financing landscape in India. NBFCs have generally been able to address this opportunity on account of their strong origination skills, extensive reach, better customer service, faster processing, streamlined documentation requirements, digitization of customer on-boarding process, customized product offerings, local knowledge, and differentiated credit appraisal methodology. The rapid evolution of fintechs over the last few years has added another dimension to the market served by NBFCs and has fuelled rapid growth across the landscape.

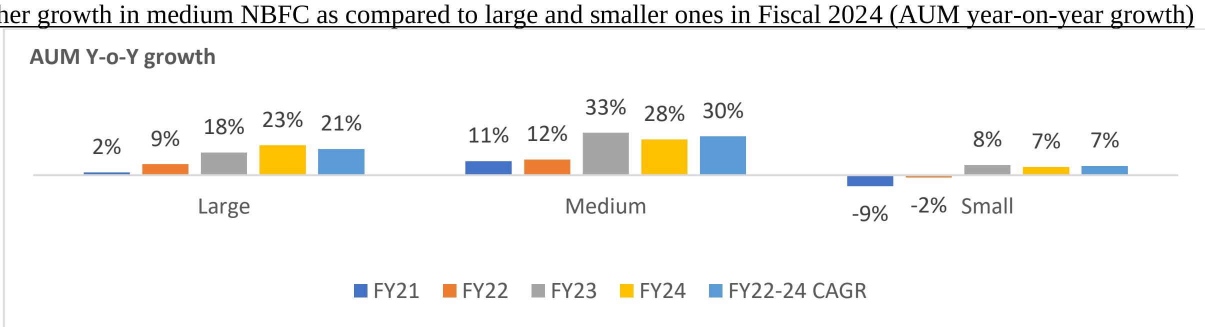
NBFCs have consistently gained or maintained market share across most asset classes over the last few years. Though, in certain segments such as housing finance to prime customers, they have lost market share to banks due to the decline in market interest rates. In the gold loans market, NBFCs slightly lost market share in Fiscal 2022 due to increasing focus of banks (both public and private) towards gold loans as well as RBI permitting banks to offer gold loans at a higher loan-to-value amidst the COVID-19 pandemic. Nevertheless, NBFCs continue to have a healthy market share across other segments.

**Impact of digitization on retail credit**

Digital lending products such as instant loans or online personal loans have completely revolutionised retail credit due to great convenience that it offers to the customers. The underwriting process, while essential for assessing borrowers, can sometimes be time-consuming and reliant on subjective elements. Thus, there is room for improvement in leveraging all available data efficiently. Organizations may find opportunities to streamline the process, making it more agile and resource effective. Lenders are increasingly using their web platforms and creating apps to register, score, approve and disburse loans to their customers. For lenders, digitization has enabled them to make informed decision making through business insight generation and data visualization. Moreover, it has improved lead generation for lenders with faster onboarding of customers, comprehensive loan servicing, and fraud detection. For customers, it has become easier to gather information about different lenders with the help of digitization and compare them. Further, online loan application has made it convenient for borrowers to fill loan applications from remote locations, calculate EMIs, check for eligibility of loan amount and provide all documents digitally which enhances customer experience throughout the process and help them make an informed decision.

Furthermore, the India Stack, a set of APIs and tools that enable the building of digital platforms for various services, has been a game-changer in the retail credit sector. The India Stack includes Aadhaar (for identity verification), e-KYC (for paperless Know Your Customer processes), eSign (for digitally signing documents), and the Unified Payments Interface (UPI) for seamless and instant fund transfers. All of these components have been seamlessly integrated into the digital lending ecosystem, making it easier for lenders to streamline their operations and offer a seamless experience to borrowers. Looking ahead, the digitization of retail credit in India is expected to continue evolving.

Higher growth in medium NBFC as compared to large and smaller ones in Fiscal 2024 (AUM year-on-year growth)

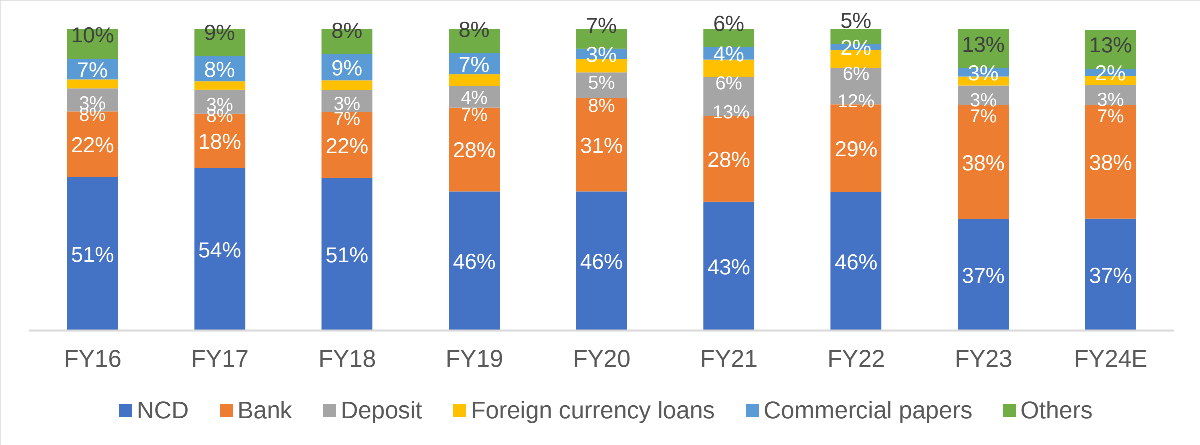



*Note: Data includes data for retail and MSME focused NBFCs*
*Above data includes approximately 73% of total NBFCs credit as of March, 2024*
*Classification of players into large, medium and small is done basis below criteria:*
*For MFIs - Large players have GLP> ₹20,000 million, Medium players have GLP between ₹5,000 and ₹20,000 million, Small players have GLP upto R₹5,000 million*
*For other players - Large players have AUM> ₹50 billion, Medium players have AUM> ₹10 billion, Small players have AUM upto ₹10 billion*
*Source: Company Reports, CRISIL MI&A*

**Banks continue to gain share in borrowing mix of NBFCs**

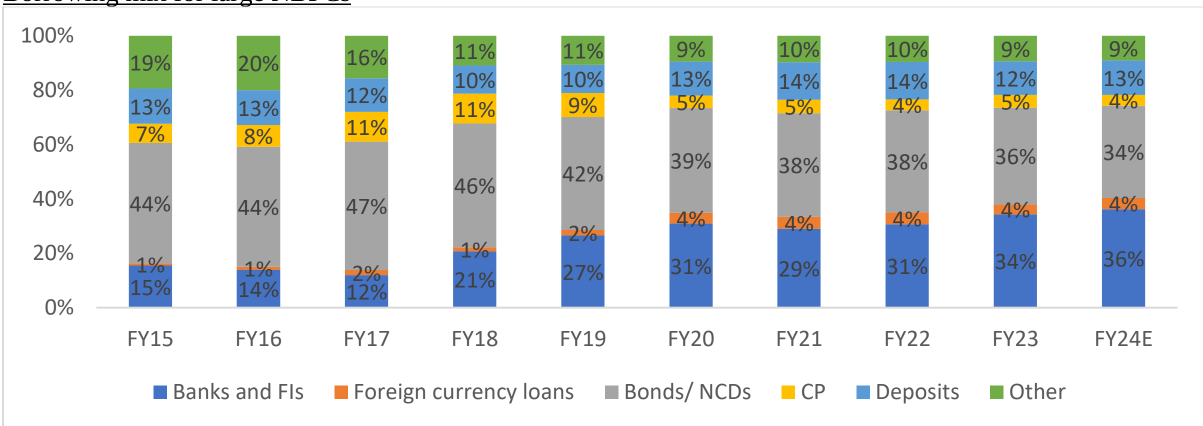
In Fiscal 2024, NBFCs' borrowings from banks witnessed high growth resulting in an increase in share to 38% of total funding up from 29% at the end of Fiscal 2022. Share of bank's lending to NBFCs have almost doubled during last 10 years. Going forward, CRISIL MI&A believes that funding access would gradually improve for NBFCs who are able to demonstrate strong performance and strong parentage. However, reliance on bank funding and funding from other NBFCs and small finance banks is expected to remain high in Fiscal 2025.

<u>Bank borrowings is expected to remain primary source of funds for the NBFCs, apart from negotiable certificate of deposits ("NCDs")</u>



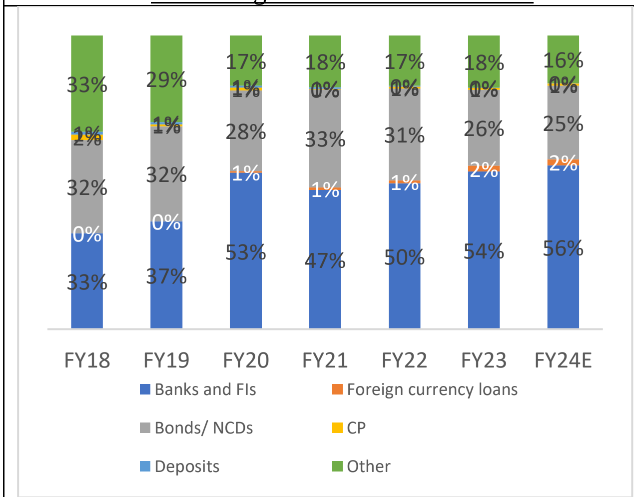

*Note: E - Estimates, FY - Fiscal, Based on sample set of NBFCs accounting for more than 80% of overall borrowings of NBFCs as of March 2024*
*For Fiscal 2024, NCD includes Debt Securities and NCDs*
*Bank includes Banks and National Housing Bank, and Others include Related Parties, Foreign Institutions, External Commercial Borrowings, and other sources*
*Source: Company reports, CRISIL MI&A*

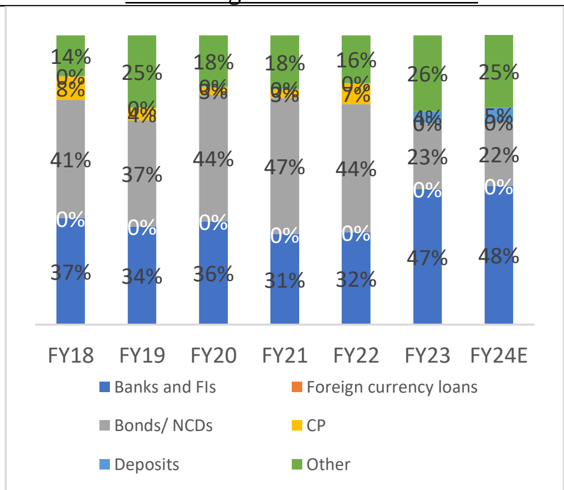
<u>Borrowing mix for large NBFCs</u>




*Note: E - Estimates, FY – Fiscal, MFIs having GLP ₹20,000 million and other non-MFIs players having AUM> ₹50,000 million are classified under large category*
*Source: Company reports, CRISIL MI&A*

| <u>Borrowing mix for medium NBFCs</u> | <u>Borrowing mix for small NBFCs</u> |
|---|---|

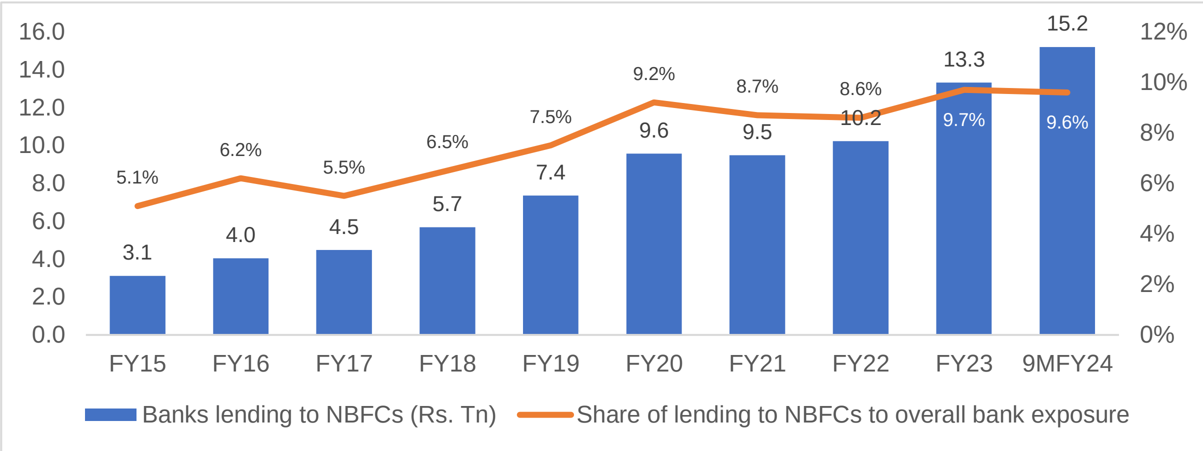



*Note: E - Estimates, FY – Fiscal, MFIs having GLP between ₹5,000 million and ₹20,000 million and other non-MFIs players having AUM> ₹10,000 million are classified under medium category, MFIs having GLP upto ₹5,000 million and other non-MFIs players having AUM upto ₹10,000 million are classified under small category*
*Source: Company reports, CRISIL MI&A*

Going forward, bank funding to NBFCs is expected to continue to remain healthy, given the higher liquidity with banks. This will result in banks gaining further share in the borrowing mix across all NBFCs.

Bank funding to NBFCs continues to clock healthy growth




*Source: RBI, Company reports, CRISIL MI&A*

Growth in the banks' credit exposure to NBFCs grew at 14.28% from March 2023 to December 2023. The share of NBFCs in the overall credit exposure is at 9.6% as of December 2023.

Asset quality improved on account of efficiency in collection process and improvement in economic activity in Fiscal 2023

Asset quality for NBFCs is influenced by various factors such as economic cycle, target customer segment, geographical exposure, and local events. Within the NBFC universe itself, it is observed that various asset classes tend to exhibit heterogeneous behaviour. For example, the asset quality in small business loans and personal loans tends to be highly correlated with the macroeconomic environment. On the other hand, microfinance loans have shown lower historic correlation with macroeconomic cycles. This is because asset quality is more influenced by local factors, events that have wide ranging repercussions such as demonetisation and COVID-19 and relative leverage levels amongst borrowers.

Prior to Fiscal 2018, smaller NBFCs were aggressively expanding in terms of both market penetration and lending across asset classes, which led to rising asset quality concerns. The proportion of standard assets declined, as slippages to sub-standard category increased. After the NBFC crisis in Fiscal 2019, smaller NBFCs slowed down their lending activity and focused on improving their asset quality and shifting to retail segments that are less risky. In Fiscal 2020, doubtful assets for NBFCs registered a marginal uptick due to funding challenges and slower credit growth. However, efforts were made by NBFCs to clean up their balance sheets, as reflected in their write off and recovery ratios, which caused the NNPA (Net Non-Performing Asset) to remain stable, and the PCR (Provisioning Coverage Ratio) to improve.

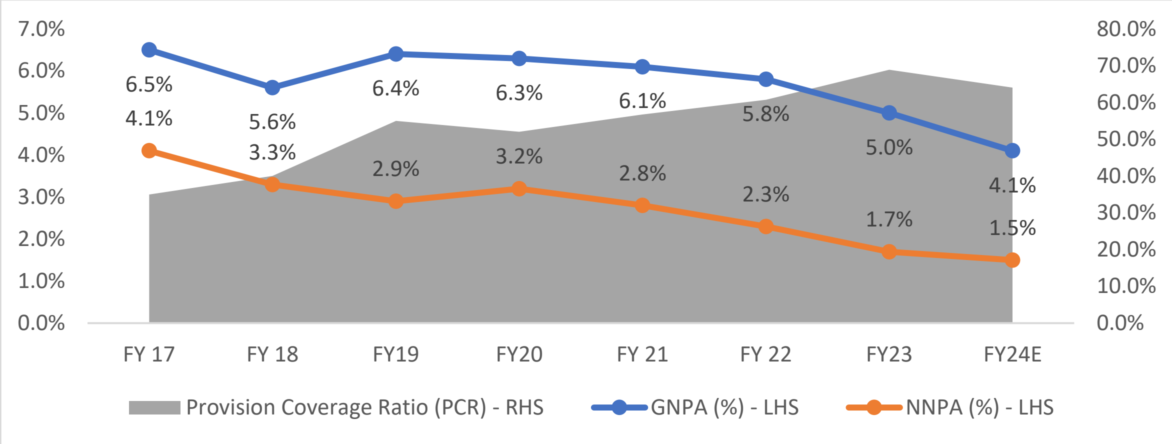
In Fiscal 2021, the proportion of doubtful and loss assets increased, largely driven by infrastructure and wholesale finance. In addition to funding challenges faced by the sector along with slower credit growth, COVID-19 escalated asset quality deterioration further owing to restricted movement, which affected collections. Moratorium and restructuring schemes announced by the Government came as an interim relief for the sector and delayed the asset quality concerns for some time. However, with the NPA standstill provision lifted in August 2020, gross NPAs ("**GNPAs**") in segments such as auto, microfinance and MSME spiked as of March 2021.

Further, the second wave of COVID-19 adversely affected the fragile recovery witnessed in the fourth quarter of Fiscal 2021 and affected collection efficiencies across asset classes in the first quarter of Fiscal 2022. However, the impact was not as severe as in the first wave, and players across segments reported improvement in GNPAs from the second quarter.

In November 2021, the RBI gave a clarification to the 'Prudential norms on Income Recognition, Asset classification and Provisioning pertaining to Advances', which requires the NBFCs to recognise NPAs on a daily due basis as part of their day-end process which is expected to lead to higher GNPA. Typically, the NBFCs ramp up their collection activity between due-date and month-end, leading to lower dues by the end of month. This flexibility will no longer be available to the NBFCs which could cause some proportion of loans in the 60–90-day period category to slip into >90 days period category. In addition to the end of the day recognition, the RBI has also clarified that upgradation of an account from NPA to standard category can only be done after all over-dues are cleared (principal along with interest), resulting in a borrower slipping into the NPA category to remain in the same category for longer time compared to the past. Hence, NBFC GNPAs increased in third quarter of Fiscal 2022 due to adherence to the said RBI clarifications. But with NBFCs bolstering their collection efforts and processes, and improvement in economic activity, as of Fiscal 2023, asset quality of NBFCs further improved on account of strong economic activity and improved collection efficiency and in fiscal 2024, collection efficiency is expected to have hold up well, resulting in further easing of gross non-performing assets (GNPAs). CRISIL MI&A estimates GNPAs for NBFCs to have reduced significantly at the end of Fiscal 2024.

As of fiscal 2024, Northern Arc Capital has one of the lowest gross non-performing assets ("**GNPAs**") of 0.45% and net non-performing assets ("**NPAs**") of 0.08%.

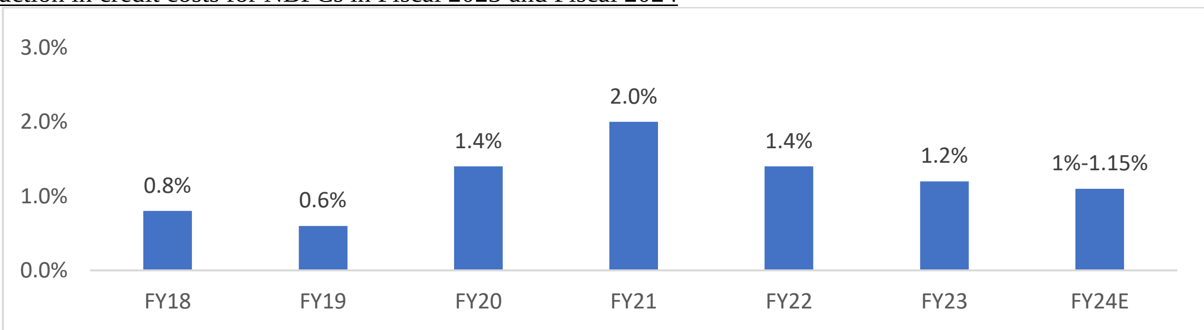
NBFCs' gross non-performing asset ("GNPA") ratio improved significantly at the end of Fiscal 2024




*Note: E – Estimated; GNPA - Gross Non-Performing Assets as per cent of Gross Advances; NNPA – Net Non-Performing Assets as per cent of Net Advances; Provisioning Coverage Ratio (PCR) is the ratio of provisioning to gross non-performing assets*
*Source: RBI, CRISIL MI&A*

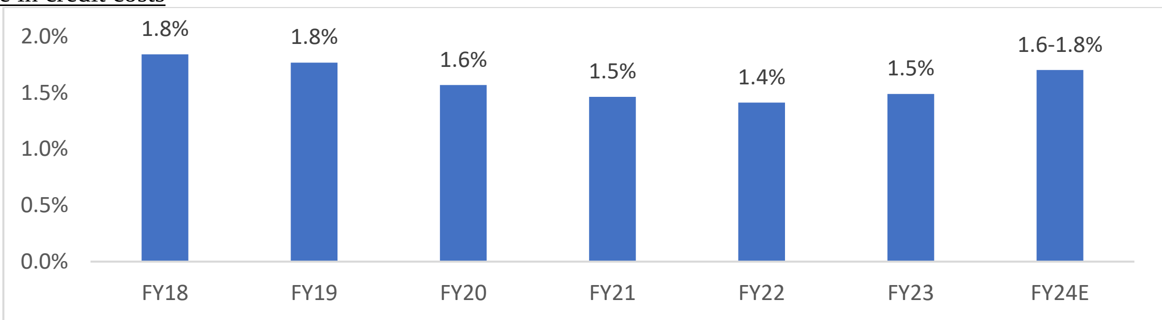
**Profitability ratios of NBFCs**

Reduction in credit costs for NBFCs in Fiscal 2023 and Fiscal 2024



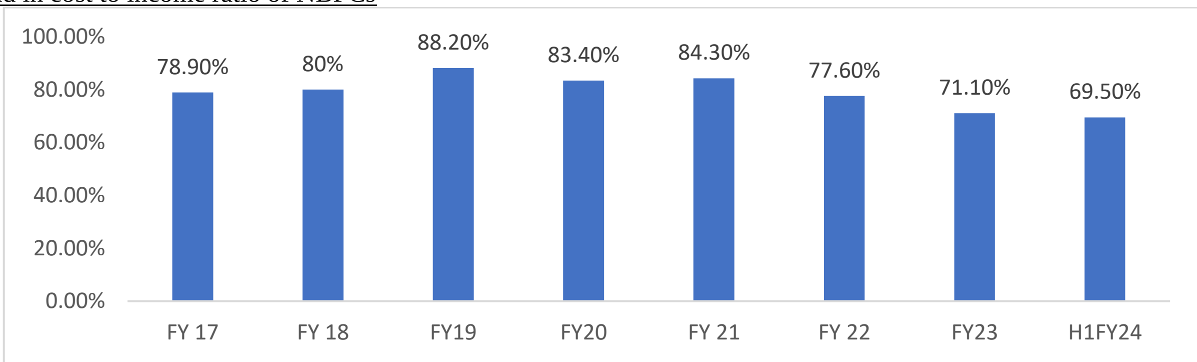

*Note: E – Estimated*
*Source: RBI, CRISIL MI&A*

Profitability (RoA) rebounded in Fiscal 2023 and Fiscal 2024 after continuous decline till Fiscal 2022 on account of decline in credit costs




*Note: E – Estimated; P – Projected*
*Source: CRISIL MI&A*

Trend in cost to income ratio of NBFCs



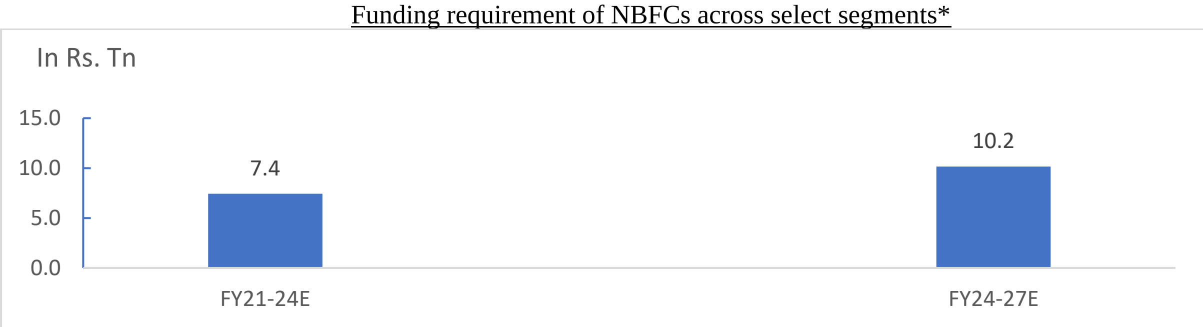

*Source: RBI, CRISIL MI&A*

**NBFCs will need incremental funding of over Rs 7.47 trillion for future growth**

During Fiscal 2021 to Fiscal 2024, NBFCs have increased their loan portfolio in key segments like low- and middle-income housing loans, MFI, commercial vehicle loans, two-wheeler loans, small business loans and personal loans and have raised ₹7.4 trillion to achieve the strong growth.

Based on the projected growth in loans, their profitability and leverage levels, CRISIL estimate that NBFCs will require funds to the tune of around ₹10.2 trillion during Fiscal 2025 to Fiscal 2027, which will get financed through a mix of equity, debt, and securitization. While the sector has witnessed increase in credit cost on account of COVID-19 in the last couple of years, however, segments have stabilised as economic activity resumed and therefore, CRISIL expect investor interest to continue to stay strong for NBFCs who are able to demonstrate strong performance and have in place the requisite systems, processes, and governance mechanisms as also management bandwidth and quality.

Funding requirement of NBFCs across select segments*




*Note: E - Estimates, FY – Fiscal, (*) Select segments includes – low- and middle-income housing loans (ticket size lesser than ₹7.5 million in metro regions and ₹5.0 million in non-metro regions), MFI, commercial vehicle loans, two-wheeler loans, small business loans (less than ₹10 million ticket size) and personal loans*
*Source: CRISIL MI&A estimates*

**Securitisation asset pool getting wider with emergence of newer asset classes**

Mortgages share has reduced over the course on account of non-participation of few large mortgage loan originators who were active participants previously. Covered bonds, a structured finance product, involving primary recourse to the issuer with additional recourse to a pool of assets segregated from the issuer's balance sheet, drew investor attention in Fiscal 2021. Some of these issuances were in the form of market-linked debentures, an innovation that provided flexibility to link instrument yield to an external benchmark. Many of these issuances were invested in by HNIs (High Net Worth Individuals) and family wealth offices. Relatively newer asset classes, such as car-lease and supply-chain receivables, were also seen getting securitised last fiscal.

While traditional asset classes like mortgage loans, commercial vehicle loans, construction equipment loans and micro finance loans continue to dominate the structured finance space, the market has also seen noticeable innovation over the past few years with new structures being introduced that has helped expand the market. Some of the innovations include Multi Originator Securitisations, pooled loan issuance and partial credit enhanced bond. These products provide benefits to both investors and originators by meeting the market requirements in terms of yield, tenure or risk.

Some of the innovations that have taken place in the market over the last few years are detailed in the table below:

| Period | Transaction name | Remark |
|---|---|---|
| **March 2009** | IFMR Trust Pioneer I | Northern Arc enabled first microfinance securitisation in India |
| **Jan 2010** | IFMR Capital MOSEC I | Northern Arc launched India's first pooled multi-originator securitization transactions (MOSEC) |
| **April 2014** | Pooled NCD programme of eleven Issuers[1] by corporate guarantors[2] | India's first pooled bond issuance product was launched |
| **June 2017** | IFMR Capital PLI June 2017 | Northern Arc launched India's first pooled loan issuance product |
| **Sept 2017** | Solstice Trust Series I 2017 | Northern Arc executed India's first Collateralised Loan Obligation (CLO) transaction |
| **Dec 2017** | IFMR Capital CEB I | Northern Arc executed India's first single issuer partial credit enhanced bond |
| **Dec 2018** | Northern Arc 2018 CV PERSEC Aurora | Northern Arc executed India's first vehicle loan backed securitisation transaction with replenishing structure (persistent securitisation) |
| **Jan 2019** | Kogta Financial India Limited* | Northern Arc executed India's first issuance of dual-recourse debentures |
| **April 2020** | Northern Arc SDI Falcon 2019 (CredAble) | Northern Arc executed India's first securitisation transaction involving trade receivables |
| **March 2021** | NA | Northern Arc executed the first offshore pool bond issuance with an international DFI under their COVID-19 response program |
| **Dec 2022** | Nimbus 2022 TR Eagle | Northern Arc executed a trade receivable securitisation transaction |
| **Oct 2023** | Navi Finserv Limited* | Northern Arc co-invested with a foreign bank in a AAA securitisation paper, where it achieved the highest rating on the underlying pool belonging to the unsecured personal loan category for the digital lender. Northern Arc was also a back-up servicer in this transaction. |

**Opportunities in partnership-based lending**

Partnership based lending ("**PBL**"), or Co-lending model ("**CLM**") refers to an arrangement between two parties wherein one of the parties agrees to take over a larger proportion of the loan (usually 80% in PBL and 100% in case of loans originated by business correspondents) originated by another party on its books, with the originator taking on the remaining (usually 20% in PBL) on its books. The collections and all the other activities pertaining to the loan are generally done by the originator. Mid and large sized NBFCs and a few banks as well have been undertaking lending through PBL for the last 3-4 years now by leveraging on the distribution, customer segment understanding and/or digital sourcing capabilities of smaller NBFCs and fintechs. The focus in the case of banks is largely to meet their PSL target, while mid and large sized NBFCs aim at earning higher risk-adjusted yields through PBL. This model allows smaller NBFCs and fintechs to cater to a larger customer base with lesser capital by leveraging the larger balance sheet of their partners. Backed by a strong understanding of retail lending processes and the performance of retail loans, Northern Arc Capital initiated partnership-based retail lending in Fiscal 2015 and they were also one of the first NBFCs to implement such a model in India.

<u>PBL model to enhance business opportunities for NBFCs</u>

Some of the key highlights of co-lending norms are:

- The co-lending banks are expected to take their share of the individual loans on a back-to-back basis in their books. However, NBFCs shall be required to retain a minimum of 20% share of the individual loans on their books.
- The banks and NBFCs shall formulate Board approved policies for entering into CLM and place the approved policies on their websites.

[1] Name of 11 issuers - Annapurna Microfinance Private Ltd. (AMPL), Asirvad Microfinance Private Ltd. (Asirvad), Arohan Financial Services Private Ltd. (Arohan), Disha Microfin Private Ltd. (Disha), Future Financial Servicess Ltd. (FFSL), India School Finance Company Private Ltd. (ISFC), Intrepid Finance and Leasing Private Ltd. (Fino), Pahal Financial Services Private Ltd. (Pahal), Suryoday Micro Finance Private Ltd. (Suryoday), SV Credit Line Private Ltd. (SVCL) and Svasti Microfinance Private Ltd. (Svasti)

[2] Corporate Guarantors - Reliance Capital Limited (RCL) and IFMR Capital Finance Private Limited (IFMR)

- The master agreement may provide for the banks to either mandatorily take their share of the individual loans originated by the NBFCs in their books as per the terms of the agreement, or to retain the discretion to reject certain loans after their due diligence prior to taking in their books.
- The CLM shall not be applicable to foreign banks with less than 20 branches.

Various models available with banks to engage with NBFCs to meet the PSL targets

| Priority Sector Lending Certificates (PSLC) | Securitisation | Business Correspondent (BC) | Co-Lending |
|---|---|---|---|
| No operational and underwriting risks are involved, as the underlying asset, along with the risks and rewards, is held by the issuer | It requires an understanding of the market and the instrument, as there is a transfer of underlying receivables, including risks and rewards | It enables banks to take exposure across multiple regions and explore newer geographies | It enables banks to take exposure with partner NBFCs |
| No mark-to-market ("**MTM**") and capital requirement | MTM and capital requirement | No MTM, but requires capital | No MTM, but requires capital |
| No impact on the banks' book sizes | Helps banks increase their book sizes | Helps banks increase their book sizes | Helps banks increase their book sizes |
| Has a life cycle only for a particular financial year | It involves large ticket size and have a longer life cycle of around 3-4 years | Involves tie ups with BCs like NBFCs to manage business for longer run | Involves partnership with NBFCs for Co-lending for PSL and non-PSL loans |
| Involves no credit risk | Credit enhancement is available in case of Pass-through certificates ("**PTCs**") | Involves a hurdle rate or initial loss-sharing | Involves an agreement in which a partner must maintain minimum 20% of the loan on their book |
| Yields are not relevant | Yields are relatively lower, as originators bargain with various banks for better pricing | Yields are comparatively higher | Yields are comparatively higher |
| A clear classification of assets for buyers | Risk of RBI questioning the classification of assets | Risk of RBI questioning the classification of assets | Policy to be guided by the RBI guidelines |
| Availability of certificates can be an issue | Application of GST (18%) could be a dampener, as it increases the cost, thus impacting volume | Difficult for both parties to exit, as it can impact the overall portfolio | Difficult for both parties to exit, as a master agreement shall be formed with the partner |

*Source: CRISIL MI&A*

**Future partnership-based lending model market opportunity**

Currently, the PBL or co-origination model is largely being used for small ticket size products like MSME loans, consumer finance, gold loans and vehicle loans in the industry. However, with RBI putting in place a framework for co-lending and several NBFCs facing challenges in accessing capital, players are now also focusing on longer tenure and relatively higher ticket size loans like housing finance and loan against property.

Co-lending assets under management (AUM) of non-banking financial companies*1* (NBFCs) is nearing ~Rs 1 lakh crore in fiscal 2024 after more than 5 years since the model came into being. Over the medium term, growth momentum is seen healthy at 35-40% annually, amidst rising interests of partners - NBFCs as well as banks.

Some of the key growth drivers for co-lending market are:

- **Operational leverage –** CLM is operationally convenient for both partners as it enables partners to offer multiple products to customers which are not otherwise present in their current portfolio, thus providing diversification to the portfolio without having a separate operational setup for each product. Co-lending thus enhances operating leverage for financiers as it enables them to increase lending with existing infrastructure and resources.
- **Capital optimisation** – Entering into CLM allows smaller NBFCs to cater to a larger customer base with lesser capital by leveraging the larger balance sheet of their partners. Such NBFCs can leverage their origination skills and expertise in assessing specific customer segments while at the same time conserving their capital.

Key Challenges in the NBFC sector in India:

- Access to low-cost funds: NBFCs often find it challenging to access low-cost funds compared to banks, which can impact their profitability and ability to lend at competitive rates.
- Asset-Liability Mismatches: NBFCs need to carefully manage their asset-liability mismatches, as they have a higher reliance on short-term borrowings to fund long-term assets, making them vulnerable to liquidity crunches.
- Regulatory oversight: NBFCs are subject to increasing regulatory oversight and compliance requirements, which can add operational complexity and costs.
- Competition from banks: NBFCs face stiff competition from banks, which have larger balance sheets, access to low-cost deposits, and the ability to offer a wider range of financial services.
- Risk management challenges: NBFCs need to have robust risk management frameworks to manage credit, market, and operational risks, which can be a challenge, especially for smaller NBFCs.
- Technological adoption: Keeping up with the rapid technological advancements in the financial sector, such as digitalization and fintech innovations, can be a challenge for some NBFCs.
- Reputation risk: Any adverse events or regulatory actions against NBFCs can lead to a loss of consumer confidence, which can negatively impact their business and growth.

**Peer Analysis**

In this section, CRISIL MI&A has compared the financial and operating performances of MSME, MFI and Diversified NBFCs on standalone financials along with consolidated financials for Northern Arc Capital based on the latest available data for Fiscals 2022, 2023 and Fiscal 2024. Five Star Business, SBFC Finance, Credit Access Grameen, Fusion Microfinance, Bajaj Finance, Cholamandalam, Poonawalla Fincorp and MAS Financial Services are the players considered for peer analysis basis their comparability with Northern Arc Capital in terms of operation and presence in various segments.

**AUM of MSME players among the peer have witnessed strongest CAGR between Fiscal 2022 to Fiscal 2024**

Northern Arc Capital is one of the leading players amongst India's diversified NBFCs in terms of AUM as of March 31, 2024, with a business model diversified across offerings, sectors, products, geographies, and borrower segments. Among the peer group considered for peer analysis, MSME players on average grew at a CAGR of 41.18% between Fiscal 2022 to Fiscal 2024 as compared to 36.86% of MFI players and 31.39% of diversified players among the peer group during the same period in terms of AUM. Northern Arc Capital has grown with CAGR of 28.35% between Fiscal 2022 to Fiscal 2024 in terms of AUM.

Player-wise AUM trend and growth

| Players | Asset Under Management (AUM) (₹ Billion) | | | CAGR (Fiscal 2022-2024) |
|---|---|---|---|---|
| | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | |
| **MSME** | | | | |
| Five Star Business Finance Limited | 50.7 | 69.1 | 96.4 | 37.90% |
| SBFC Finance Private Limited | 31.9 | 49.4 | 68.2 | 46.24% |
| **MFI** | | | | |
| Credit Access Grameen Limited | 137.3 | 210.3 | 267.1 | 39.49% |
| Fusion Microfinance Private Limited | 66.5 | 93.0 | 114.8 | 31.37% |
| **Diversified** | | | | |
| Bajaj Finance Limited | 1,467.4 | 1,810.0 | 2,448.3 | 29.17% |
| Cholamandalam Investment and Finance Company Limited | 769.1 | 1,065.0 | 1,455.7 | 37.58% |
| Poonawala Fincorp Limited | 165.8 | 161.4 | 250.0 | 22.80% |
| MAS Financial Services Limited | 62.5 | 80.9 | 101.3 | 27.29% |
| **Summary** | | | | |
| Total of MSME Lenders | 82.6 | 118.6 | 164.6 | 41.18% |
| Total of MFI Lenders | 203.9 | 303.3 | 381.9 | 36.86% |
| Total of Diversified Lenders | 2,464.8 | 3,117.3 | 4,255.3 | 31.39% |
| Total of all the above lenders | 2,751.2 | 3,539.2 | 4,801.8 | 32.11% |

| Players | Asset Under Management (AUM) (₹ Billion) | | | CAGR (Fiscal 2022-2024) |
|---|---|---|---|---|
| | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | |
| **Northern Arc Capital** | **71.1** | **90.1** | **117.1** | **28.35%** |

*Note: NA - Not Available, NM - Not Meaningful, Financials for peers are on standalone basis. Data for Northern Arc Capital is on consolidated basis*
*Source: Company reports, CRISIL MI&A*

**Northern Arc Capital has one of the lowest GNPA and NNPA in Fiscal 2024 amongst the compared peers**

As of Fiscal 2024, Northern Arc Capital has the lowest GNPA at 0.45% followed by Bajaj Finance (1.05%) among peers. As of Fiscal 2024, Northern Arc has the lowest NNPA among peer at 0.08% followed by Credit Access Grameen (0.35%). In terms of credit cost, Poonawala Fincorp has lowest credit cost as of Fiscal 2024 among the peer for which data is available at 0.35% followed by Five Star Business (0.55%). Northern Arc Capital has credit cost of 0.47% as of fiscal 2023 and credit cost of 1.18% as of fiscal 2024. Further, Northern Arc Capital has one of the lowest Industry-wide credit costs amongst diversified NBFCs in India, as of March 31, 2024.

Asset quality trend

| | GNPA (%) | | | NNPA (%) | | | Credit cost (%)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
| MSME | | | | | | | | | |
| Five Star Business Finance Limited | 1.05% | 1.36% | 1.38% | 0.68% | 0.69% | 0.63% | NA | 0.28% | 0.55% |
| SBFC Finance Limited | 2.74% | 2.43% | 2.43% | 1.63% | 1.41% | 1.36% | NA | NA | 0.73% |
| MFI | | | | | | | | | |
| Credit Access Grameen Limited | 3.12% | 1.21% | 1.18% | 0.94% | 0.35% | 0.35% | 3.45% | 2.45% | 1.84% |
| Fusion Microfinance Private Limited | 5.70% | 3.46% | 2.89% | 1.60% | 0.87% | 0.60% | NA | 2.41% | 3.47% |
| Diversified | | | | | | | | | |
| Bajaj Finance Limited | 2.02% | 1.19% | 1.05% | 0.85% | 0.43% | 0.46% | NA | NA | NA |
| Cholamandalam Investment and Finance Company Limited | 6.80% | 4.60% | 3.54% | 4.70% | 3.10% | 2.32% | 1.15% | 0.88% | 0.98% |
| Poonawala Fincorp Limited | 3.29% | 1.44% | 1.16% | 1.30% | 0.78% | 0.59% | NA | -0.97% | 0.35% |
| MAS Financial Services Limited | 2.28% | 2.15% | 2.25% | 1.70% | 1.52% | 1.51% | 0.62% | 0.75% | 1.07% |
| Summary | | | | | | | | | |
| Average of MSME lenders | 1.90% | 1.90% | 1.91% | 1.16% | 1.05% | 1.00% | NA | NA | 0.64% |
| Average of MFI lenders | 4.41% | 2.34% | 2.04% | 1.27% | 0.61% | 0.48% | NA | 2.43% | 2.66% |
| Average of Diversified lenders | 3.60% | 2.35% | 2.00% | 2.14% | 1.46% | 1.22% | NA | 0.22%# | 0.80%# |
| Average of all the above lenders | 3.38% | 2.23% | 1.99% | 1.68% | 1.14% | 0.98% | NA | NA | NA |
| **Northern Arc Capital** | **0.50%** | **0.77%** | **0.45%** | **0.21%** | **0.40%** | **0.08%** | **0.55%** | **0.47%** | **1.18%** |

*Note: NA - Not available; Financials for peers are on standalone basis. Data for Northern Arc Capital is on consolidated basis*
*(*) Credit cost - Provisioning / Average quarterly total assets; Average total assets is calculated based on quarterly average i.e. 5-point average for Fiscal 2022, Fiscal 2023 and Fiscal 2024.*
*(#) Average excluding Bajaj Finance*
*Source: Company reports, CRISIL MI&A*

**Poonawala Fincorp has the highest Return on Assets ("RoA") in fiscal 2024 amongst peers for which data is available**

Poonawala Fincorp has the highest RoA (%) of 10.02% as of fiscal 2024 followed by Five Star Business (8.37%). Northern Arc Capital has RoA (%) of 2.73% as of fiscal 2023 and RoA (%) of 2.97% as of fiscal 2024.

Profitability trend

| Players | Return on Asset (%)* | | |
|---|---|---|---|
| | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
| Five Star Business Finance Limited | NA | 8.48% | 8.37% |
| SBFC Finance Limited | NA | NA | 3.68% |

| Players | Return on Asset (%)* | | |
|---|---|---|---|
| | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
| Credit Access Grameen Limited | 2.93% | 5.06% | 5.88% |
| Fusion Microfinance Private Limited | NA | 4.66% | 4.81% |
| Bajaj Finance Limited | NA | NA | NA |
| Cholamandalam Investment and Finance Company Limited | 2.80% | 2.77% | 2.53% |
| Poonawala Fincorp Limited | NA | 3.92% | 10.02% |
| MAS Financial Services Limited | 2.85% | 2.84% | 2.95% |
| Northern Arc Capital[#] | 2.60% | 2.73% | 2.97% |

*Note: NA - Not available; Financials for peers are on standalone basis. Data for Northern Arc Capital is on consolidated basis*
*(*) Return on Assets - PAT / Average quarterly total assets; Average total assets is calculated based on quarterly average i.e. 5-point average for Fiscal 2022, Fiscal 2023 and Fiscal 2024.*
*([#]) Profit after tax/ period attributable to Equity holders of the parent is considered as a proportion of average quarterly total assets*
*Source: Company reports, CRISIL MI&A*

### List of formulae and definition

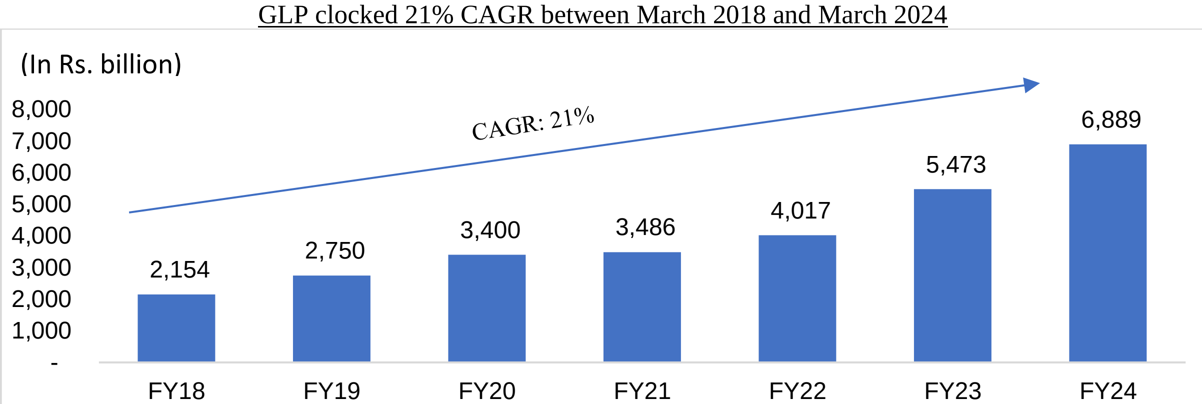
| Parameter | Formulae |
|---|---|
| **AUM** | Asset Under Management as reported in the company disclosures |
| **GNPA** | Gross Stage 3 assets / Gross loans and investments (%) as reported in the company disclosures |
| **NNPA** | Net NPAs to net advances (%) as reported in the company disclosures |
| **Credit cost** | Provisioning / Average quarterly total assets |
| **RoA** | PAT / Average quarterly total assets |

## Microfinance Industry

### Industry GLP has surged at 21% CAGR between Fiscal 2018 and Fiscal 2024

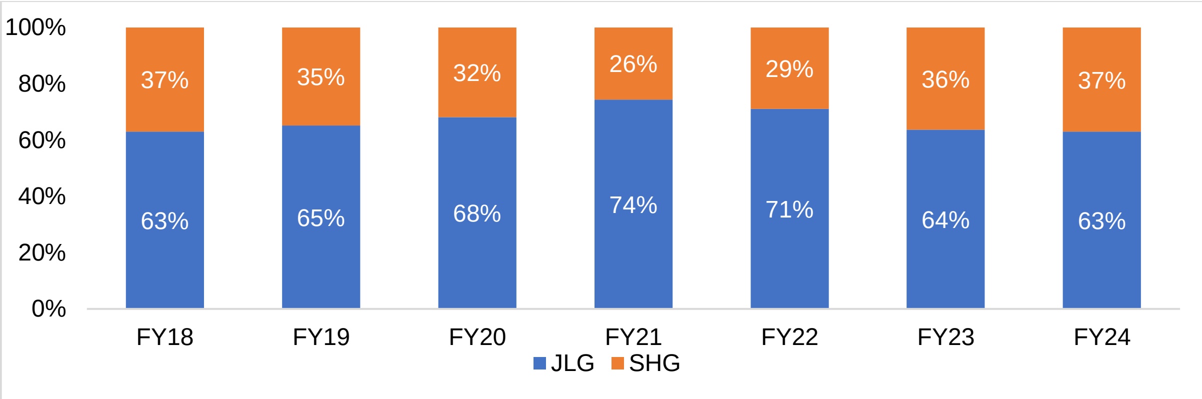
In Fiscal 2024, the overall microfinance industry portfolio outstanding grew 26% on-year to ₹6,889 billion. Going forward, the overall microfinance industry is expected to see strong growth on back of the government's continued focus on strengthening the rural financial ecosystem, strong credit demand, and higher ticket sized loans disbursed by microfinance lenders.

GLP clocked 21% CAGR between March 2018 and March 2024




*Note: Data includes data for Banks lending through Self Help Group (SHG) and joint liability group (JLG), Small Finance Banks (SFBs), NBFC-MFIs, other NBFCs and non-profit MFIs*
*Source: MFIN, CRISIL MI&A*

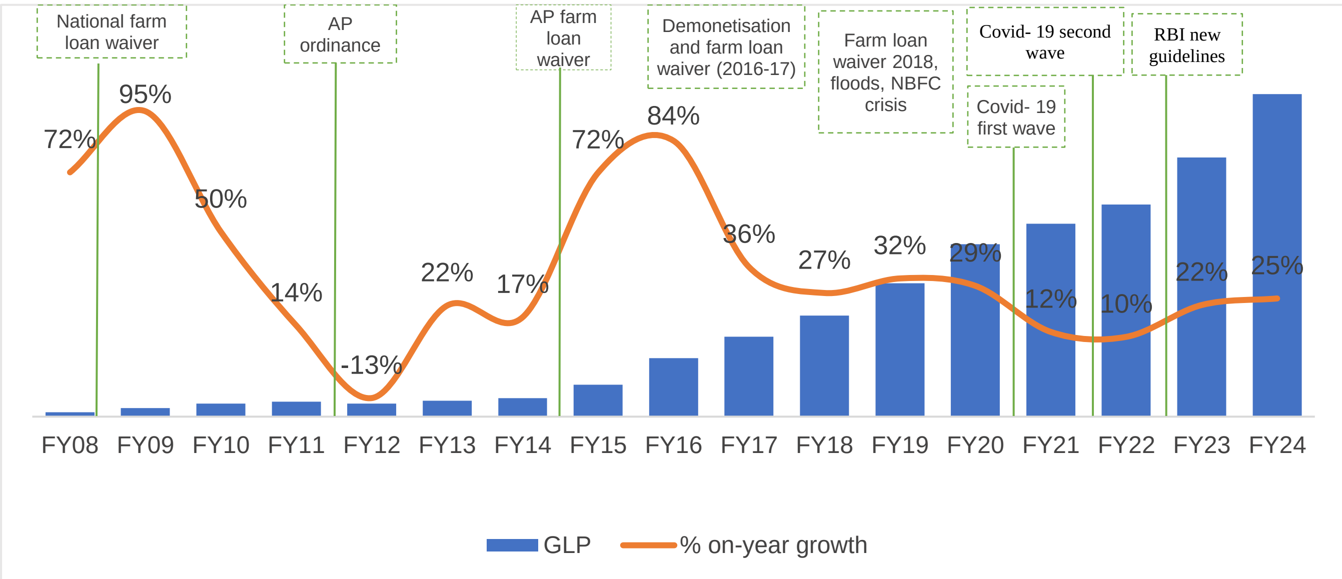
SHG has been regaining market share in microfinance gross loan portfolio since Fiscal 2022




*Note: SHG data includes data for Banks lending through SHG and MFI data includes data for Banks lending through joint liability group (JLG), Small Finance Banks (SFBs), NBFC-MFIs, other NBFCs and non-profit MFIs*
*Source: MFIN, CRISIL MI&A*

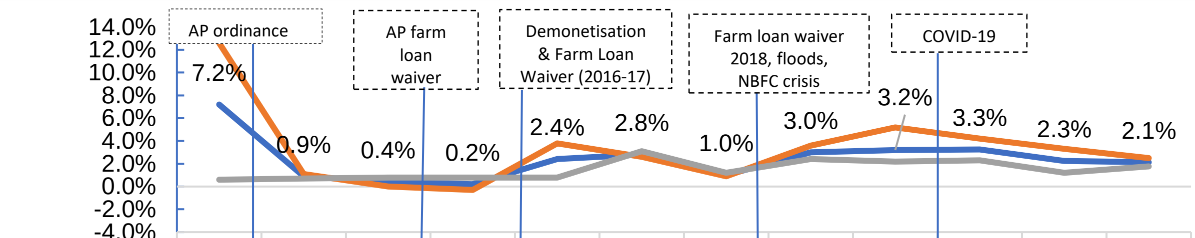
**MFI Industry has witnessed robust growth despite challenges and changing landscape**

<u>MFI industry has shown resilience over the past decade</u>




*Note: Data includes data for Banks lending through joint liability group (JLG), Small Finance Banks (SFBs), NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for Banks lending through SHG*
*The amounts are as at the end of Fiscal Year*
*Source: MFIN, CRISIL MI&A*

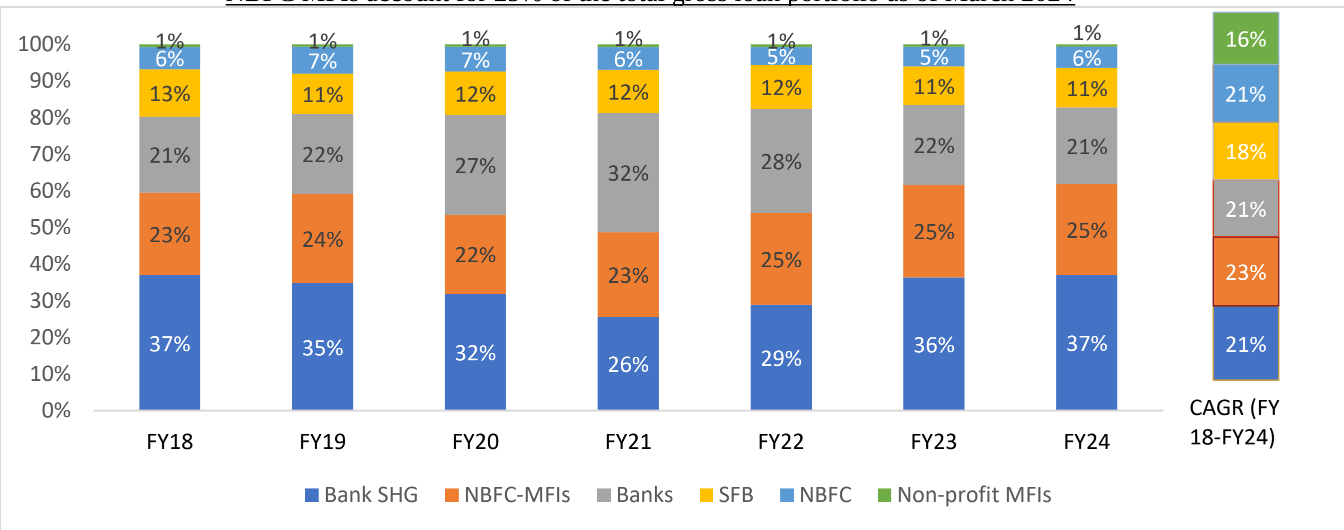
<u>Credit costs for microfinance industry across various events</u>




| | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Overall | 7.2% | 0.9% | 0.4% | 0.2% | 2.4% | 2.8% | 1.0% | 3.0% | 3.2% | 3.3% | 2.3% | 2.1% |
| MFIs | 12.6% | 1.1% | 0.0% | -0.3% | 3.8% | 2.6% | 0.9% | 3.6% | 5.2% | 4.2% | 3.3% | 2.5% |
| SFBs | 0.6% | 0.7% | 0.8% | 0.8% | 0.8% | 3.1% | 1.2% | 2.4% | 2.2% | 2.3% | 1.2% | 1.8% |

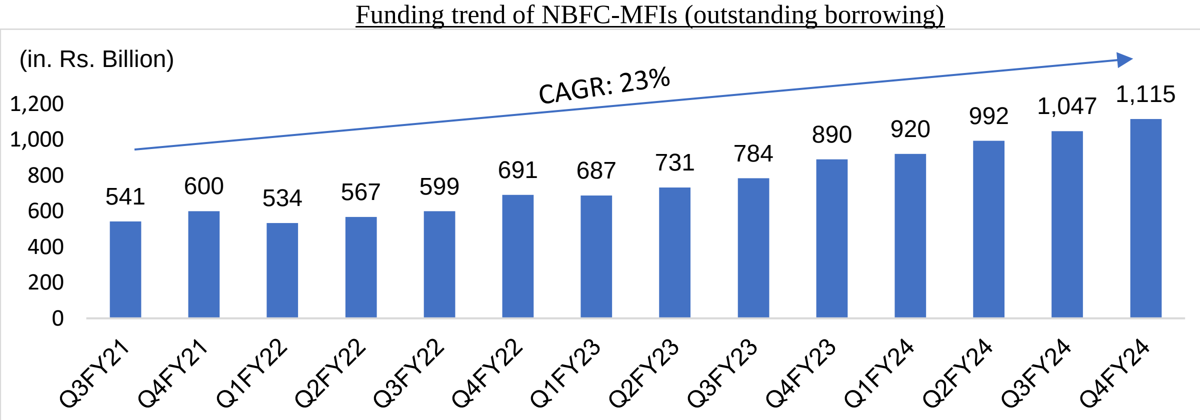
*Note: FY – Fiscal, Data includes data for 12 MFIs (includes NBFC MFIs) and eight SFBs which constitute more than 80% of Industry Jana SFB, North East SFB and Shivalik SFB has been excluded from analysis*
*Source: Company Reports, CRISIL MI&A*

NBFC MFIs account for 25% of the total gross loan portfolio as of March 2024




*Note: FY- Fiscal, Data includes data for banks SHG, bank JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs.*
*Source: CRISIL MI&A, Industry*

Funding trend of NBFC-MFIs (outstanding borrowing)

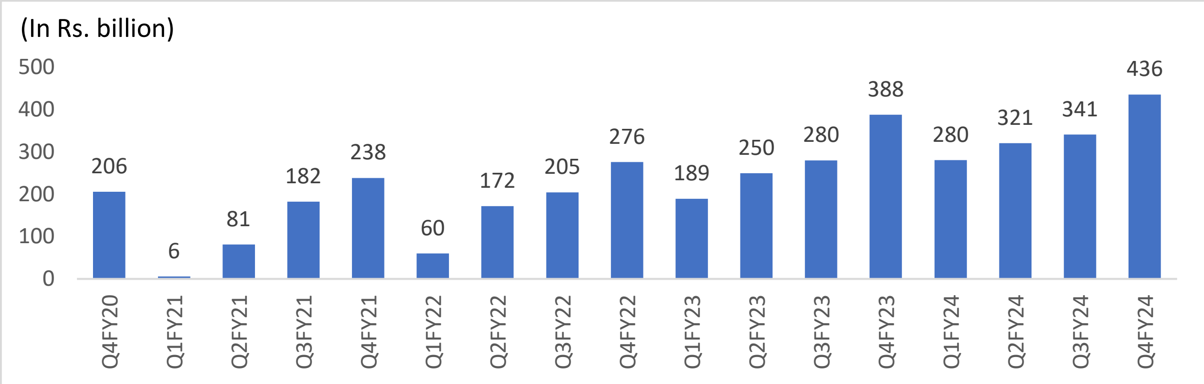



*Note: Data includes only NBFC-MFIs*
*Source: MFIN, CRISIL MI&A*

**NBFC-MFIs' disbursements grew 24% in Fiscal 2024 as Q4FY24 witnessed highest disbursements since Fiscal 2020**

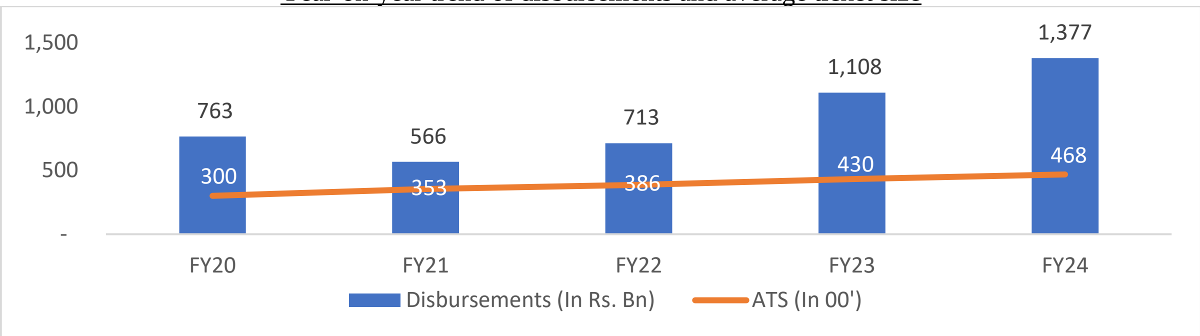
Fiscal 2024 continued witnessing strong growth in the disbursements of NBFC-MFIs at 24% to reach ₹1,377 billion. The growth was supported by increase in the number of clients by 19.4% on-year in Fiscal 2024 as well as increase in branch network. Moreover, growth was further supported by rise in rural economic activities, improved collection efficiency, implementation of the RBI's new regulatory framework, increased penetration and bigger average ticket size of disbursement.

NBFC-MFIs reported highest disbursements in Q4FY24 at Rs. 436 billion since Fiscal 2020




*Note: FY - Fiscal, Data includes NBFC MFI players*
*Source: MFIN, CRISIL MI&A*

Year-on-year trend of disbursements and average ticket size

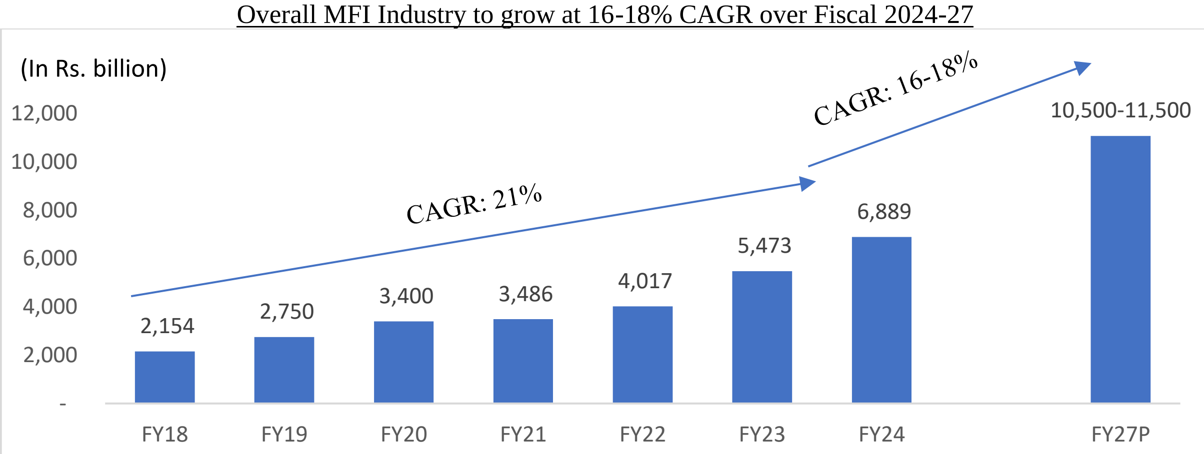



*Note: FY - Fiscal, Data of 49 NBFC-MFIs has been considered who are members of MFIN as of 31st March , 2024*
*Source: MFIN, CRISIL MI&A*

**Rising penetration to support continued growth of the industry**

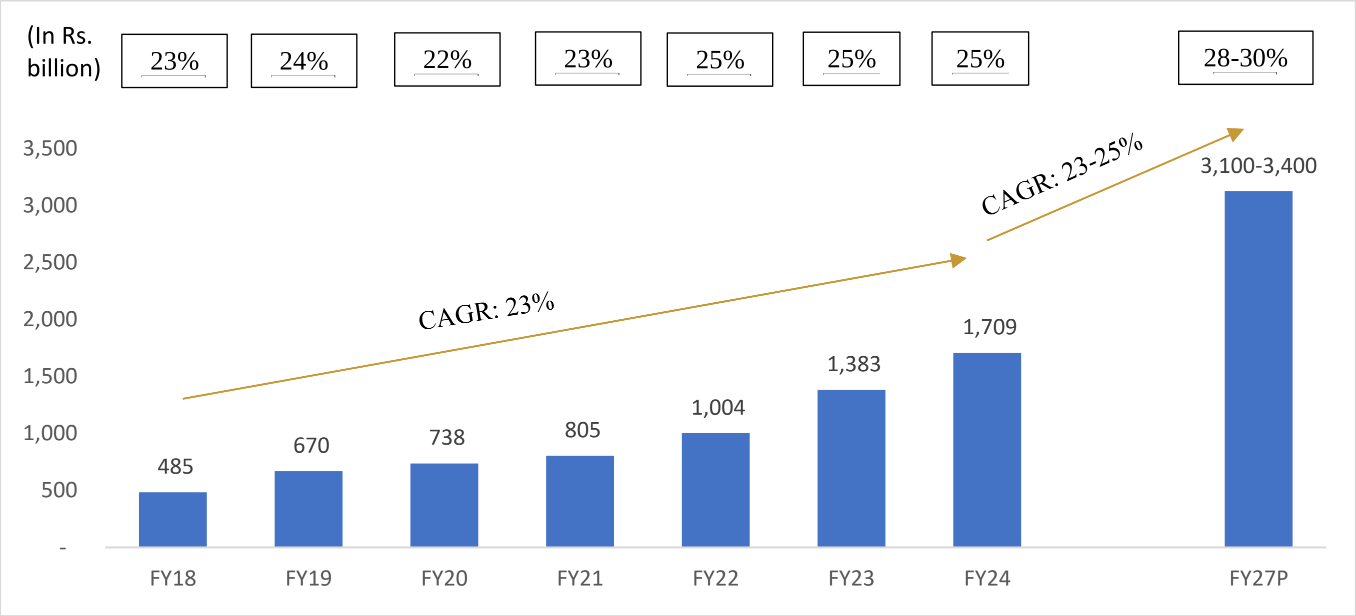
With economic revival and unmet demand in rural regions, CRISIL MI&A expects the overall MFI portfolio size to grow at CAGR of 16-18% between Fiscals 2024 and 2027. CRISIL MI&A expects NBFC-MFI industry to log 23-25% CAGR between Fiscals 2024 and 2027. Key drivers for the superior growth outlook include increasing penetration into the hinterland and expansion into newer states, faster growth in the rural segment, increase in average ticket size and higher usage of support systems such as credit bureaus. The presence of self-regulatory organisations, such as MFIN ("**Microfinance Institutions Network**") and Sa-Dhan, is also expected to support the sustainable growth of the industry going forward. Moreover, household credit is a huge untapped market for the MFI players. The country has seen household credit penetration via MFI loans rising, but it is still on the lower side.

Overall MFI Industry to grow at 16-18% CAGR over Fiscal 2024-27



*Note: P - Projected*
*Graph includes data for bank lending through joint liability group, bank lending through self-help groups, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs*
*Source: MFIN, Company reports, CRISIL MI&A*

**NBFC MFI Industry to grow at a faster rate than overall MFI Industry**




*Note: P – Projected, FY - Fiscal*
*Data includes NBFC MFI players*
*Figures in boxes represent market share of NBFC MFI in overall MFI AUM*
*Source: MFIN, Company reports, CRISIL MI&A*

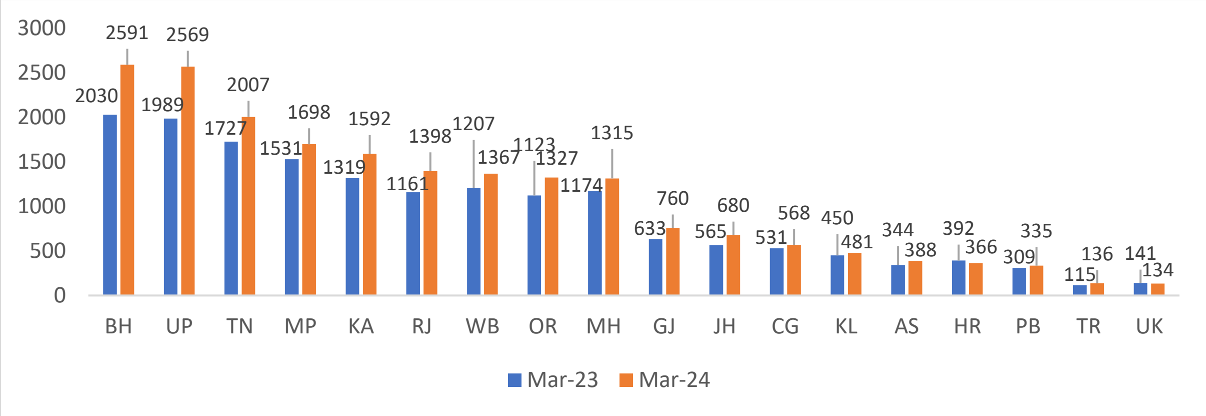
The portfolio outstanding of the NBFC-MFIs grew at a healthy CAGR of 23% between Fiscals 2018 and 2024 to Rs 1,709 billion. NBFCs, SFBs and NBFC-MFIs registered highest growth at 37%, 28% and 24% respectively in Fiscal 2024. Going ahead, CRISIL MI&A expects the NBFC-MFIs to continue to outplace other MFI lenders amid improving asset quality and continued traction in economic activity. Complementing the tailwinds will be rising profitability supported by higher net interest margins. The confluence of these factors augurs well for the credit profiles of NBFC MFI, allowing them to grow faster. The NBFC-MFIs are expected to gain market share in the medium term with a healthy double-digit CAGR of 23-25% between Fiscals 2024 and 2027.

***Key trends in MFI industry***

**Players tapping newer states and districts to widen client base**

CRISIL MI&A finds a significant jump in the number of MFIs operating in Uttar Pradesh, Bihar and Karnataka in recent years. The total number of branches in these states has significantly increased as of March 2024 compared to March 2023, leading to a jump in their portfolio outstanding. The availability of borrower credit related data from credit information companies has also ensured that MFIs have access to more data on borrowers, helping them make informed lending decisions.

Total branches of MFIs in each state/UT




*Note: Data includes only NBFC-MFI players and those states where ten or more MFIs are operating*
*Source: MFIN, CRISIL MI&A*

CRISIL MI&A expects penetration to deepen going forward, which will further drive growth. Madhya Pradesh, Bihar and Tamil Nadu are states with large unserved populations and hence, provide an opportunity for existing players to improve their penetration and market share.

**Rural segment continues to drive MFI business**

With fewer branches and outlets of banks and NBFCs in rural and semi-urban areas as compared with urban areas, the rural market (comprising of rural and semi-urban) in India for lending is still under-penetrated, thereby opening a huge opportunity for savings and loan products. CRISIL MI&A believes that establishing a good rapport with rural customers leads to longer and more loyal customer relationship, which can be further leveraged to cross-sell other products.

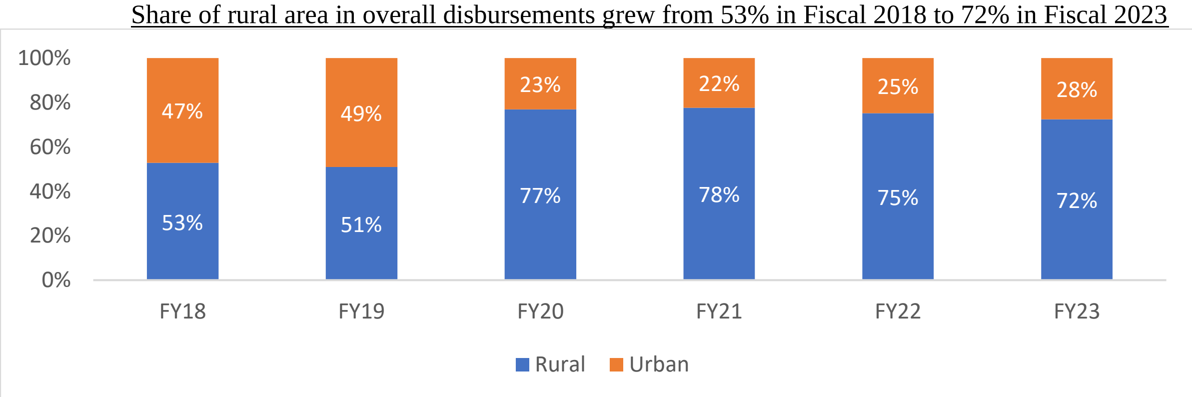
With the government's focus on financial inclusion and increasing number of financial institutions opening branches in the unbanked areas, CRISIL MI&A has seen that demand for loan is higher in rural areas.

Disbursement and number of borrowers in rural areas (as of Fiscal 2023)

| (₹billion) | Disbursement (Fiscal 2023) | Share of disbursement | Portfolio outstanding | Share of Gross Loan Portfolio (GLP) | Share of borrowers |
|---|---|---|---|---|---|
| Rural | 1,273 | 72% | 1,331 | 74% | 74% |
| Urban | 486 | 28% | 468 | 26% | 26% |

*Note: Values taken as per Bharat Microfinance Report 2023*
*Source: Sa-Dhan, CRISIL MI&A*

Share of rural area in overall disbursements grew from 53% in Fiscal 2018 to 72% in Fiscal 2023




*Note: Values taken as per Bharat Microfinance Reports*
*Source: Sa-Dhan, CRISIL MI&A*

*Growth drivers*

**Furthering financial inclusion provides huge potential for growth for MFIs**

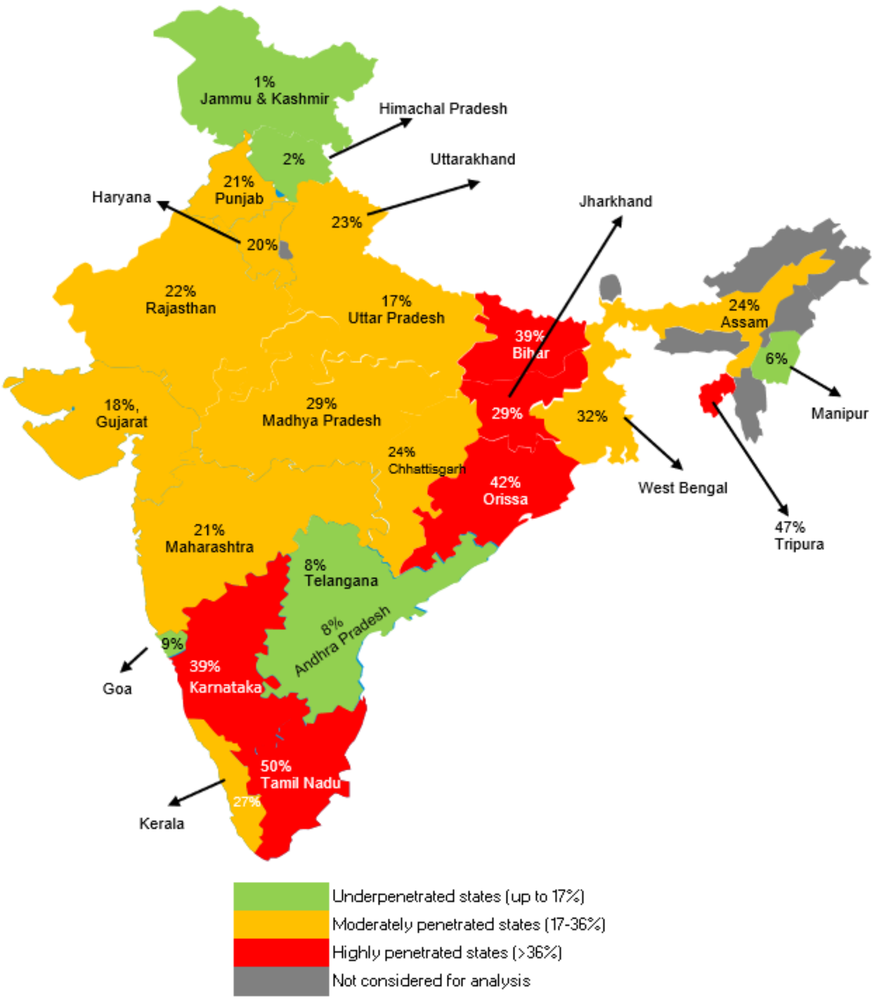
Within the large suite of products and services under financial inclusion, MFIs have a major role to play in the provision of credit. The sheer size of the market (in terms of financially excluded households) and the ability of MFIs to provide credit to this segment at affordable rates would create heathy growth opportunities for MFIs in future.

**Product diversification through Microfinance Plus products**

By introducing Microfinance Plus or Credit Plus products, several microfinance players have expanded into diversifying their products/services by helping the target customers gain access to other necessities such as education, healthcare, power, better infrastructure, insurance, etc. that help in their standard of living and overall economic development.

**Underpenetrated states to drive growth for MFI in the coming years**

CRISIL MI&A expects growth in the MFI portfolio to come from states that have a relatively lower penetration. Thus, CRISIL MI&A expects underpenetrated states like Uttar Pradesh, Andhra Pradesh and Telangana to drive future growth along with some of the moderately penetrated states, such as Rajasthan, Maharashtra, Madhya Pradesh and Gujarat.




*Note: Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year.*
*Note: Penetration has been computed by dividing no. of MFI clients by estimated number of households in March 2024*
*Note: Pan-India penetration has been determined based on the analysis of 20 states*
*Source: MFIN, CRISIL MI&A*

***Key success factors***

Ability to attract funds/raise capital and maintain healthy capital position

The microfinance industry has seen rapid growth over the past few years owing to small ticket sizes and doorstep disbursement. Despite this, a large portion of the market remains underpenetrated, making it necessary for MFIs to raise funds at regular intervals to sustain growth.

Geographically diversified portfolio helps MFIs mitigate risks

A large, well-diversified portfolio in different geographies enables players to mitigate risks associated with a concentrated portfolio. Apart from this, a wider scale of operation helps them reduce operating expenses as a percentage of outstanding loans. Rural areas are still under-penetrated in India; hence, players operating in/focused on these areas are likely to see faster growth in their portfolios.

Ability to control asset quality and ageing of NPAs

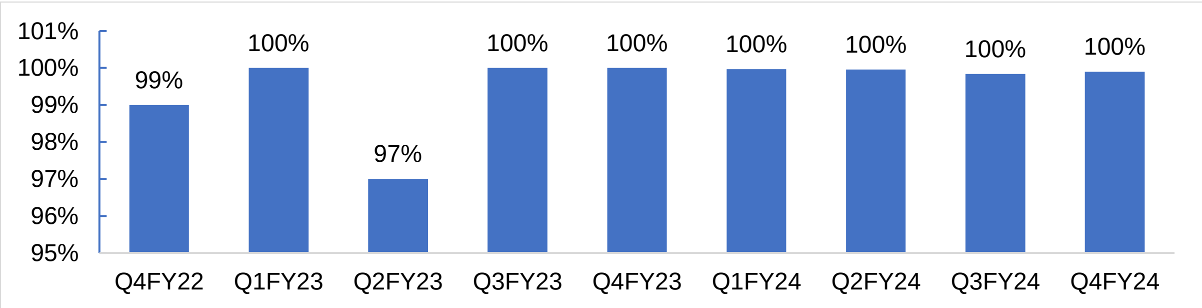
The vulnerability of MFI portfolios to local issues and events that impact the repayment ability of borrower households makes it critical for them to have a strong hold on asset quality and regularly engage with borrowers to control the ageing of NPAs. MFIs, thus, need to put in place methods and use analytics to understand and predict the quality of the portfolio, and minimize the frequency and size of asset quality-related risks.

Digitalisation to bring down costs, improve collection efficiency and profitability for MFIs

The use of technology has helped MFIs grow at a fast pace, improve efficiency, reduce cash usage and turnaround time, develop new products, provide better services to customers, and use analytics for portfolio monitoring and credit appraisal. CRISIL MI&A expects that the lower cost of servicing customers, better productivity, and lower credit costs through the use of technology will help MFIs improve their profitability.

**Adoption of technology in Microfinance Industry**

Trend in cashless disbursements for NBFC-MFIs




*Note: Data includes NBFC MFI players*
*Source: MFIN, CRISIL MI&A*

**Reduction in credit cost to boost profitability of MFIs in the medium term**

CRISIL MI&A predicts a gradual decrease in credit costs throughout Fiscal 2024 to support the overall profitability of the microfinance industry. In this context, the new framework introduced by the RBI is favourable for MFIs. This framework includes higher income eligibility thresholds for borrowers and provides greater flexibility in loan pricing for MFIs.

Profitability (return on assets) of MFIs to improve in Fiscal 2024

| RoA tree | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
|---|---|---|---|---|---|---|
| Interest income | 18.2% | 17.2% | 15.7% | 15.9% | 17.3% | 20.1% |
| Interest expense | 8.5% | 7.7% | 7.4% | 7.1% | 7.3% | 8.1% |

| RoA tree | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
|---|---|---|---|---|---|---|
| **Net interest income** | **9.7%** | **9.6%** | **8.3%** | **8.8%** | **10.0%** | **12.1%** |
| Other income | 2.1% | 2.0% | 1.2% | 1.3% | 2.3% | 2.6% |
| Operating costs | 5.5% | 5.1% | 4.4% | 4.9% | 5.4% | 6.1% |
| Credit cost | 0.7% | 1.5% | 4.6% | 3.5% | 3.3% | 2.5% |
| Tax | 1.6% | 1.5% | 0.3% | 0.6% | 1.0% | 1.9% |
| **RoA** | **4.0%** | **3.5%** | **0.2%** | **1.1%** | **2.6%** | **4.2%** |

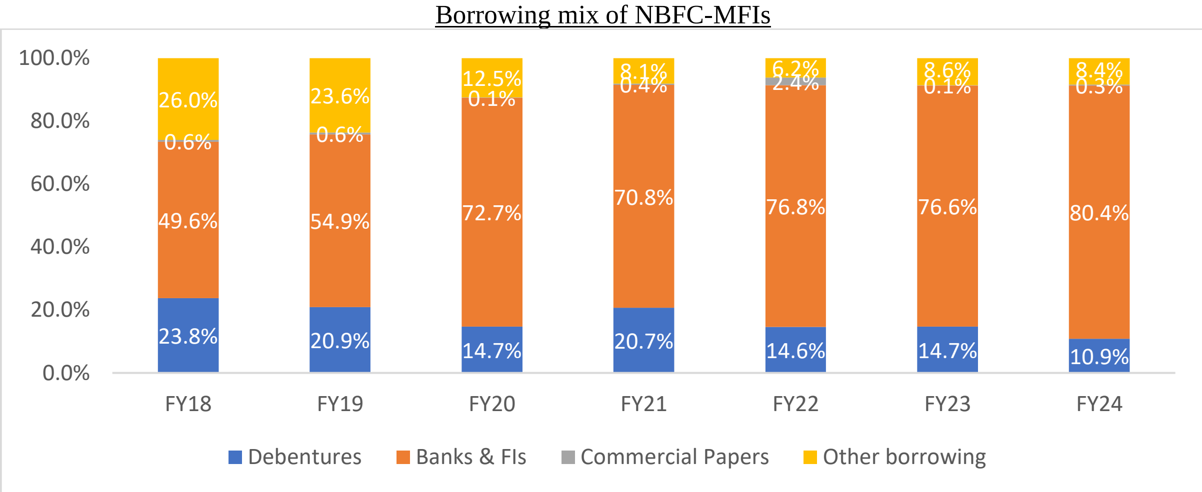
*Note: Interest income = Interest income on average yearly assets; Interest expense = Finance cost on average yearly assets; Net interest income = (Interest income less interest expense) on average yearly assets; Other income = Other income on average yearly assets; Operating costs = Operating expenses on average yearly assets; Credit cost = Impairment on financial instruments on average yearly assets; Tax = Tax expenses on average yearly assets; RoA = Profit after tax on average yearly assets*
*Data of Spandan Sphoorty, CreditAccess Grameen, Asirvad Microfinance, Muthoot Microfin, Satin Creditcare Network, Annapurna Finance, Fusion Microfinance, IIFL Samasta Finance, Svatantra Microfin, Belstar Microfinance and Arohan Financial Services has been considered for RoA Tree*
*Data for Fiscal 2019 to Fiscal 2024 is taken from public disclosures of mentioned companies.*
*Source: CRISIL MI&A*

**Borrowing mix**

Banks have traditionally been the key lenders to NBFC-MFIs. Smaller players would resort to portfolio sell-outs to channel growth.

The share of term loans is expected to increase with a decline in NCD borrowings on account of hardening of interest rates due to a 250 basis points hike in repo rates in Fiscal 2023.

Borrowing mix of NBFC-MFIs




*Note: Data is based on sample set of NBFC MFIs accounting for 95% of the GLP as of Q3 Fiscal 2024, Other borrowing include sub-debt and external borrowings*
*Source: MFIN, CRISIL MI&A*

Challenges in microfinance industry in India:

- Financial literacy - People in rural areas often lack financial knowledge and therefore having transaction with them and making them understand terms and conditions of loan products become challenging.
- Over-indebtedness – Due to lack of adequate financial literacy, the industry is susceptible to borrowers failing to manage their debt properly which leads to over-indebtedness and adversely impacts repayment capabilities particularly in geographical areas that are highly penetrated.
- Higher NPAs – Since micro loans are unsecured, risk of credit loss increases. Moreover, NPAs are higher in microfinance sector as compared to housing, vehicle, etc. owing to customer profile.
- Prone to external shocks – Historically, Micro borrowers have been prone to socio-economic and environmental disturbances which significantly impact their repayment capabilities.
- Cost of outreach - Reaching rural areas and servicing small loan amounts involve high cost of operations. Setting-up branches and/or having partnership with agents, high disbursement and collection cost involved (employees need to

visit remote villages for sourcing and collection of small loan amounts which increase the transportation cost) increase the overall cost of MFIs focusing in rural areas.

- Technological challenges - People in rural areas are not so tech savvy to understand and carry out banking transactions and therefore requirement of manual involvement is more which is time consuming and also increases the cost.
- Dominance of Cash Transactions: Cash transactions continue to be the dominant mode of loan repayments in the microfinance sector. The reliance on cash-based repayments can be prone to errors and increase the risk of frauds, posing challenges for microfinance lenders in maintaining accurate records and reducing operational complexities.

**MSME Loans**

**Brief overview of MSMEs in India**

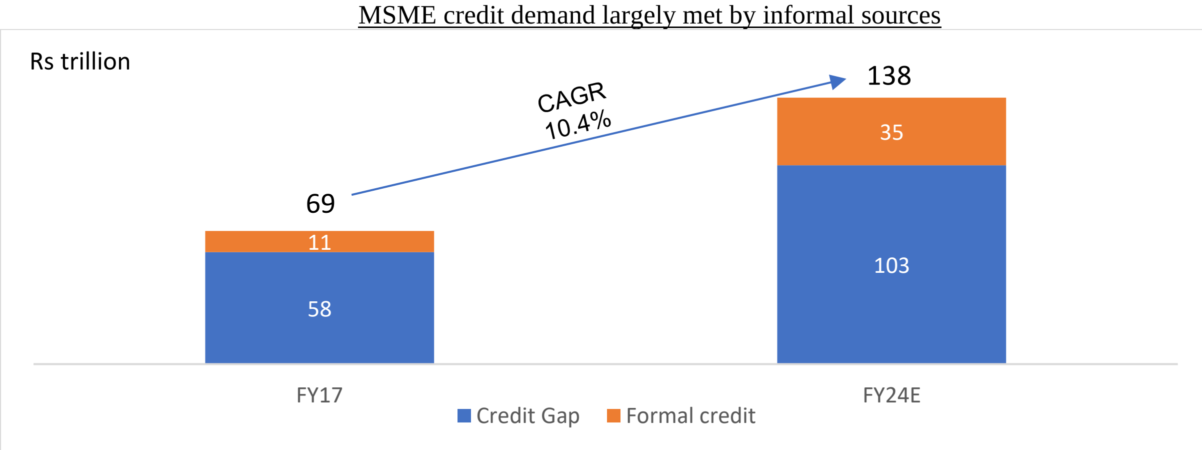
MSME segment account for 29% of India's GDP

| ₹ trillion | Total MSME GVA | Growth (%) | Total GVA | Share of MSME in GVA (%) | All India GDP | Share of MSME in All India GDP (in %) | Number of MSMEs (in millions)* |
|---|---|---|---|---|---|---|---|
| Fiscal 2016 | 41 | 11.0% | 126 | 32.3% | 138 | 29.5% | 63.5 |
| Fiscal 2017 | 45 | 10.9% | 140 | 32.2% | 154 | 29.3% | 65.5 |
| Fiscal 2018 | 51 | 13.0% | 155 | 32.8% | 171 | 29.7% | 66.5 |
| Fiscal 2019 | 57 | 12.9% | 171 | 33.5% | 190 | 30.3% | 68.5 |
| Fiscal 2020 | 61^ | 7.6% | 184 | 33.4% | 201 | 30.5% | NA |
| Fiscal 2021 | 54^ | -12.0% | 182 | 29.7% | 198 | 27.2% | NA |
| Fiscal 2022 | 69^ | 27.1% | 214 | 32.0% | 235 | 29.2% | 70.0 |

*Note: (*) – Estimated, All India GDP as of current prices, (^) Calculated numbers*
*Source: MSME Ministry Annual report, CRISIL MI&A*

**MSME Credit gap estimated at ₹ 103 trillion as of Fiscal 2024**

MSME credit demand largely met by informal sources




*Source: IFC report on Financing India's MSMEs dated November 2018, CRISIL MI&A estimates*

Even while the credit gap has increased, new MSME units continue to be set up across India. Between Fiscals 2016 and 2022, 18.3 million units were set up, according to the Government of India registration data of MSMEs. Thus, though a myriad of small businesses is set up every day in India, access to credit remains a challenge. However, the industry has witnessed an increase in access to formal credit to MSME, which could be attributed to the increase in the number of registered MSMEs to 26,607,728 as of June 2024 from 495,013 in March 2016.

*Small Business Loans*

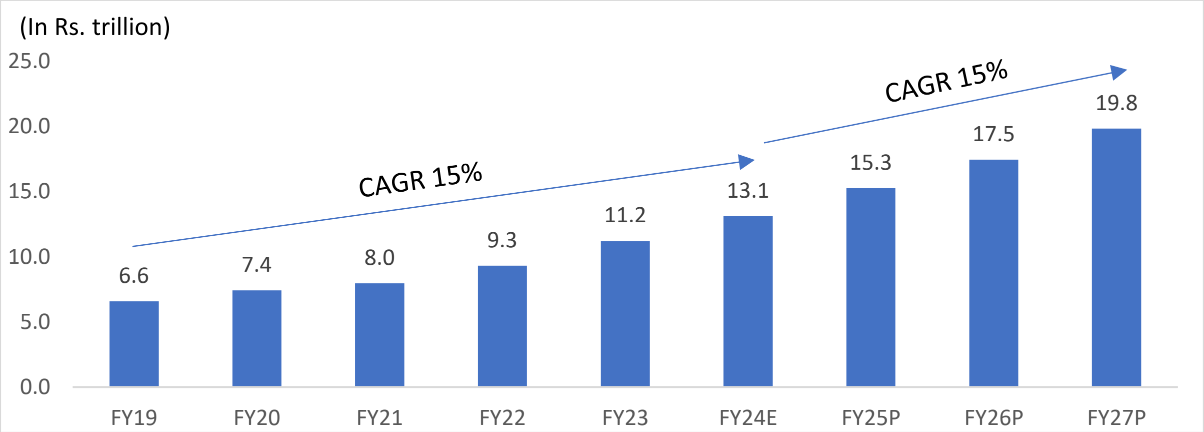
**Small Business Loans witnessed a reasonable growth in the past**

In this section, CRISIL have classified all loans with ticket size lower than ₹1 crore extended to MSMEs, irrespective of the turnover of the entity, as small business loans. CRISIL MI&A estimates outstanding small business loans given out by banks and NBFCs to be around ₹13.1 trillion as of March 2024.

Small business loans grew at a fast pace, registering a CAGR of 15% over Fiscal 2019 and 2024. Over the years, more data availability and government initiatives like GST has led to increasing focus of lenders, especially the NBFCs, on the underserved segment of MSME customers as lending to this segment has become easier compared to the past.

Growth in small business loans was supported by increase in disbursements in the non-loan against property ("**LAP**") (unsecured and secured) segment for NBFCs due to rapid industrialisation, driven by loans to the micro segment. With economic activity reviving and cash flows improving, NBFCs increased their funding in the unsecured segment while restricting lending in the LAP segment owing to the asset quality stress of the previous years. Growth was further led by improved underwriting, increasing funding to the unsecured portfolio.

**Small Business Loans to grow at 15% CAGR over Fiscal 2024 and 2027**




*Note: E - Estimated, P - Projected*
*Source: CRISIL MI&A*

Going forward, small business loans are expected to grow at 15% CAGR between Fiscals 2024 and 2027 led by both LAP and Non-LAP segments aided by increasing penetration, enhanced use of technology, newer players entering the segment, and continued government support.

*Growth drivers*

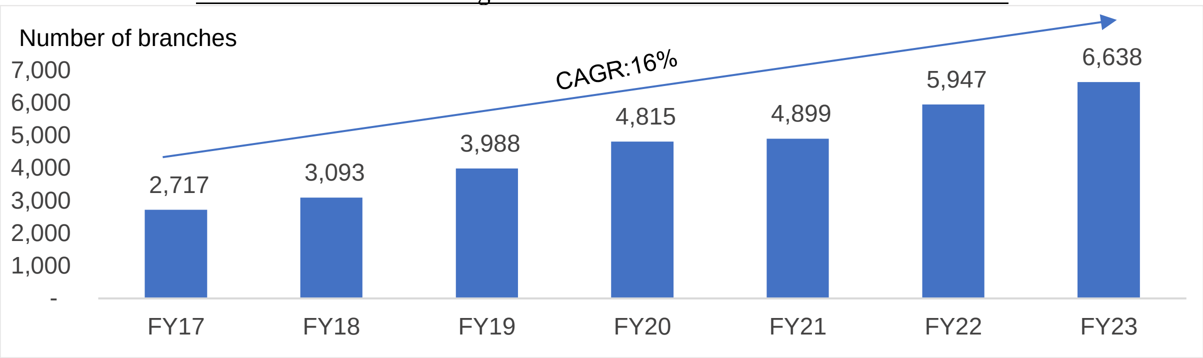
**Low credit penetration for MSMEs**

Less than 10% of the MSMEs have access to formal credit in any manner. There are around 70 million MSME's out of which less than 10% have access to formal credit. This untapped market offers huge growth potential for financial institutions. CRISIL MI&A estimates the credit gap to have increased to ₹ 103 trillion as of Fiscal 2024.

**Growth in branch network of players in MSME segment**

Over past few years, players offering MSME loans have expanded their branch network with the intent to serve a larger customer base. In the future also, CRISIL MI&A expects lenders with a strong focus on MSME lending and healthy competitive positioning to continue to invest in branch expansion. With increasing branch network, customer acquisition and credit penetration, share of MSME loans is also expected to increase.

Number of branches have grown at 16% CAGR over Fiscals 2017 and 2023

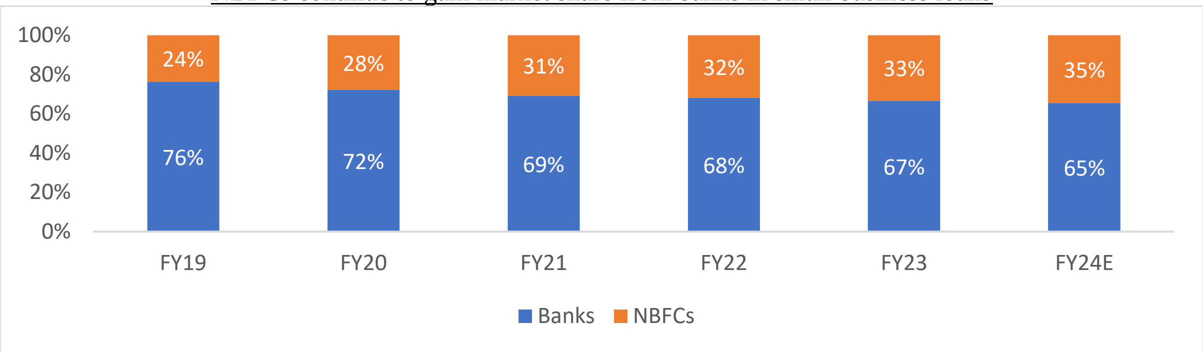



*Note: The above data includes branches for Fedbank Financial Services, Five Star Business Finance, Vistaar Finance, Veritas Finance, HDB Finance and IIFL Finance*

*Source: Company Reports, CRISIL MI&A*

**NBFCs increasing their presence in the small business loans segment**

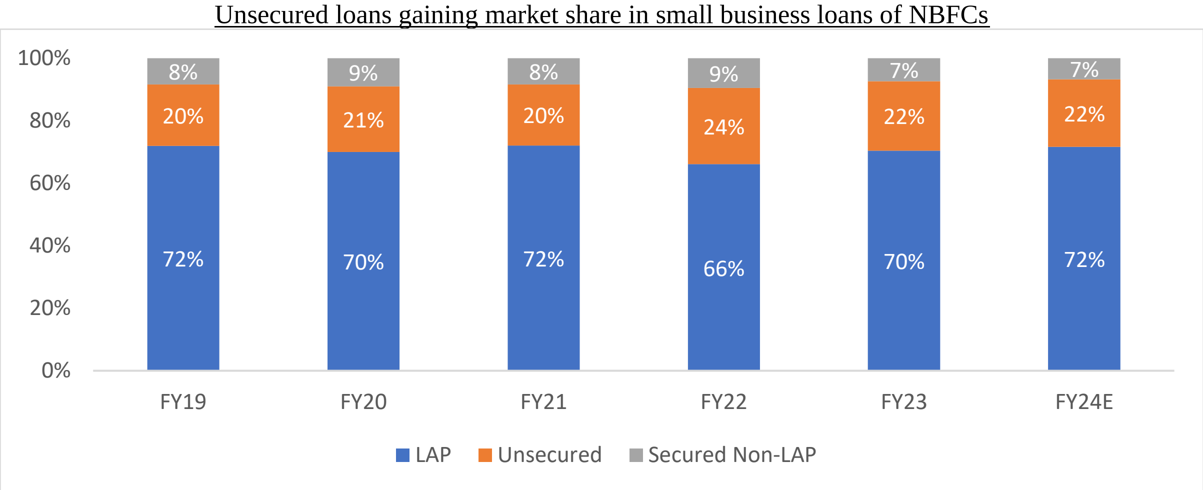
NBFCs continue to gain market share from banks in small business loans




*Note: E – Estimated, FY - Fiscal*

*Overall industry has been considered for calculation of market share of banks and NBFCs in small business loans*

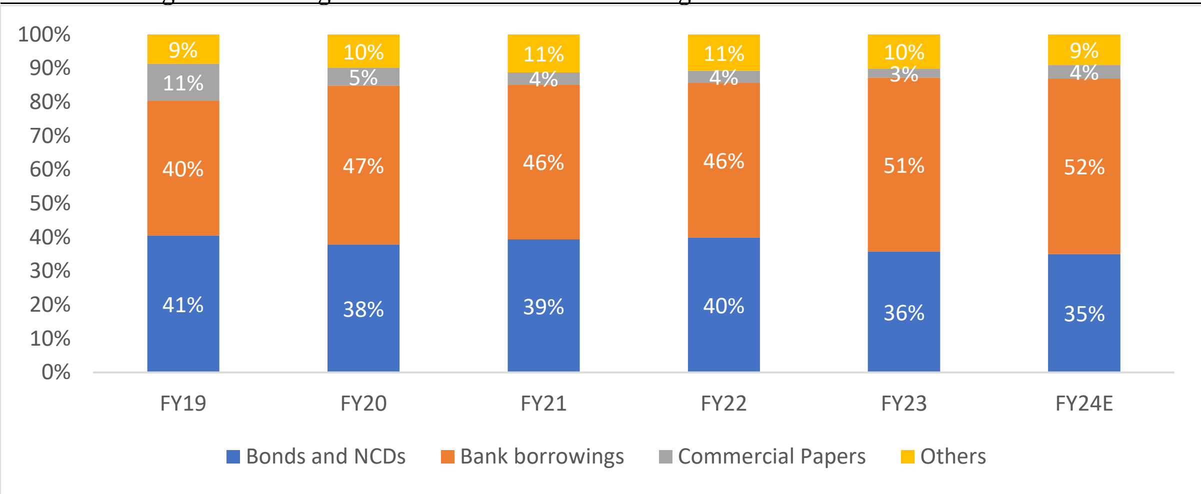
Unsecured loans gaining market share in small business loans of NBFCs




*Note: E – Estimate, FY - Fiscal*

*Source: CRISIL MI&A*

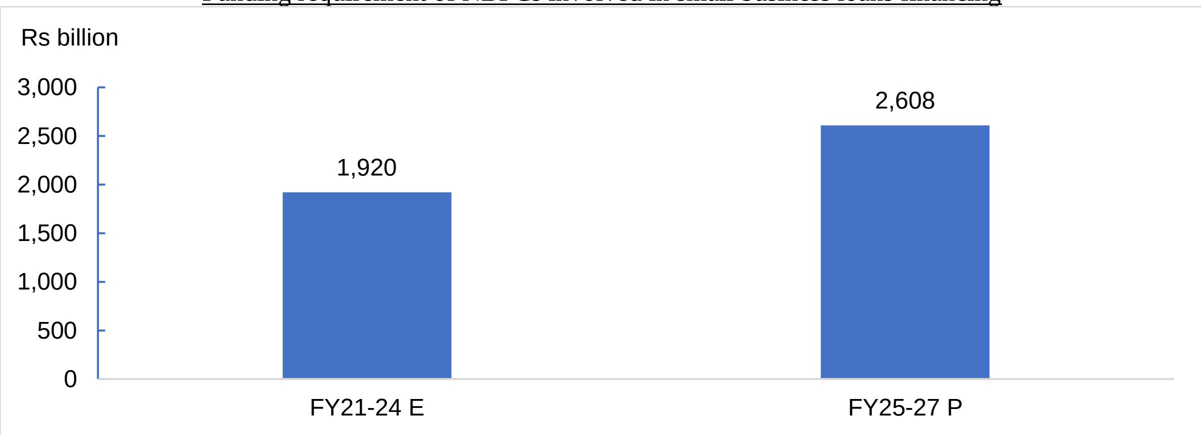
Bank borrowings continue to gain market share in the borrowing mix of NBFCs focused on small business loans




*Note: E – Estimated, FY – Fiscal, The above liability profile is based on data for 17 players accounting for 55-60% of portfolio in NBFC Small Business lending*
*Source: Company Reports, CRISIL MI&A*

**NBFCs require a capital of approximately ₹2.6 trillion over next three years for small business loans**

Funding requirement of NBFCs involved in small business loans financing




*Note: E – Estimated, P – Projected, FY - Fiscal*
*Source: Company reports, CRISIL MI&A Estimates*

**NBFC profitability to remain stable on account of lower credit costs**

Improved net interest margins ("**NIMs**") and decline in credit costs are the key reasons for improving or stable profitability in Fiscal 2024. The pent-up demand drove the AUM growth especially across higher yielding segments which impacted profitability positively. In addition, credit costs declined for all the players in Fiscal 2023 and remained stable in Fiscal 2024 due to overall improvement in collection efficiency. On an overall basis, the RoA is estimated to improve in Fiscal 2024 for all the NBFCs.

Furthermore, CRISIL MI&A expects profitability to remain stable in near term as asset quality is expected to remain range bound.

| | Fiscal 2021E | Fiscal 2022E | Fiscal 2023E | Fiscal 2024E | Fiscal 2025P |
|---|---|---|---|---|---|
| **Net Interest Margin (NIM)** | 6.2% | 6.3% | 6.6% | 6.7% | 6.6% |
| **Operating Cost** | 2.4% | 2.3% | 2.3% | 2.2% | 2.2% |
| **Credit costs** | 2.3% | 2.4% | 2.2% | 2.1% | 2.1% |

| | Fiscal 2021E | Fiscal 2022E | Fiscal 2023E | Fiscal 2024E | Fiscal 2025P |
|---|---|---|---|---|---|
| **Return of Asset (RoA)** | 1.2% | 1.4% | 1.6% | 1.8% | 1.8% |

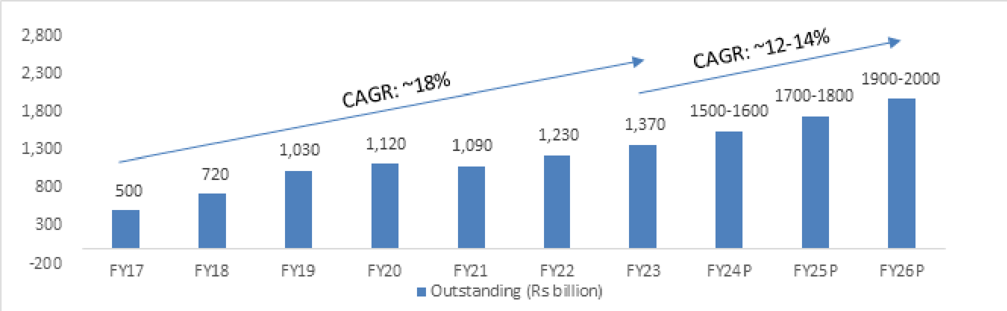
*Note: E - Estimated, P – Projected*
*Net interest income = (Interest income less interest expense) on average yearly assets; Operating costs = Operating expenses on average yearly assets; Credit cost = Impairment on financial instruments on average yearly assets; RoA = Profit after tax on average yearly assets*
*Source: Company reports, CRISIL MI&A*

***Mid corporate loans***

**NBFC's mid-corporate loan portfolio grew at CAGR of 18% between Fiscal 2017 to Fiscal 2023**

We have defined mid-corporate loans as loans with a ticket size of between ₹5-30 crore. The aggregate value of such loans given out by NBFCs is estimated at around ₹1.37 trillion as of March 2023. Between Fiscals 2017 and 2023, NBFCs credit to the mid-corporate segment increased at a strong approximately 18% CAGR.

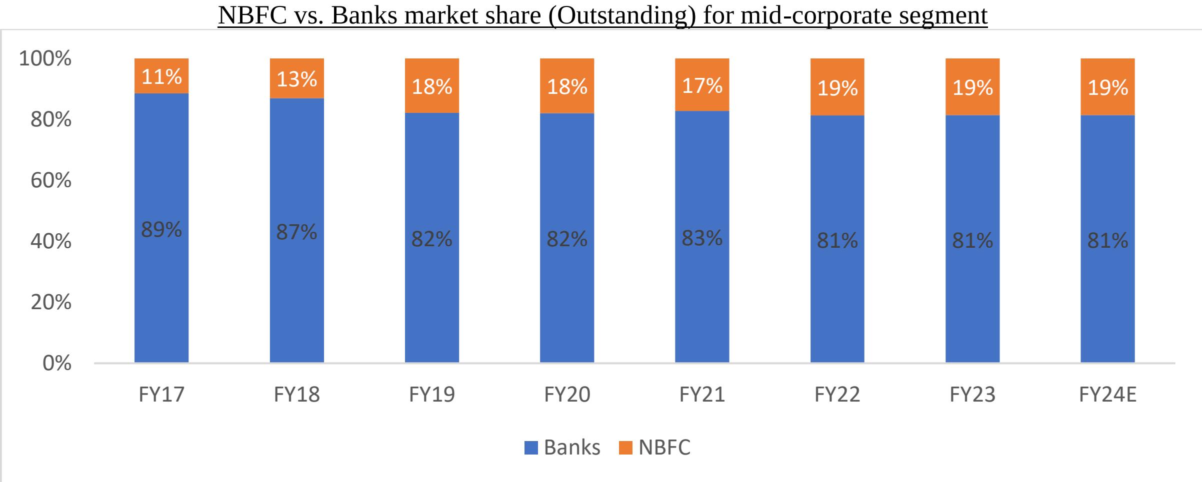
Credit outstanding by NBFC's in Mid-corporate segment expected to grow at 12-14% in the next three years.




*Note: P – Projected, FY - Fiscal*
*Source: CRISIL MI&A estimate*

**NBFCs have gained market share in mid-corporate segment**

NBFC vs. Banks market share (Outstanding) for mid-corporate segment




*Note: E – Estimated, FY - Fiscal; Banks include data for PSUs, Private banks and Foreign banks*
*Source: CRISIL MI&A estimate*

Challenges in the MSME Finance Industry in India:

- Access to Finance: MSMEs, especially small and micro enterprises, often face limited access to formal credit. Lack of collateral and insufficient credit history can make it challenging for them to secure loans from financial institutions.
- Informality and Documentation: Informal nature of many MSMEs and the difficulty in obtaining the required formal documentation can pose significant challenges in assessing creditworthiness and underwriting these loans. Developing efficient processes to gather and validate the necessary information from MSME borrowers is crucial for lenders to overcome this barrier.

- Risk Perception: Addressing this risk perception through the development of robust risk assessment and mitigation strategies is a key challenge for lenders. Improving their ability to accurately evaluate the credit risk profile of MSME borrowers can help lenders overcome their hesitance in lending to this segment.
- Evolving Credit Needs: The financing requirements of corporates are constantly evolving, necessitating lenders to adapt their loan products and underwriting approaches to cater to these dynamic needs.
- Sector-Specific Risks: MSME and Mid-corporate borrowers are often susceptible to industry-specific challenges and volatility. Effective risk assessment and mitigation strategies are essential to address these sector-specific risks.

**Consumer Finance loans**

Consumer finance loans cater to the diverse needs and aspirations of the Indian population, facilitating access to credit for various purposes, primarily revolving around consumption.

***Personal Loans***

**The growth in personal loans to normalise in near-to-medium term**

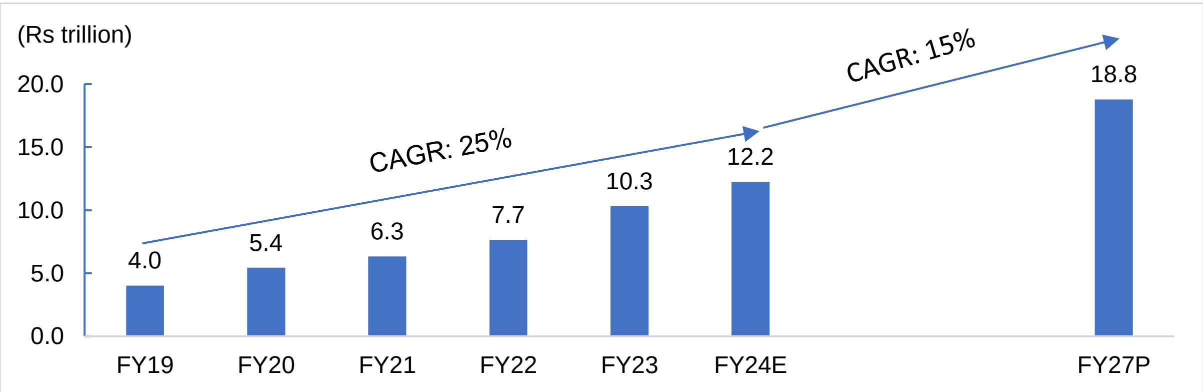
CRISIL MI&A estimates the segment to grow by 18-20% in Fiscal 2024 benefitting from a healthy credit demand. However, systemic hardening of interest rates, inflation and other macro factors could present challenges to growth in the near term. GNPA levels are estimated to normalize in Fiscal 2024 inching closer to pre-pandemic levels, led by a continued recovery in collection efficiency and high write-offs, driven by healthy capital buffers, along with healthy growth in the loan book. A marginal uptick is expected in fiscal 2025, as the loan book undergoes some seasoning after a period of supernormal loan-book growth in previous fiscals.

The outstanding credit for NBFCs stood at ₹2.6 trillion in Fiscal 2024 after posting strong growth of 48% in Fiscal 2023 and 21% in Fiscal 2024. It is further projected to grow to approximately ₹3.2 trillion in Fiscal 2025 with a growth rate of 19-20%.

**The personal loans segment witnessed post-pandemic exuberance during Fiscal 2023 and Fiscal 2024**

Personal loan outstanding stood at ₹12.2 trillion in Fiscal 2024 and is likely to cross approximately ₹18.5 trillion in Fiscal 2027. At work will be multiple factors, including the granularity of retail loan book against legacy asset-quality issues in the chunky wholesale segment, leveraging of technology to achieve scale, changing consumption patterns, and improvement in income-profile of the customers.

Personal loan outstanding to reach ₹18.8 trillion in Fiscal 2027




*Note: E – Estimated, P - Projected*
*Source: CRISIL MI&A*

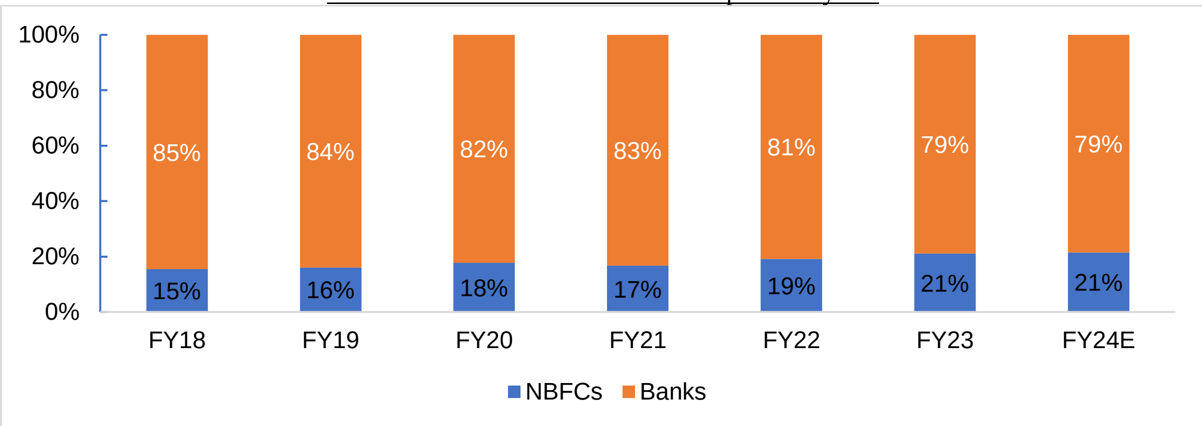
NBFCs market share expected to further increase

NBFCs have outpaced banks in terms of growth in outstanding, leveraging their segmental focus versus banks. In contrast, personal loans represent just a portion of the overall portfolio for banks. Also, NBFCs benefit from their extensive branch network, which is spread across remote areas too. These factors, along with high contribution from the digital platforms, drove a sharp 48% on-year growth in credit outstanding of NBFCs in Fiscal 2023 and is estimated to have grown 20-22% in Fiscal 2024.

Banks' credit growth is estimated to be healthy at 16-18% in Fiscal 2024, despite a high base, spurred by their aggressive focus on the retail loans segment in recent times. Additionally, because of salaried-customers base and a higher share of Tier 1 cities in the portfolio, banks' borrower segment faced lower cash-flow disruptions, thereby realising a better asset quality performance versus NBFCs.

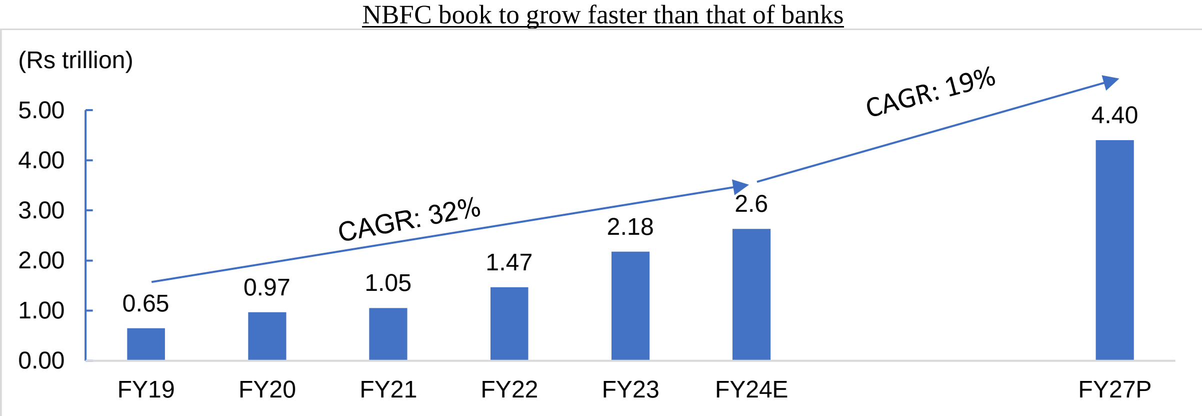
In the case of NBFCs, with a higher share of the self-employed segment, along with a greater share of Tier 2 and lower cities in the portfolio, asset quality was weaker compared with banks. However, with NBFCs growing faster than banks, CRISIL MI&A Research expects the former's market share to increase in Fiscal 2025.

Share of NBFCs has increased in the past few years




*Note: E – Estimated, FY - Fiscal*
*Source: CRISIL MI&A*

NBFC book to grow faster than that of banks




*Note: E – Estimated, P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

RBI follows up with the circular on "Regulatory measures towards consumer credit and bank credit to NBFCs" after striking a cautious note

Noting the exuberant growth of unsecured lending against the backdrop of a rising interest rate environment, the RBI started cautioning the lenders since the end of Fiscal 2023 regarding the potential risks associated with the rapid growth in unsecured lending by NBFCs.

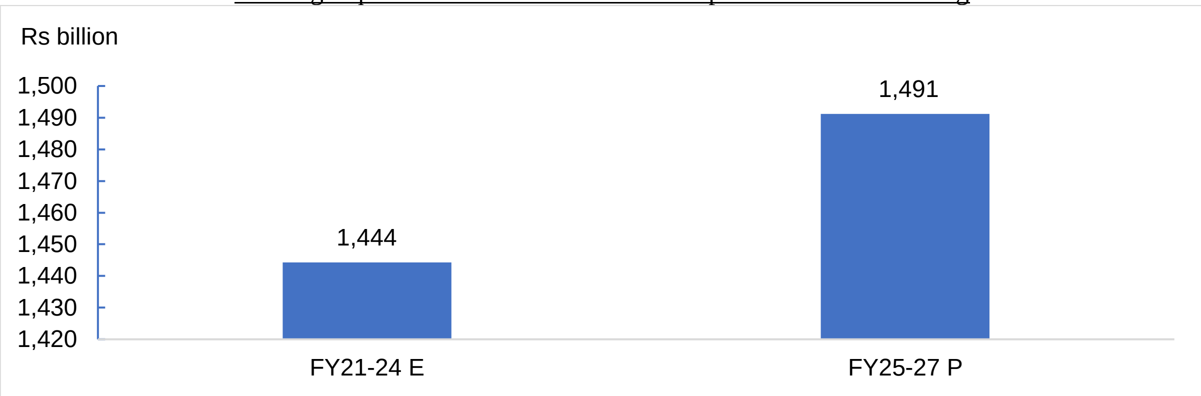
In November 2023, the RBI introduced the circular on "Regulatory measures towards consumer credit and bank credit to NBFCs" ("**Circular**") as a deterrent to the growth of unsecured loans. As per the circular, the risk weights of all consumer credit exposure for both commercial banks and NBFCs (including credit card receivables of scheduled commercial banks) was increased by 25%, excluding housing, vehicle, education and gold loans. Additionally, the risk weight for exposure by banks to NBFCs, where the extant risk-weight of the NBFC is below 100%, was also increased by 25%.

Banks faced an ~85 bp impact on capital adequacy due to the circular, whereas the impact for key NBFCs operating in the consumer lending segment was as high as 200-400 bps. Larger NBFCs, rated A- and above and operating in these segments, will also face an additional impact on their borrowing costs from bank funding, as capital cost for the banks increases in such cases. These higher lending rates by banks to NBFCs could also spill over to corporate bonds in the form of higher yields through widening of credit spreads for NBFCs. Such an increase in the cost of funds for NBFCs could drive demand for securitisation and co-lending. This could accelerate capital raising by entities for managing loan-book growth while ensuring adequate capital buffers are maintained. Hence, this could lead to higher capital requirement by lenders and increased lending rates for borrowers.

<u>NBFCs require funding of approximately ₹1.5 trillion over next three years for personal loans</u>

Based on the projected growth in the personal loans portfolio, profitability and leverage levels, CRISIL estimate that NBFCs involved in financing personal loans will require funding to the tune of around ₹1,491 billion between Fiscal 2025 and Fiscal 2027, which will get financed through a mix of equity, debt, and securitization.

<u>Funding requirement of NBFCs involved in personal loans financing</u>




*Source: Company Reports, CRISIL MI&A Estimates*

**NBFC profitability to remain stable in near term**

In the personal loans segment, the spreads remain reasonably attractive at 8-9%. However, the impact of credit costs associated with unsecured lending continues to influence the overall profitability.

NBFCs are reducing their reliance on direct selling agents in favor of cross-selling strategies and digital sourcing modes. This transition aims to reduce costs and improve customer acquisition efficiency.

In Fiscal 2024, profitability is estimated to have improved further largely on account of improvement in credit cost. Nevertheless, a marginal uptick in credit cost is expected in fiscal 2025, as the loan book undergoes some seasoning after a period of supernormal loan-book growth in previous fiscals.

<u>ROA improved in Fiscal 2023 and Fiscal 2024 and is expected to remain stable in near term</u>

| | Fiscal 2020E | Fiscal 2021E | Fiscal 2022E | Fiscal 2023E | Fiscal 2024E | Fiscal 2025P |
|---|---|---|---|---|---|---|
| **Net Interest Margin (NIM)** | 9.78% | 9.67% | 9.88% | 10.13% | 10.30% | 10.23% |
| **Operating Cost** | 4.35% | 4.60% | 4.50% | 4.40% | 4.40% | 4.30% |
| **Credit costs** | 2.70% | 4.20% | 3.60% | 3.20% | 3.00% | 3.10% |
| **Return on Asset (RoA)** | 2.56% | 1.32% | 1.93% | 2.43% | 2.68% | 2.63% |

*Note: E - Estimated, P – Projected*

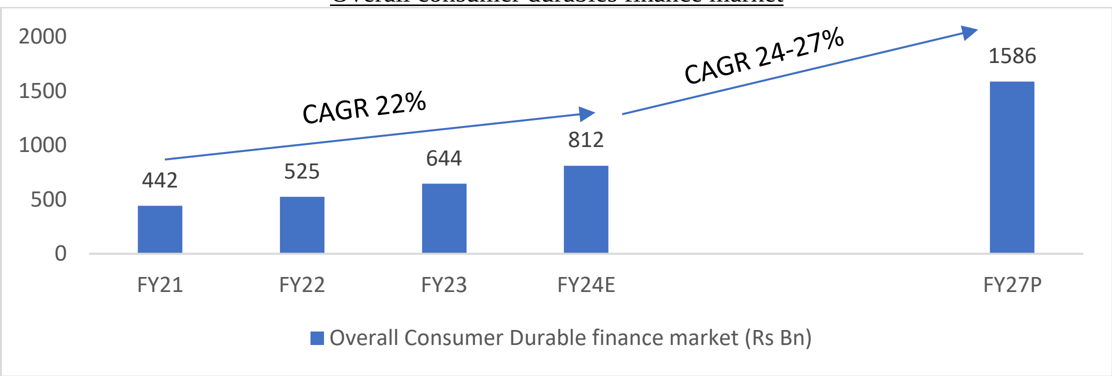
*Net interest income = (Interest income less interest expense) on average yearly assets; Operating costs = Operating expenses on average yearly assets; Credit cost = Impairment on financial instruments on average yearly assets; RoA = Profit after tax on average yearly assets*

*Source: Company reports, CRISIL MI&A*

***Consumer durables finance***

**Consumer durables financing market continues the healthy momentum**

Overall consumer durables finance market



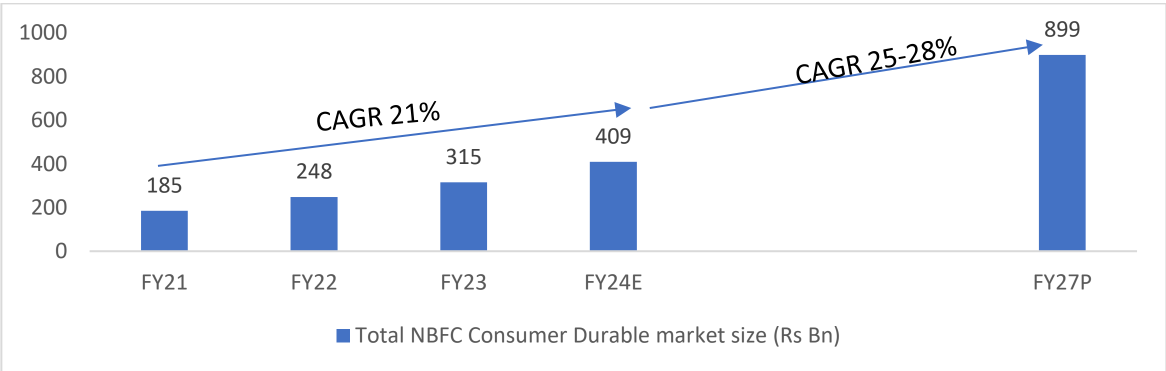

*Note: E – Estimated; P – Projected, FY - Fiscal*
*Source: RBI, CRISIL MI&A*

CRISIL MI&A Research estimates the market size for consumer durables financing to reach Rs 812 billion in Fiscal 2024, logging 26-27% growth over the previous Fiscal. This growth momentum is expected to continue in Fiscal 2025 with slight moderation due to impact of RBI's decision to increase risk weights on consumer loans which has led to lenders recalibrate their lending strategies.

**Credit growth for NBFCs to come from prime and below prime customers and fintechs**

The growth will continue to be driven by demand from prime and below prime consumers as against higher rated consumers in the near term. In fiscal 2024, growth in NBFC consumer durables' credit grew at a much faster pace and gained market share over banks due to their ability to provide flexible lending solutions and tailored services. Their outstanding book, which grew 27% on-year in Fiscal 2023 and is estimated to have grown further by 29-30% on-year in Fiscal 2024. Innovative financing models and low ticket-size based growth by fintechs will also be a major contributor for the consumer durable financing growth.

**Consumer durables financing from NBFCs**

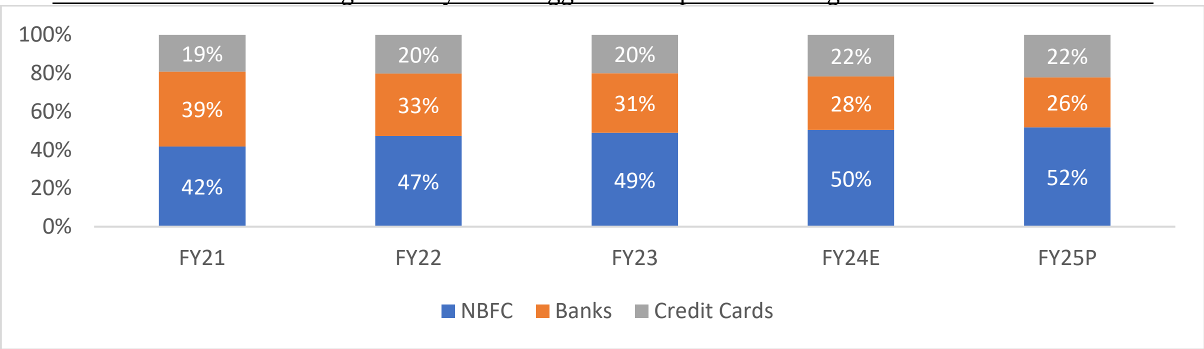



*Note: E – Estimated, P – Projected, FY - Fiscal*
*Source: RBI, CRISIL MI&A*

**NBFCs' share continue to increase as healthy growth continues**

The consumer durable loan disbursements involve point-of-sale financing, i.e., these loans are normally processed at the retail outlet or at the showroom. A customer would prefer to avail equated monthly instalment ("**EMI**") schemes while purchasing an appliance rather than going to a bank for a loan. Hence, NBFCs have an advantage due to their tie-ups with such brick-and-mortar retailers. Share of NBFCs in the overall consumer durables market has increased post pandemic as compared to banks, driven by the surge in credit demand, along with penetration into newer markets. Share of credit cards segment has increased steadily due to issuance of new credit card, increased spending and disbursements through credit cards and pay-later options. However, banks have revised their credit card rules concerning reward points and spending requirements in beginning of Fiscal 2025. Additionally, with alternative relatively-lower-cost financing options available, fintechs pose a challenge to the market share of credit cards.

Share of banks to reduce significantly due to aggressive expansion strategies of non-banks and fintechs




*Note: E – Estimated, P – Projected, FY - Fiscal*
*Source: Company reports, CRISIL MI&A*

***Gold loans***

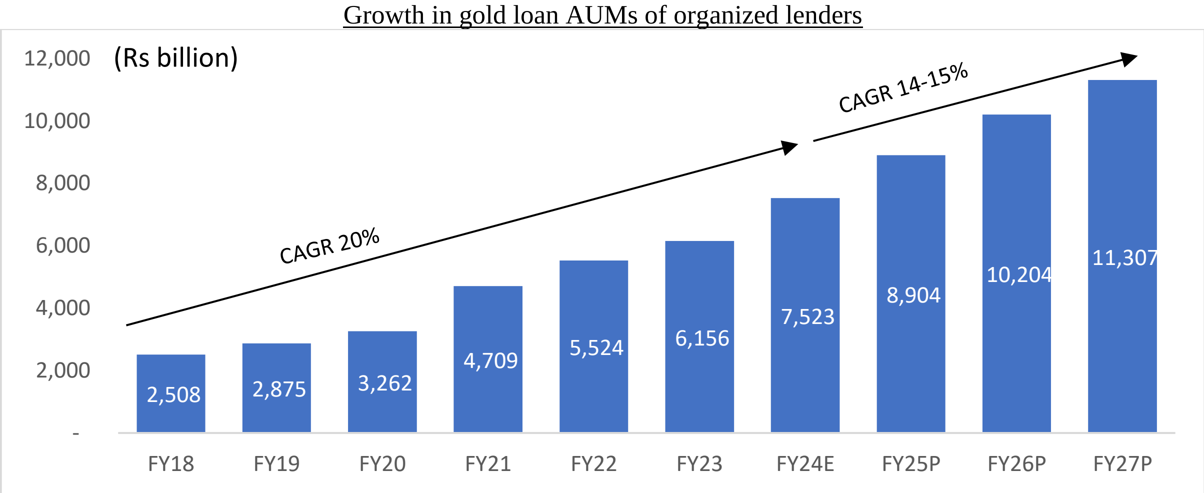
**Gold loans AUM is expected to grow at 14-15% CAGR between Fiscal 2024 and 2027 to reach ₹11,307 billion by March 2027**

The gold loan sector is still largely catered by unorganized players with potential for new entrants to enter the market and create space. Gold loans are typically small ticket, short duration, convenient and instant credit, and are typical sourced and serviced through a physical branch infrastructure. Moreover, the gold loan product and customer segment are adjacent to the small ticket financing segment – for both consumers and small businesses alike.

Going forward, CRISIL MI&A believes the following factors to support industry growth:

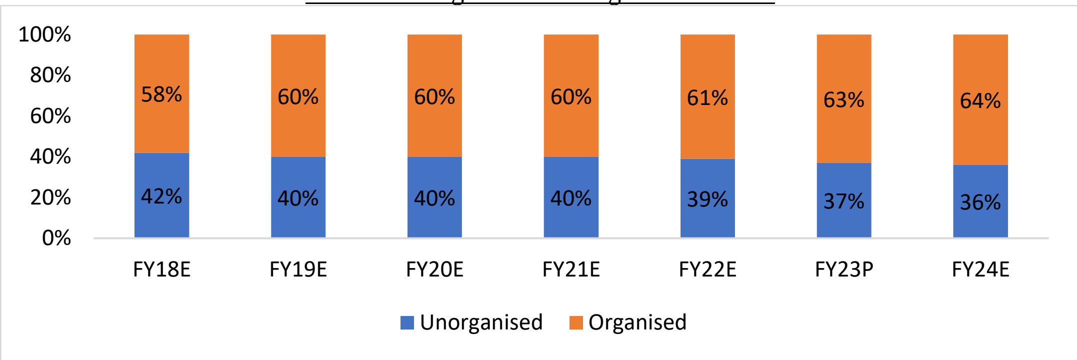
- Scope to capture share from unorganised gold loan financiers.
- Initiatives to increase awareness and increasing comfort of customers with gold loans due to the convenience.
- Geographic diversification to markets beyond the southern part of India.
- Demand for gold loans from micro enterprises and individuals to fund working capital and personal requirements is expected to increase owing to pickup in economic activity. In addition, with demand reviving and market expansion through doorstep gold loans model, CRISIL MI&A expects AUM to touch close to ₹11,307 billion by March 2027, translating into a 14-15% CAGR between Fiscal 2024 and 2027.

Growth in gold loan AUMs of organized lenders



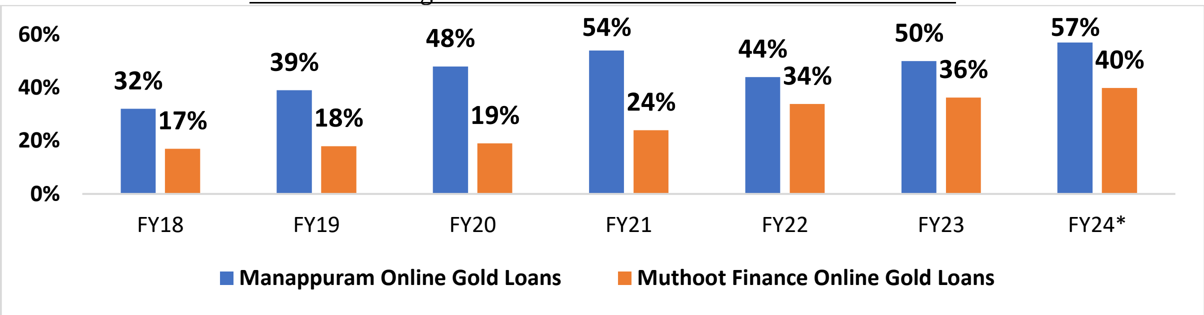

*Note: E – Estimated, P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

<u>Share of unorganized and organized lenders</u>




*Note: E – Estimated, FY - Fiscal*
*Source: CRISIL MI&A*

<u>Share of online gold loans continued to see traction in Fiscal 2023</u>



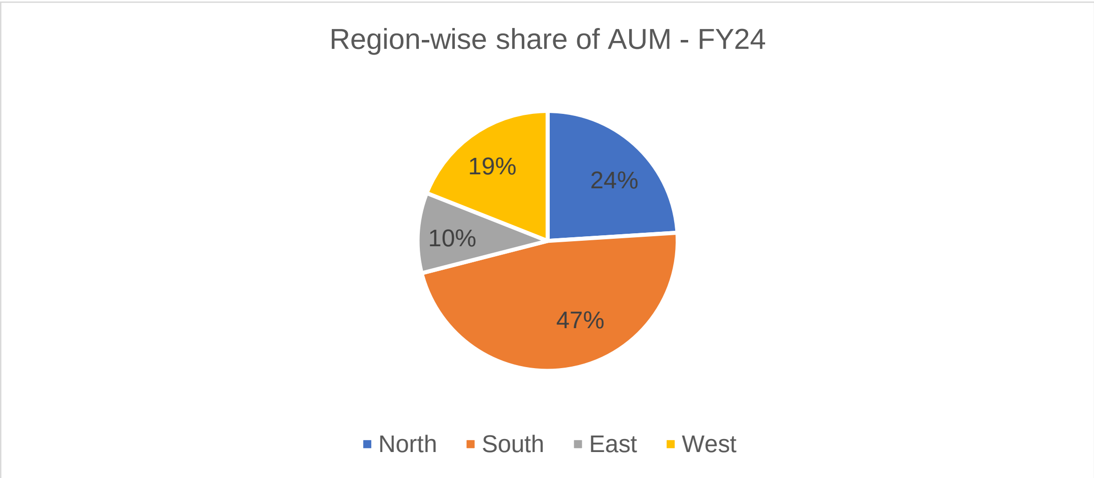

*Note: (*) Data for Muthoot Finance is as of December 2023*
*Source: Company Reports, CRISIL MI&A*

**Demand for gold loans skewed towards southern states**

Southern states accounted for the largest pie of the overall AUM over the past five years. This was because of:

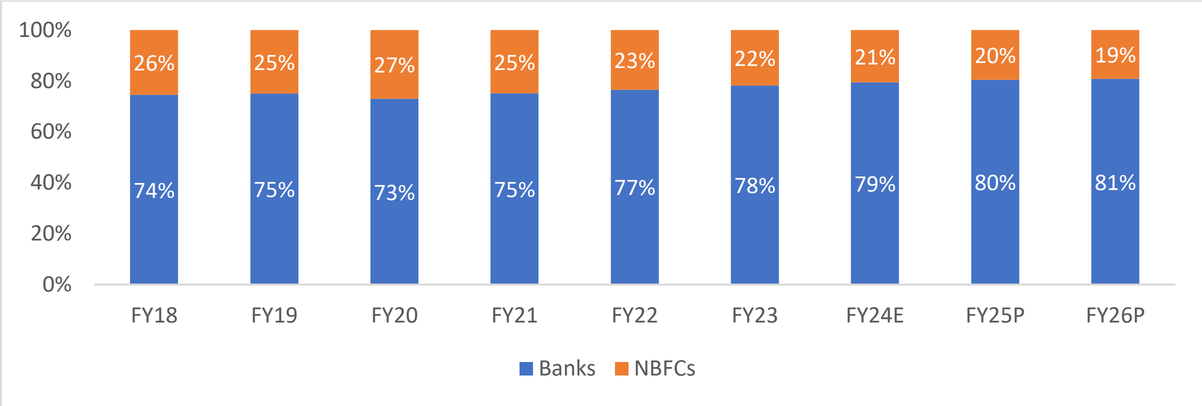
- Better awareness among gold owners in the South towards raising funds via pledging gold compared with other regions.
- Origination and established franchisees in the South, supported by simple procedures that ensure quick loan disbursement.

Though the South continues to dominate, players have been shifting focus to untapped markets in the eastern and western regions, which have fewer branches but provide incremental growth opportunity.




*Note: FY- Fiscal, Aggregate includes Muthoot Finance and Manappuram Finance*
*Source: Company reports, CRISIL MI&A*

Movement in market share of NBFCs vis-a-vis banks




*Note: E – Estimated, P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

**Despite uptick in cost of funds, profitability to improve owing to credit growth pick-up**

While a contraction in net interest margin (NIM) had impacted NBFC profitability in fiscal 2023, a recovery in it is estimated to have improved profitability in Fiscal 2024.

Yields have been declining for various players amid acute competition from banks. In fact, competition continues to put pressure on NIMs of gold loan NBFCs. Typically, banks offer gold loans at a lower yield of 7-15% because of their low cost of funds, while NBFCs charge 18-24%. Banks felt the initial effect of competition when certain NBFCs introduced teaser rate loans, which adversely impacted yields in the segment. With majority of the teaser loans ending, the yields may have bottomed out. However, at a structural level, yields of gold loan NBFCs could continue to be lower than pre-pandemic levels in the near-to-medium term.

Hence, the NIM is estimated to have expanded in Fiscal 2024, benefitting from a revival in portfolio growth and cooling off competition from banks. NIM is forecast to expand further this Fiscal driven by the softening cost of funds and steady portfolio expansion.

Also, operating cost as a percentage of total average assets is estimated to have increased further last Fiscal in step with the portfolio growth. This is expected to tone down these Fiscals as operating efficiencies set in with healthy portfolio growth.

A modest uptick was estimated in credit costs in Fiscal 2024 as GNPA remained steadily above historical levels, only to be offset by auction and sale of NPAs to ARCs. However, with respect to sale to ARCs, the write-offs remained negligible owing to the value and liquidity of gold as collateral, thereby limiting credit costs. Additionally, higher gold prices will lower the LGD for ECL calculation, resulting in lower provision, leading to further buffering of credit costs, assuming stable LTV levels. Credit cost is expected to decline in Fiscal 2025 in line with projected NPA levels.

Overall, return on assets (RoA) is estimated to have improved in Fiscal 2024 and is expected to further improve this Fiscal on account of better NIM and controlled credit cost.

Trend in ROA for gold loan NBFCs

| | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024E | Fiscal 2025P |
|---|---|---|---|---|---|---|---|---|
| **Net Interest Margin (NIM)** | 14.3% | 13.6% | 13.2% | 12.1% | 10.8% | 9.6% | 10.1% | 10.3% |
| **Credit costs** | 0.6% | 0.05% | 0.12% | 0.18% | 0.10% | 0.09% | 0.20% | 0.20% |
| **Return on Asset (RoA)** | 5.6% | 5.5% | 6.6% | 6.6% | 5.6% | 4.7% | 4.8% | 5.1% |

*Note: E – Estimated, P – Projected*
*Aggregate includes Muthoot Finance and Manappuram Finance which represents ~60% of gold loan NBFC market*
*Net interest income = (Interest income less interest expense) on average yearly assets; Credit cost = Impairment on financial instruments on average yearly assets; RoA = Profit after tax on average yearly assets*

*Source: Company reports, CRISIL MI&A*

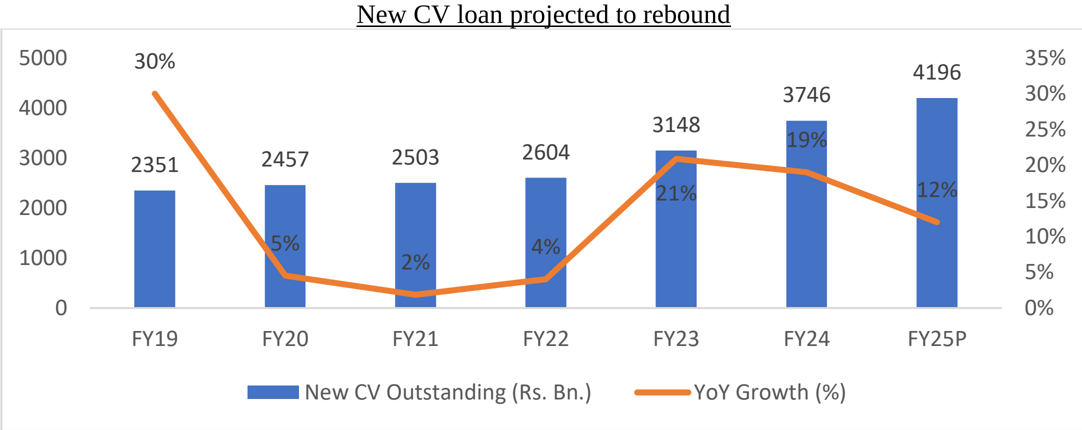
Challenges in the Consumer Finance Industry in India:

- High-Interest Rates: Consumer loans in India often carry relatively high-interest rates compared to other loan products. Achieving a balance between lender profitability and affordable interest rates for consumers remains a challenge.
- Regulatory Complexities: The consumer loans industry is subject to various regulatory guidelines and policies, which can sometimes be complex and evolving. Keeping up with changing regulations, such as those related to risk-weights, documentation requirements, and reporting, can be a challenge for lenders.
- Competition and Market Saturation: The consumer loans market in India has become increasingly competitive, with both traditional financial institutions and digital lending platforms vying for a share of the market.
- Loan Defaults and Delinquencies: Given the unsecured nature of products like personal loans and consumer durable loans, defaults and delinquencies can be a significant concern for lenders, particularly during times of economic uncertainty.

**Vehicle Financing**

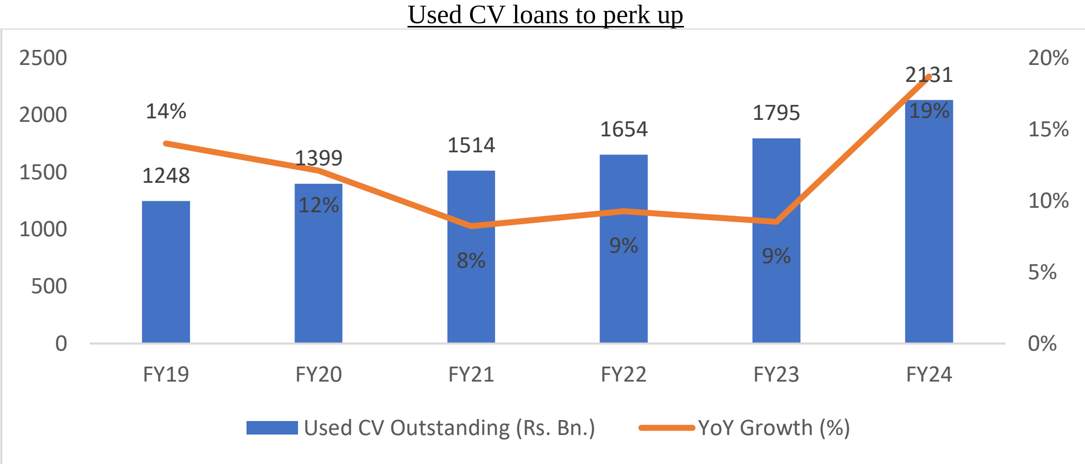
**Strong bounce back in Fiscal 2023 and Fiscal 2024 in new commercial vehicle ("CV") financing**

New CV loan projected to rebound




*Note: P – Projected, FY - Fiscal*
*Source: Company reports, CRISIL MI&A*

Used CV loans to perk up




*Source: Company reports, CRISIL MI&A*

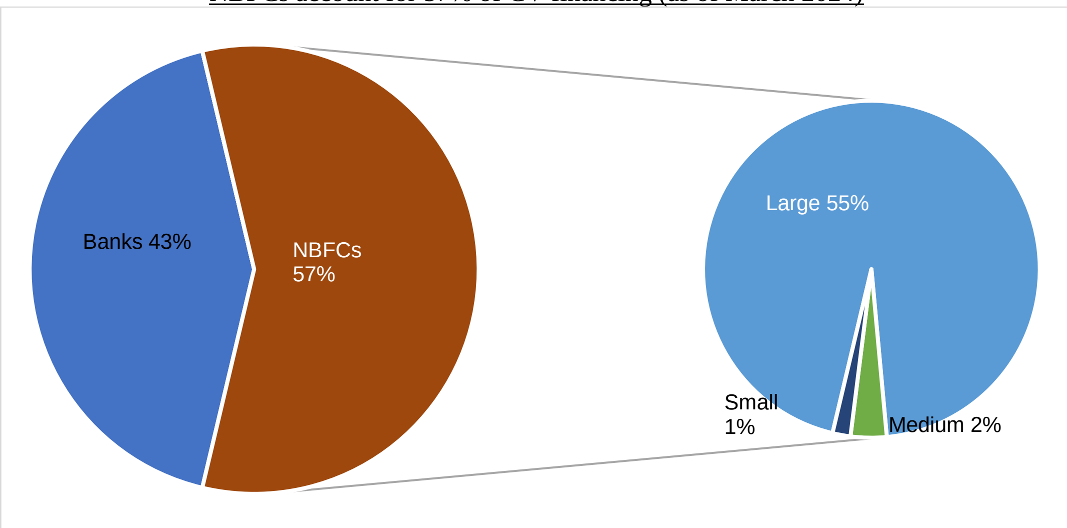
**NBFC's share of CV financing stood at approximately 57% market share**

NBFCs held lion's share (more than 60% share over past 6-7 years) in overall commercial vehicle financing on account of relatively superior customer connect in small fleet operators ("**SFOs**") and first-time buyers customer segment, strong and deep understanding of local economy, ease of loan processing, relatively higher loan-to-value ("**LTV**"), and higher risk-taking ability of NBFCs. Banks have sharper focus on financing large fleet operators (LFOs) based on their superior credit profiles. They also prefer big ticket financing, like that for Medium and Heavy Commercial Vehicles ("**MHCVs**"). While the sector has been under stress and delinquencies over past two years, the quality of the portfolio improved in Fiscal 2023 as economic activity picked up thus increasing repayment capabilities. This has enabled banks to capture market share in both LFOs and SFOs as they can offer better loan rates and higher ticket size than NBFCs.

However, as banks are more cautious in lending to riskier CV asset classes, NBFCs can maintain their strong hold and build better customer profiles. NBFCs can cater to LFOs that are more volatile and riskier than SFOs during adversities. As some NBFCs are mainly focused on CV financing, they have built a strong customer base that will support them going forward. As of March 2024, CRISIL MI&A estimates that NBFCs have a market share of approximately 57% in CV financing.

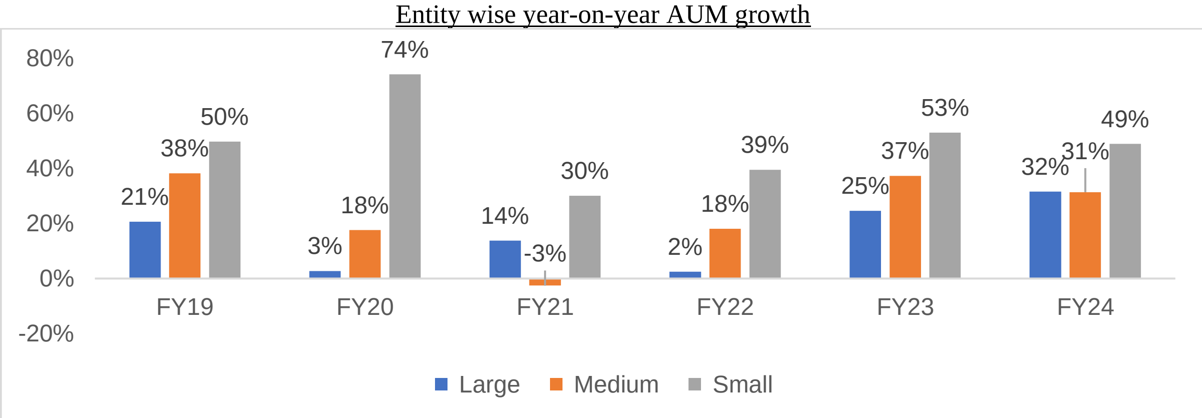
Out of the total proportion of NBFCs, few larger NBFCs such as Shriram Finance, Tata Motors Finance, Sundaram Finance, Cholamandalam Finance and Mahindra and Mahindra Finance holds majority share in overall NBFCs CV loan book (approximately 95% of NBFCs CV loan book).

NBFCs account for 57% of CV financing (as of March 2024)



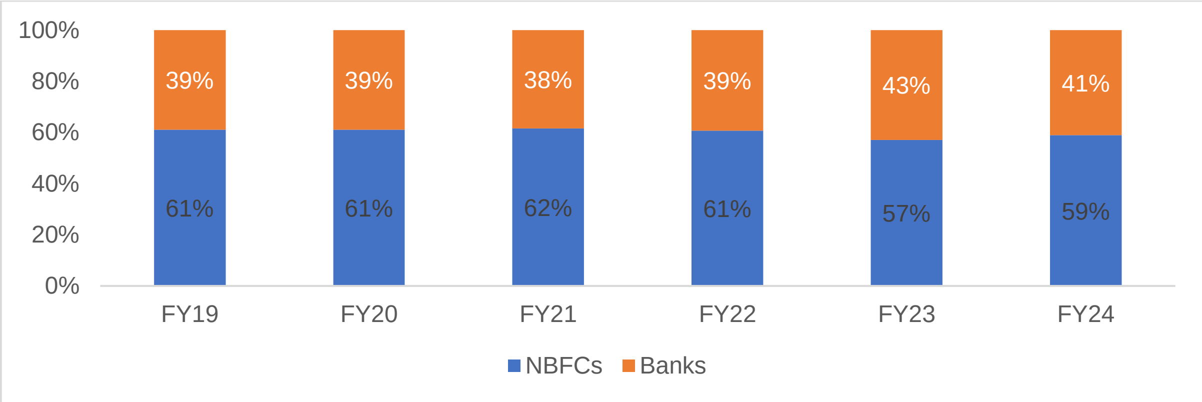

*Source: Company reports, CRISIL MI&A*

Entity wise year-on-year AUM growth




*Note: FY – Fiscal, Large NBFCs includes players having AUM more than ₹50 billion for CV finance*
*Mid-sized NBFCs includes players having AUM between ₹10 billion to ₹50 billion for CV finance*
*Small NBFCs includes players having AUM less than ₹10 billion for CV finance*
*Source: Company reports, CRISIL MI&A*

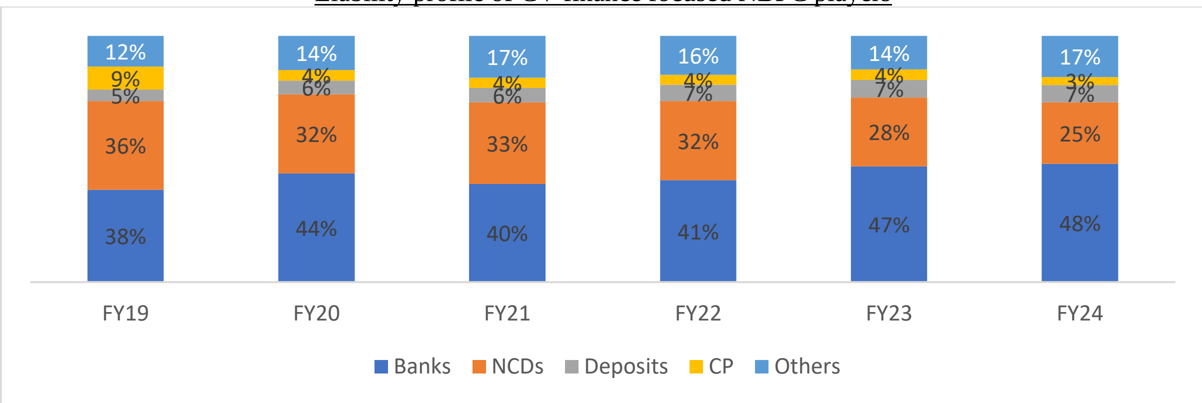
Trend in NBFC's CV market share




*Source: Company reports, CRISIL MI&A*

**Players' dependence on bank borrowing continue to remain high**

Liability profile of CV finance focused NBFC players

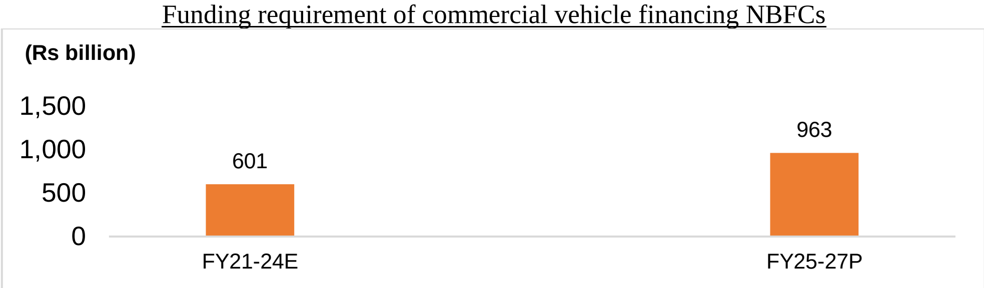



*Note: FY – Fiscal, For Borrowing Mix CRISIL have considered 18 players which cumulatively accounts for approximately 85% market share amongst the NBFC CV finance universe*

**NBFCs require capital of around approximately ₹963 billion for CV financing over next 3 years**

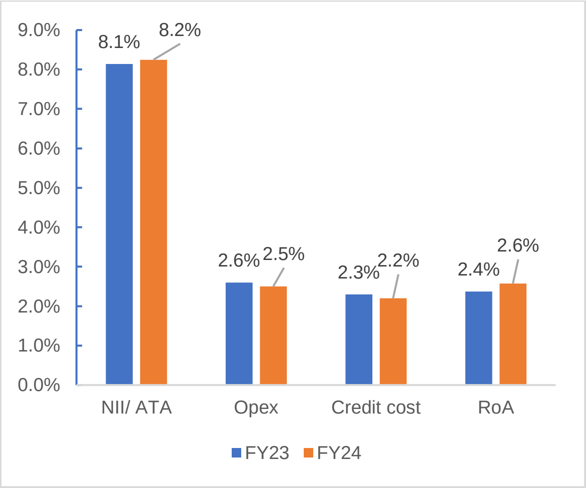
Based on the projected growth in the CV finance portfolio, profitability, and leverage levels, CRISIL estimate that commercial vehicle financing NBFCs will require capital to the tune of around approximately ₹963 billion between Fiscal 2025 and Fiscal 2027, which will get financed through a mix of equity, debt, and securitization.

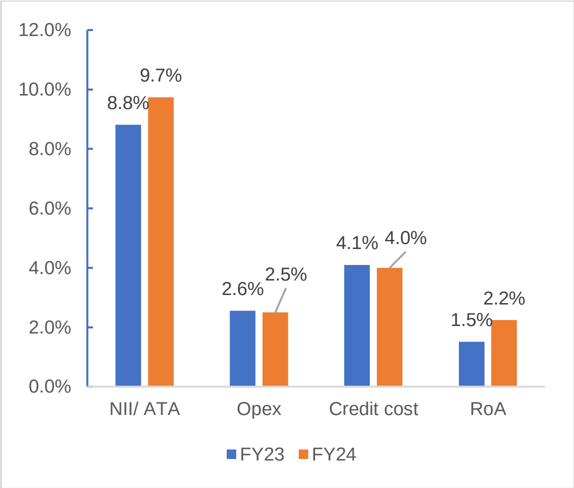
Funding requirement of commercial vehicle financing NBFCs




*Note: E - Estimated; P – Projected, FY - Fiscal*
*Source: CRISIL MI&A estimates*

**Key Profitability parameters**




*Source: Industry, Company reports, CRISIL MI&A*

***Two-Wheeler Loans***

**Two-wheeler industry witnessed double-digit growth in Fiscal 2024**

Two-wheeler sales witnessed substantial growth of 14% in Fiscal 2024 from Fiscal 2023 owing to increase in scooter sales as urban income sentiments improved and EV penetration increased. Under two-wheeler segment, scooters grew at a faster pace than motorcycles as urban sentiments recovered faster. Moreover, electric two-wheeler also witnessed record-high sales in Fiscal 2024. However, overall sales volume is still below the pre-pandemic levels due to significant price hikes witnessed by two-wheeler segment in last four Fiscals thereby affecting consumer sentiments.

Two-wheelers sales to improve in Fiscal 2025 due to:

- Rural demand recovery due to expected above-normal monsoon in 2024 as indicated by Indian Meteorological Department (IMD)
- Increase in consumer spending owing to rise in income levels
- Increased accessibility to financing options for two-wheelers
- Rising need for personal mobility
- Improved customer sentiments
- Increase in overall road infrastructure capex
- Expected robust festive season demand
- Multiple models launch in electric vehicles ("**EVs**") by leading original equipment manufacturers ("**OEMs**").
- Softening inflation
- Incomes catching up with price hikes and inflation

**Headwinds in demand recovery could be:**

Monsoon below the expected levels
Price hikes due to onboard diagnostic device (OBD)-II norms leading to 3-5% increase in of asset cost.

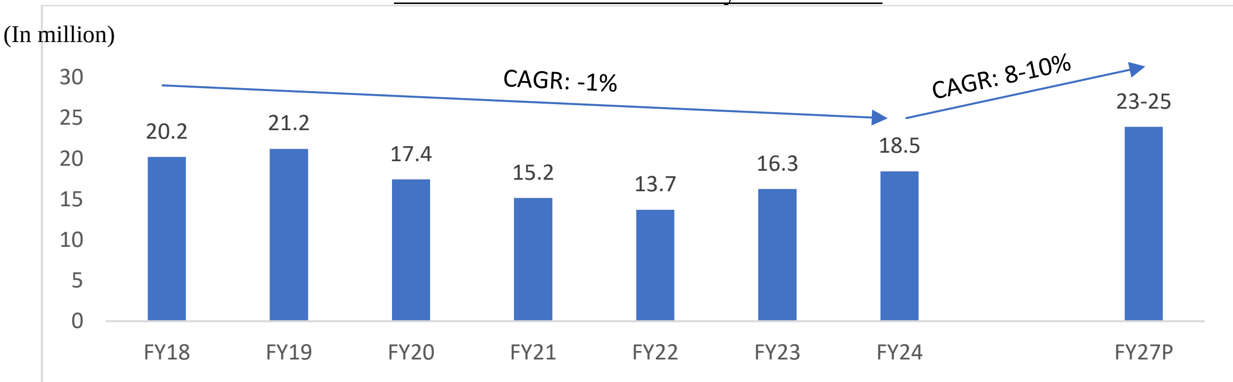
In the long-term, CRISIL MI&A expects domestic two-wheeler sales to record a CAGR of 8-10% between Fiscal 2024 to Fiscal 2027 post a robust recovery in Fiscal 2023 and Fiscal 2024. Improving rural productivity, diversification towards horticultural crops, government income support schemes and structural measures taken by the government such as PM-KISAN, eNAM, Pradhan Mantri Fasal Bima Yojna ("**PMFBY**") to name a few, will aid rural income in the long run. This is expected to drive sales of motorcycle segment, which will be a primary beneficiary of the rural growth.

Scooters are expected to witness higher penetration in the rural market (scooters have an urban market share of approximately 65-75%) which will drive growth. The consumer preference shifting towards higher 'cc' scooters (125cc) is also likely to aid demand. This is due to a ramp up seen in road construction over the last few years. However, EV penetration is going to eat up scooters market share in the long run.

Moreover, mopeds, which account for 3-5% of domestic two-wheeler sales, are expected to decline the long run. Shift in consumer preference towards other vehicle segments and EV penetration will act as key reasons impacting moped sales.

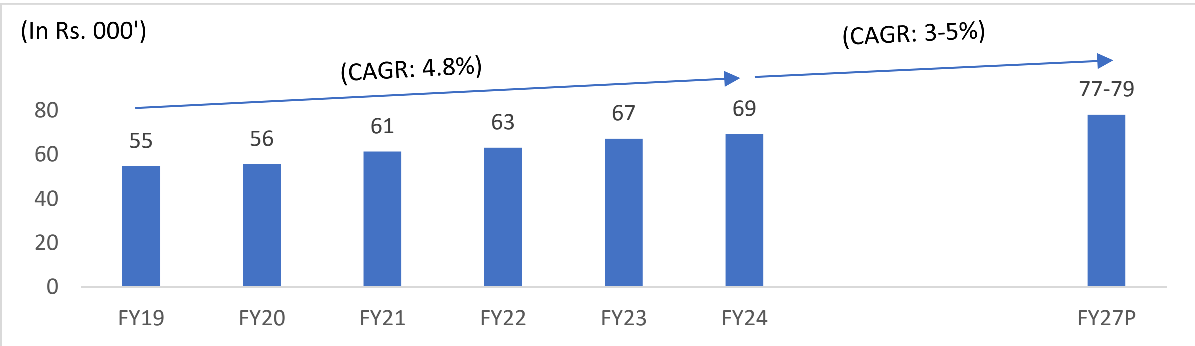
Furthermore, the EV industry and its financing are experiencing significant growth due to the escalating focus on climate change and sustainability.

<u>Growth in two-wheeler industry sales volume</u>




*Note: P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

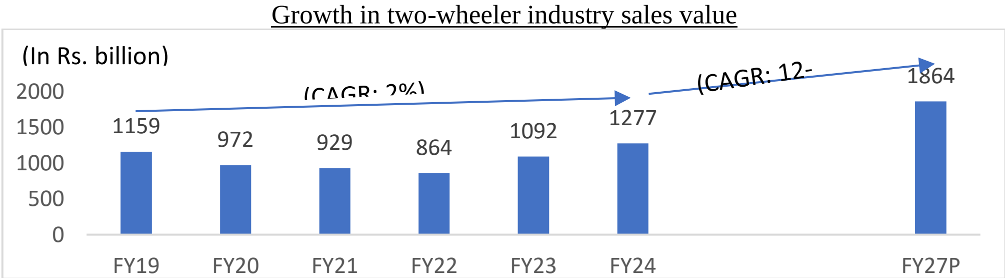
**Trend in growth of average ticket size of two-wheelers**




*Note: P – Projected, FY - Fiscal*
*Source: CRISIL MI&A estimates*

In value terms, CRISIL MI&A project the industry sales value to grow at a CAGR of 12-14% between Fiscal 2024 to Fiscal 2027.

<u>Growth in two-wheeler industry sales value</u>



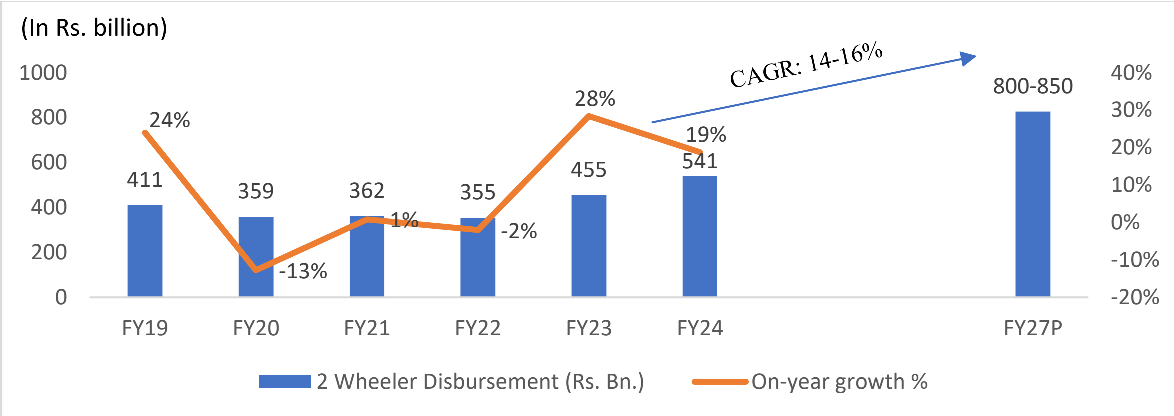

*Note: P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

**Two-wheeler loan disbursements expected to grow at a 13-15% CAGR from Fiscal 2023 and Fiscal 2026**

Two-wheeler loan disbursements increased by 19% CAGR between Fiscals 2015 and 2020, led by an increase in average vehicle prices, considerable shift of consumer preference towards premium segments (mostly in urban areas), increasing LTV, and higher finance penetration.

Two-wheeler loan disbursement decreased by 2% in Fiscal 2022 owing to 9% fall in two-wheeler sales during the Fiscal due to increasing realisation. Two-wheeler sales increased 19% on year in Fiscal 2023 on account of recovery in scooter sales as urban income sentiments improved and rise in EV penetration. CRISIL MI&A expects two-wheeler disbursements to grow at 13-15% CAGR from Fiscal 2023 to 2026, driven by recovery in scooter sales with improvement in urban sentiments along with increase in two-wheeler EV penetration and improving rural infrastructure.

Growth in two wheeler loan disbursements




*Note: P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

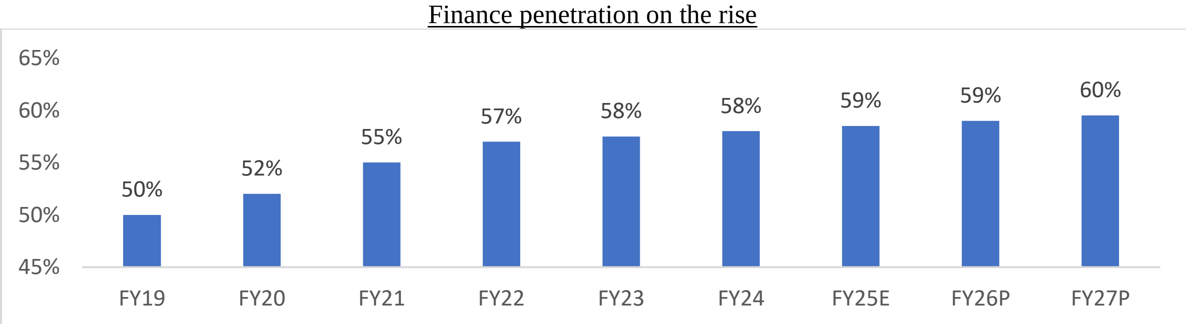
***Key Industry Parameters***

**Finance penetration estimated at approximately 58% in Fiscal 2024**

Cash transactions continue to dominate two wheelers' sales, as compared with other automobile segments, given the industry's smaller ticket sizes, relatively lower-income profile of customers, high default rates, and difficulty in repossessing vehicles.

Finance penetration is estimated to have increased to around 58% in Fiscal 2024 from 50% from Fiscal 2019 due to increasing options available to customers. CRISIL MI&A project finance penetration to further increase, and cross 60% over the next three fiscal years.

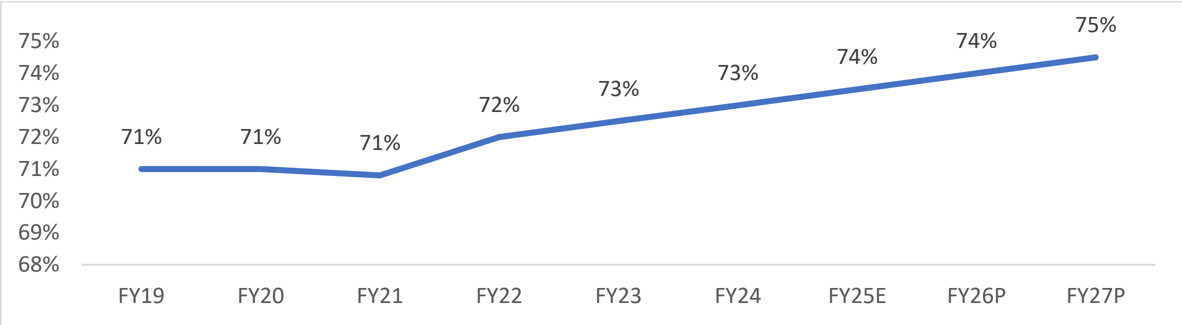
Finance penetration on the rise




*Note: E – Estimated; P – Projected, FY – Fiscal*
*Source: CRISIL MI&A*

**LTVs to improve in-line with demand recovery**

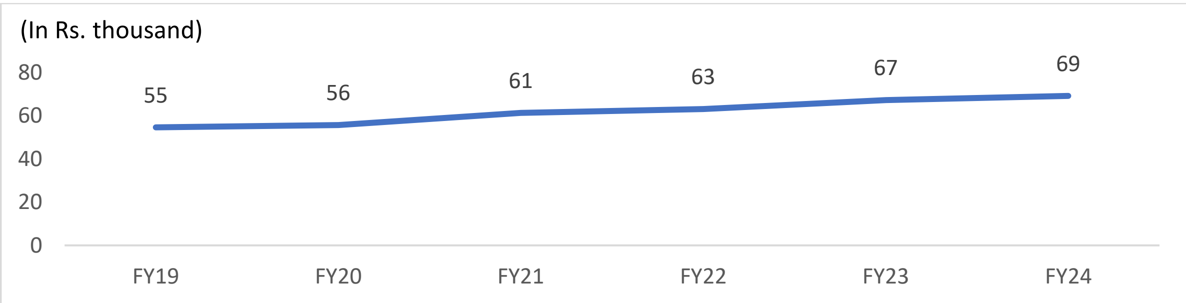
During the COVID-19 pandemic, financiers were being more apprehensive in providing two-wheeler loans. Lending was available more to customers with stable income and good track record. Post-pandemic, subdued demand owing to high-cost increase led to financiers offering a wide range of schemes and promotions like low down payment, attractive enterprise management incentive options, no charge on processing fees, etc., in order to attract more customers for small ticket size purchases. Additionally, OEMs started offering discounts across various models in order to push sales. In Fiscal 2024, retail sales of two-wheelers improved by 14% on-year after 25% jump in Fiscal 2023. This led to increase in LTV in Fiscal 2023 and marginal increase in Fiscal 2024. Going forward, LTVs are expected to increase further as demand sentiments improve.




*Note: E – Estimated; P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

**Increase in average ticket size on account of rising vehicle prices**

CRISIL MI&A expects an increase in the average ticket size of loans, led by an increase in the average vehicle price, a considerable shift in consumer preference towards premium-segment vehicles, increasing proportion of urban people and rising LTV ratios. CRISIL MI&A estimate a further 3-5% rise in the average ticket size as two-wheeler prices increase.




*Source: CRISIL MI&A*

**NBFCs poised to dominate two-wheeler financing on better rural penetration**

The two-wheeler financing segment is increasingly becoming a stronghold of NBFCs due to their greater ability to tap rural markets by offering loans at rates much lower than those of unorganised peers. Limited presence of banks in rural markets also helps them. Major captive NBFCs in the segment are Bajaj Finance, Hero FinCorp, and TVS Credit Services, and major non-captive ones are Shriram Finance and Muthoot Capital, among others. Though weaker demand sentiments have delayed their expansion, NBFCs remain poised to dominate the two-wheeler financing segment this Fiscal as well as banks are likely to tread the space carefully.

Factors favouring banks and NBFCs:

**For Banks –**

- Banks have a stronghold on two-wheeler financing in urban areas due to which their two-wheeler GNPAs are lower than that of NBFCs.
- Banks can offer variable interest rates based on customer credit history to attract more customers and gain share in the segment.
- As a result, pre-tax RoAs are set to remain rangebound between 4% and 5%.

**For NBFCs:**

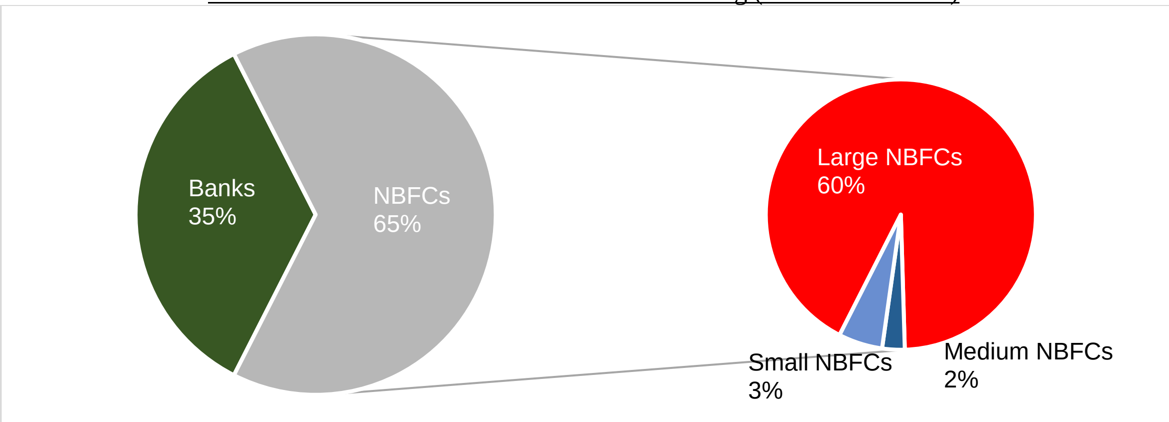
- Two-wheelers are more popular in the rural and semi-urban areas. Thus, captive players, who have a hold in these areas, can capitalise on it to increase their share.

- The under-penetrated rural market will be the key growth segment for NBFCs. Rising income will be further aided by better rural connectivity and rising participation of women in both, urban and rural areas.

**NBFCs have been usurping market share from banks**

CRISIL MI&A estimates NBFCs' share in two-wheeler financing to be 65% in Fiscal 2024. Financers have been offering a wide range of schemes and promotions (such as low-down payment, attractive EMI options, waiver of processing fees) to attract more customers for small ticket-sized purchases.

NBFCs account for 65% of two-wheeler financing (as of March 2024)

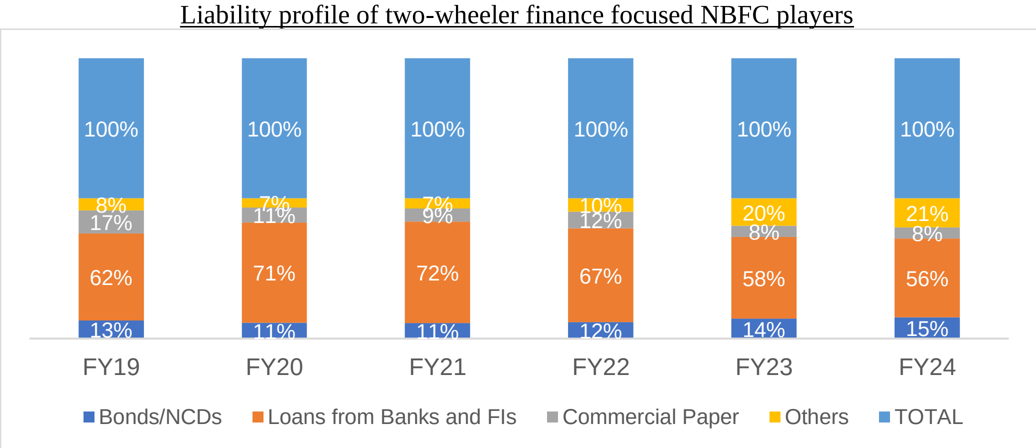



*Note: Large NBFCs includes players having AUM more than ₹50 billion from two-wheeler finance*
*Mid-sized NBFCs includes players having AUM between ₹10 billion to ₹50 billion from two-wheeler finance*
*Small NBFCs includes players having AUM less than ₹10 billion from two-wheeler finance*
*Source: Company reports, CRISIL MI&A*

**Banks continue to be the support pillar for two-wheeler financing NBFCs**

Going forward, bank funding to NBFCs is expected to continue to remain healthy, given the higher liquidity with banks. This will result in banks gaining further share in the borrowing mix across all NBFCs.

Liability profile of two-wheeler finance focused NBFC players

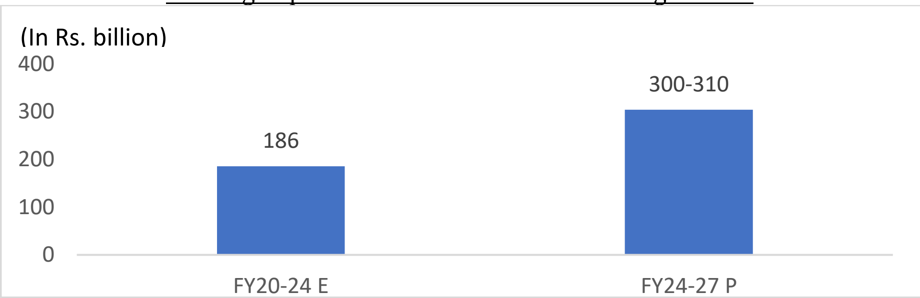



*Note: FY – Fiscal, For Borrowing mix CRISIL have considered 6 players which cumulatively accounts for 31% market share amongst the NBFC-Two-wheeler universe*
*Source: Company Reports, CRISIL MI&A estimates*

**NBFCs require capital of around Rs 300 billion for two-wheeler financing over next 2 years**

Based on the projected growth in the two-wheeler finance portfolio, profitability and leverage levels, CRISIL MI&A estimate that two-wheeler financing NBFCs will require capital to the tune of around Rs 300 billion between Fiscal 2025 and Fiscal 2027, which will get financed through a mix of equity, debt, and securitization.

Funding requirement of two-wheeler financing NBFCs




*Note: E - Estimated; P - Projected*
*Source: CRISIL MI&A*

Profitability of NBFC two-wheeler loans

| Ratios | Fiscal 2020E | Fiscal 2021E | Fiscal 2022E | Fiscal 2023E | Fiscal 2024E | Fiscal 2025P |
|---|---|---|---|---|---|---|
| **Net Interest Margin (NIM)** | 17.03% | 16.65% | 16.15% | 16.81% | 17.92% | 18.31% |
| **Operating Cost** | 6.00% | 5.90% | 6.05% | 6.20% | 6.10% | 6.10% |
| **Credit costs** | 4.70% | 7.00% | 6.50% | 5.00% | 4.70% | 4.60% |
| **Return on Asset (RoA)** | 4.24% | 2.51% | 2.41% | 3.76% | 4.77% | 5.10% |

*Note: E - Estimated P - Projected*
*The above figures are estimates of overall industry*
*Net interest income = (Interest income less interest expense) on average yearly assets; Operating costs = Operating expenses on average yearly assets; Credit cost = Impairment on financial instruments on average yearly assets; RoA = Profit after tax on average yearly assets*
*Source: Company Reports, CRISIL MI&A*

Challenges in the Vehicle Finance Industry in India:

- Evolving Mobility Landscape: The rapid changes in the automotive industry, such as the shift towards electric vehicles, shared mobility, and autonomous technologies, can impact the lending landscape. Lenders need to stay agile and adapt their underwriting criteria, product offerings, and risk management strategies to cater to the evolving preferences and financing needs of vehicle buyers.
- Asset Repossession and Disposal: In the event of loan defaults, lenders face the challenge of efficiently repossessing the financed vehicles and disposing of them in the secondary market. Navigating legal and regulatory frameworks, managing logistics, and ensuring a fair and transparent repossession and resale process can be complex and resource-intensive for lenders.
- Residual Value Risk: Accurately estimating the future residual value of vehicles at the end of the loan tenor is a significant challenge for vehicle finance lenders. Fluctuations in the used vehicle market, changes in consumer preferences, and technological advancements can impact the resale value, posing risks to the lender's asset valuation.

**<u>Housing finance focused on low- and middle-income housing segment</u>**

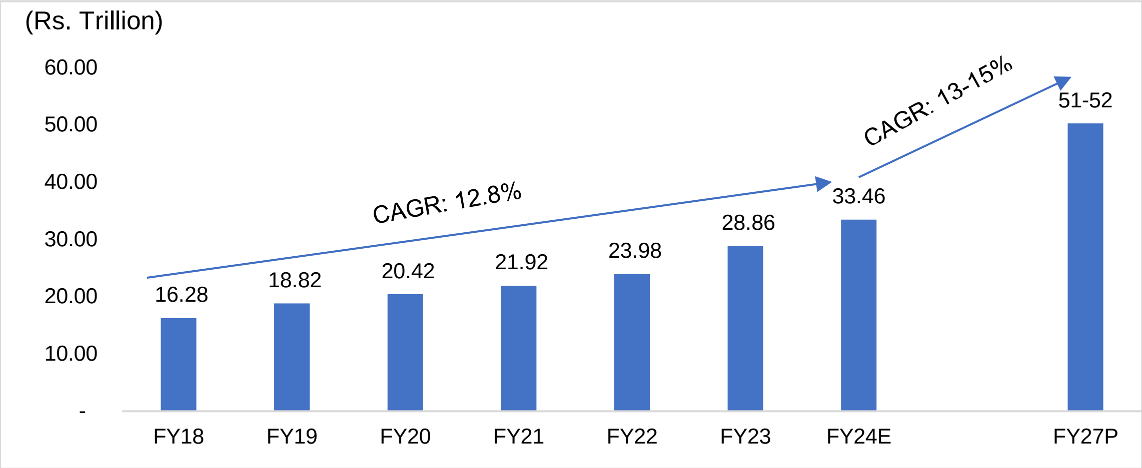
**Affordable Housing finance market to double digit growth in Fiscal 2024; growth to accelerate in the next three years**

In this section, housing loans with ticket size lesser than ₹7.5 million in metro regions and ₹5 million in non-metro regions have been included. Loans offered below these thresholds are referred to as housing loans focused on low- and middle-income housing segment.

The low- and middle-income segment focused housing finance market clocked a healthy CAGR (growth in loan outstanding) of approximately 13% over Fiscals 2018-2024 on account of a rise in disposable income, healthy demand and a greater number of players entering the segment. As of March 2024, outstanding loans to this segment approximated estimated at around ₹33.4 trillion.

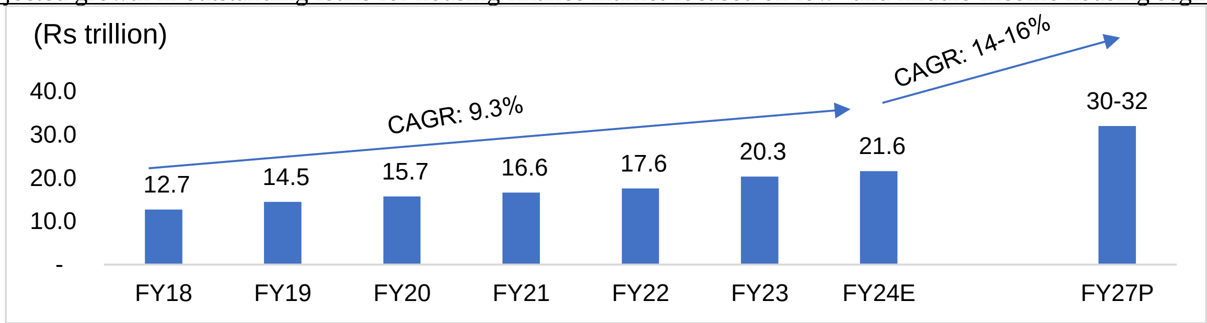
CRISIL MI&A estimates home loans outstanding (banks and non-banks) focused on low- and middle-income housing segment to grow with CAGR of 14-16% between Fiscal 2024 to Fiscal 2027. With investment demand being relatively low, demand will be largely propelled by buyers in the affordable and mid-income housing segment who are looking at a home purchase for own use.

Projected growth in outstanding loans for housing finance market



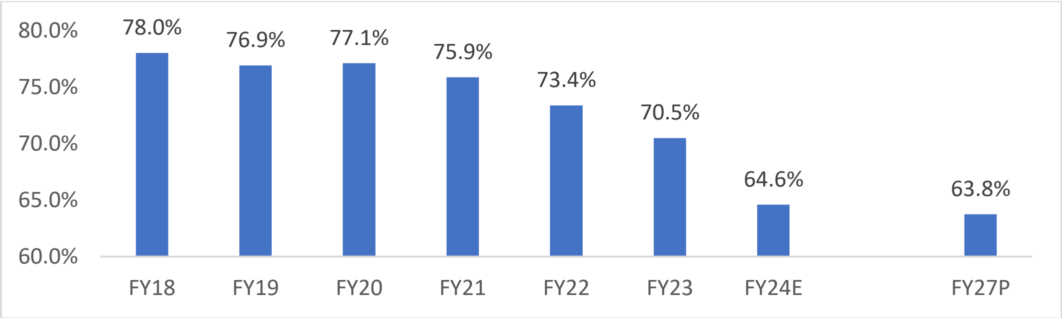

*Note: E- Estimated, P- Projected, FY - Fiscal*
*Source: Company reports, RBI, CRISIL MI&A*

Projected growth in outstanding loans for housing finance market focused on low- and middle-income housing segment




*Note: E- Estimated, P- Projected, FY - Fiscal*
*Source: Company reports, RBI, CRISIL MI&A*

Share of outstanding loans for housing finance market focused on low- and middle-income housing segment in the overall housing finance market

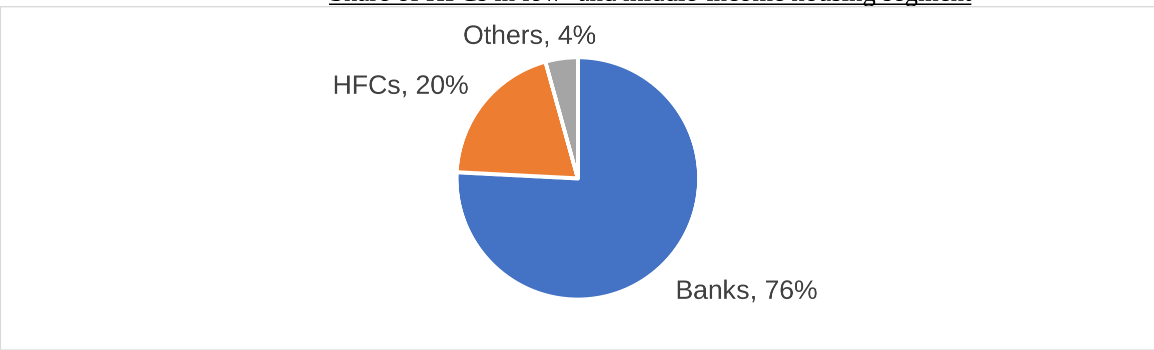



*Note: E- Estimated, P- Projected, FY - Fiscal*
*Source: Company reports, RBI, CRISIL MI&A*

Housing Financing Companies ("**HFCs**") have a market share of close to 20% in Fiscal 2024

CRISIL MI&A expects share of HFCs to decrease in Fiscal 2025 as banks will gain market share over HFCs/NBFCs, because of their competitive advantage of higher liquidity as compared to HFCs/NBFCs and their ability to offer low interest rates.

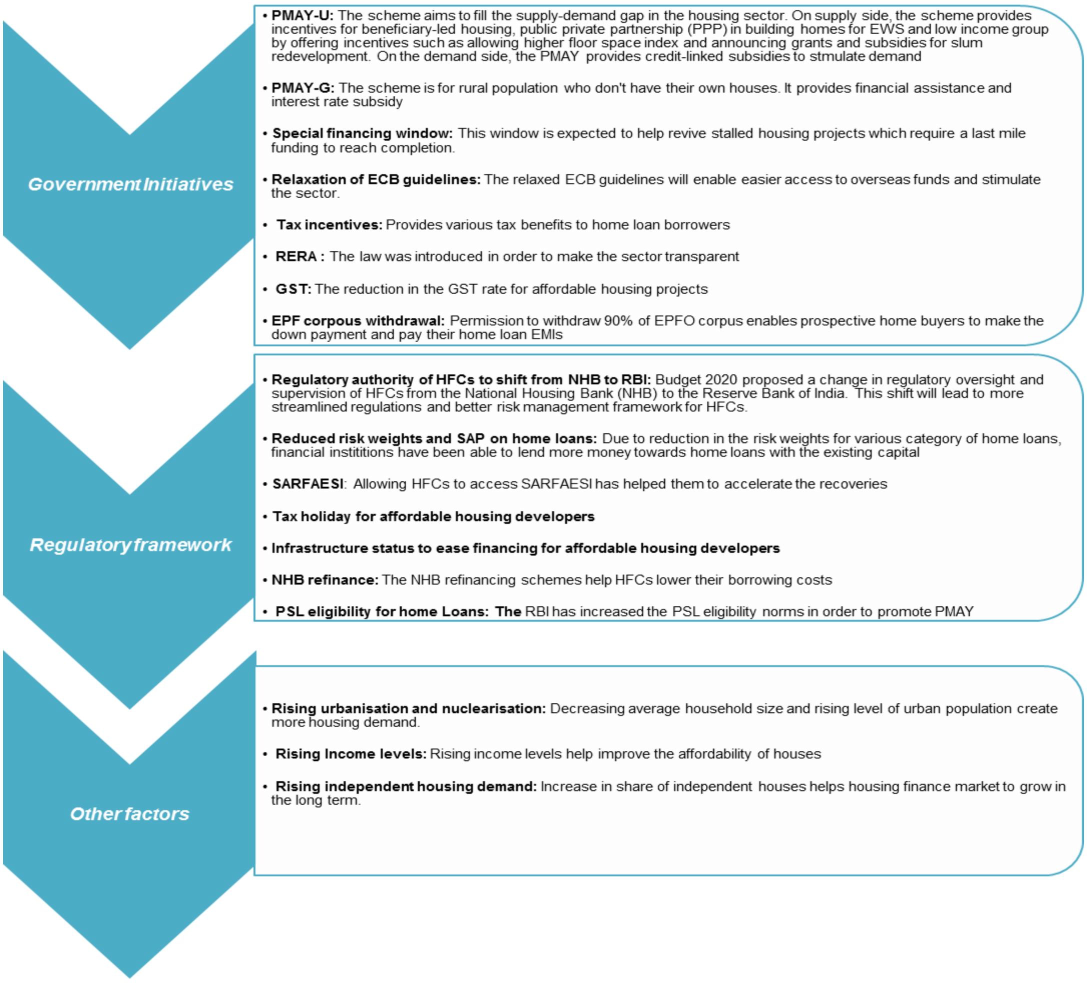
Share of HFCs in low- and middle-income housing segment




*Note: E - Estimated,*
*Others include Small Finance Banks, NBFCs, Foreign Banks, Regional Rural Banks, and State Co-operative Banks*
*Source: Company reports, RBI, CRISIL MI&A*

**Growth drivers for housing finance**

Higher transparency in the sector, increasing affordability and urbanisation, and government incentives will push up the housing finance market over the next five years.

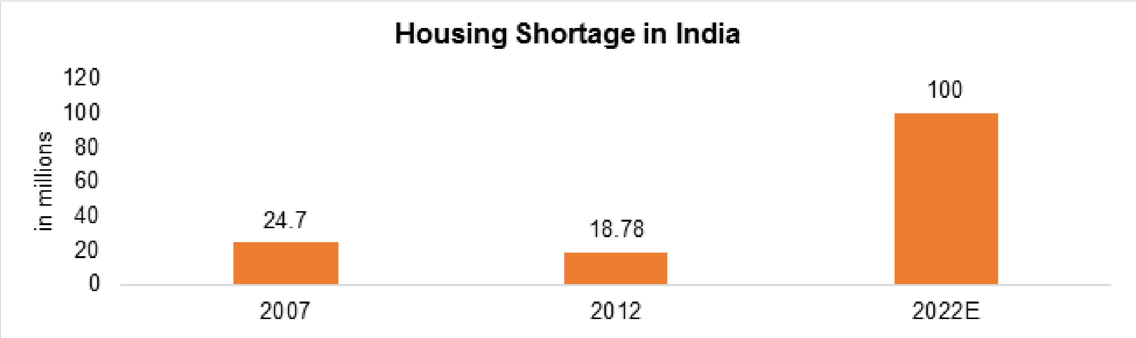



*Source: CRISIL MI&A*

**Other factors**

**Housing shortage in India**

Estimated shortage and requirement of approximately 100 million houses in 2022




*Note: E: Estimated; Source: RBI, Planning Commission, CRISIL MI&A*

**Opportunity for financiers well established in affordable housing segment**

As per the report of RBI-appointed Committee on the Development of housing finance securitisation market (September 2019), the total value of units to fulfil the entire shortage is estimated at ₹149 trillion, out of which ₹58 trillion is estimated to be the aggregate loan demand for housing.

Estimates for aggregate demand for Housing

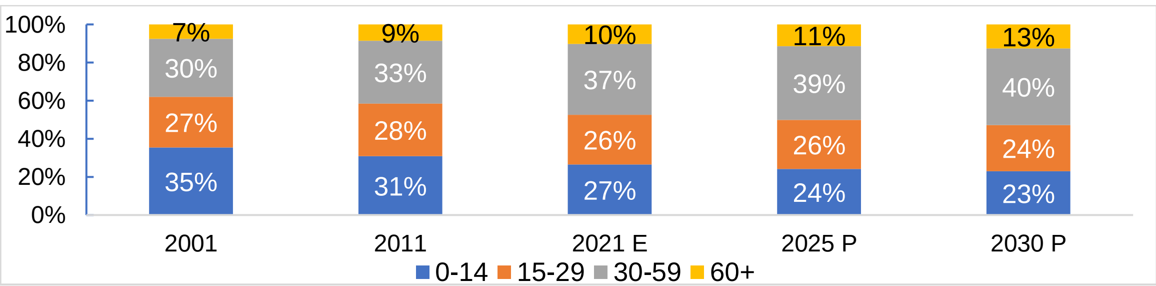
| Income Segment | Housing Shortage (in million) | Avg. ticket size (₹million) | Value of Units (in ₹trillion) | LTV | Credit Penetration | Aggregate loans demand (in ₹trillion) |
|---|---|---|---|---|---|---|
| Economically Weaker Section (EWS) | 45 | 0.75 | 34 | 40% | 40% | 5 |
| Low Income Group (LIG) | 50 | 1.5 | 75 | 50% | 80% | 30 |
| Middle Income Group (MIG) and above | 5 | 8 | 40 | 65% | 85% | 22 |
| Total | 100 | | 149 | | | 58 |

*Source: RBI Committee Discussion (Sept 2019), CRISIL MI&A*

Healthy demand emanating from smaller markets: Faster growth in smaller districts and relatively muted demand for high ticket housing in metros have led to increased share of smaller districts (tier-II and below cities) in housing loans over the last couple of years.

**Favourable demographic & declining age of home loan borrowers**

**India's demographic dividend**

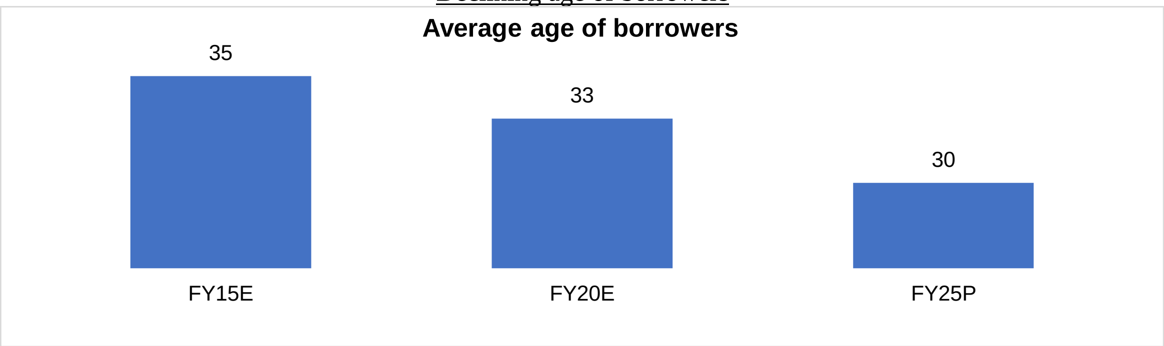



*Note: E - Estimated, P – Projected*

*Source: United Nations Department of Economic and Social affairs, CRISIL MI&A*

Average age of borrowers has been declining over the years and was estimated at 33 years in Fiscal 2020. CRISIL expect this figure to decline further with growth in salaries and people's strengthening preference for accumulating assets, both for investment purpose and tax benefits. India's demographic profile is expected to favour the industry, leading to growth in the Housing Finance market.

Declining age of borrowers

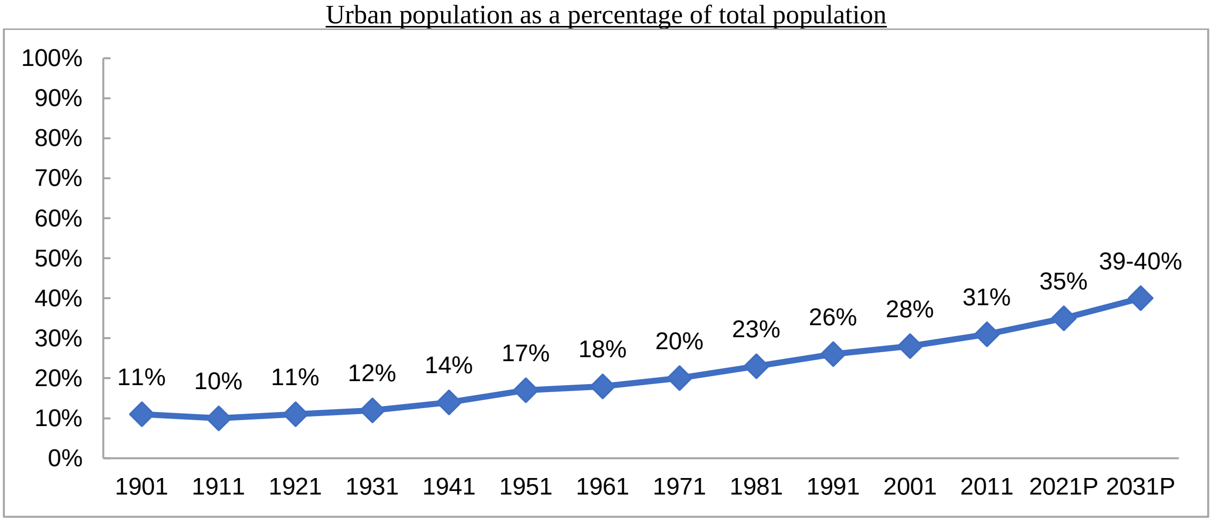



*Note: E – Estimated, P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

**Urbanisation crossed 35% in 2021**

The share of urban population in relation to the total population has been consistently rising over the years. People from rural areas move to cities for better job opportunities, education, better life, etc. Entire families or only a few people (generally earning member or students) may migrate, while a part of the family continues to hold on to the native house.

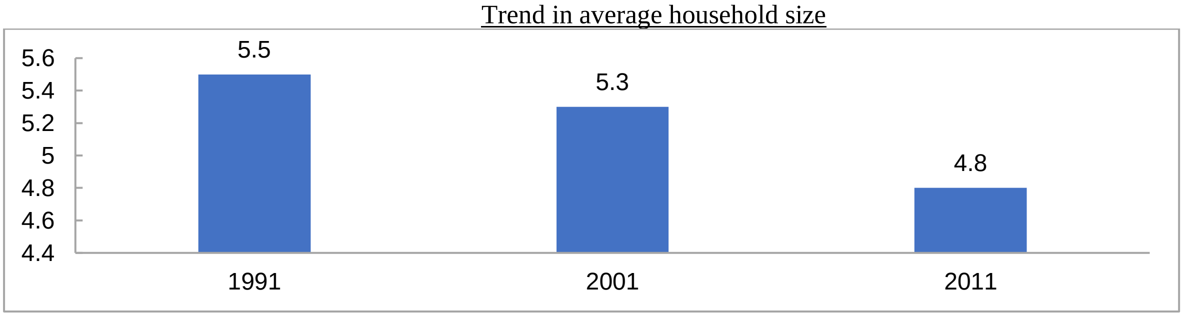
Urban population as a percentage of total population




*Note: P - Projected*
*Source: Census 2011, World Urbanisation Prospects: The 2011 Revision (UN), CRISIL MI&A*

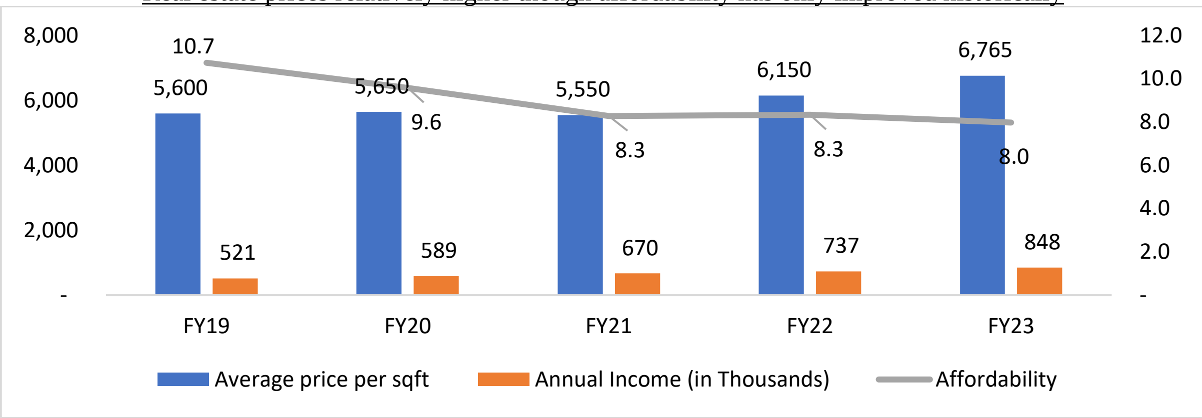
**Rise in number of nuclear families leads to formation of new houses**

Trend in average household size




*Source: Census 2011, CRISIL MI&A*

Real estate prices relatively higher though affordability has only improved historically

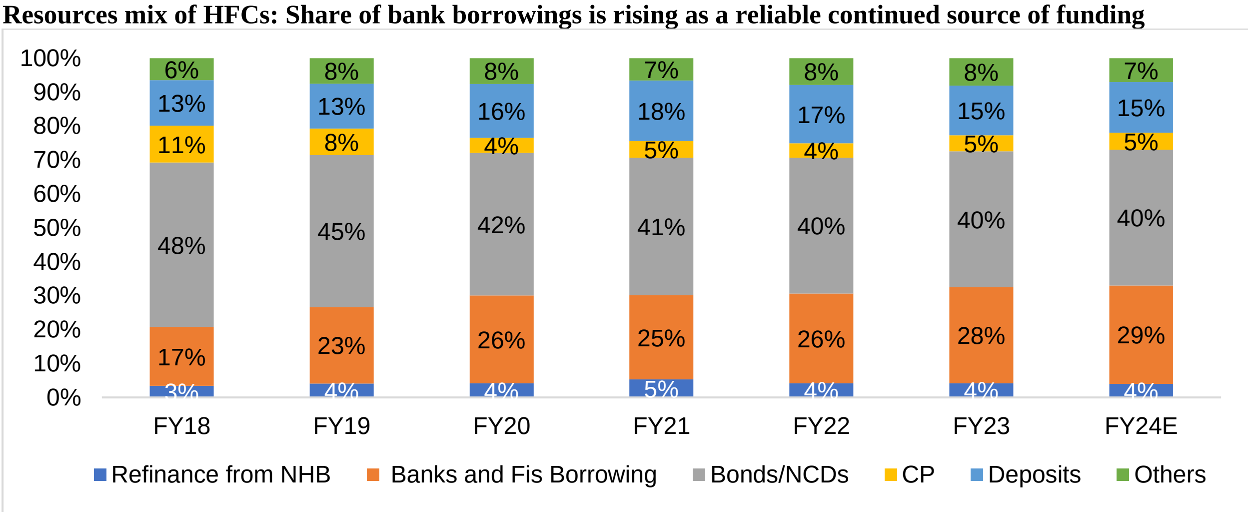



*Note: The charts indicate the price per sqft based on top 10 markets - Delhi NCR, Mumbai, Pune, Ahmedabad, Chennai, Kolkata, Bangalore, Chandigarh, Hyderabad, and Kochi, at a Pan India level, the overall prices could be way lower than estimates, Affordability is computed as average price per sqft / annual income*
*Source: CRISIL MI&A*

**Banks borrowing to gain further share in the borrowing mix of HFCs**

In Fiscal 2021, with the RBI aggressively cutting the repo rate, the benchmark commercial paper and NCD rates softened as well. However, despite the reversal in the interest rate cycle, risk perception stayed elevated for players with a larger non-retail portfolio and those without strong parent company support.

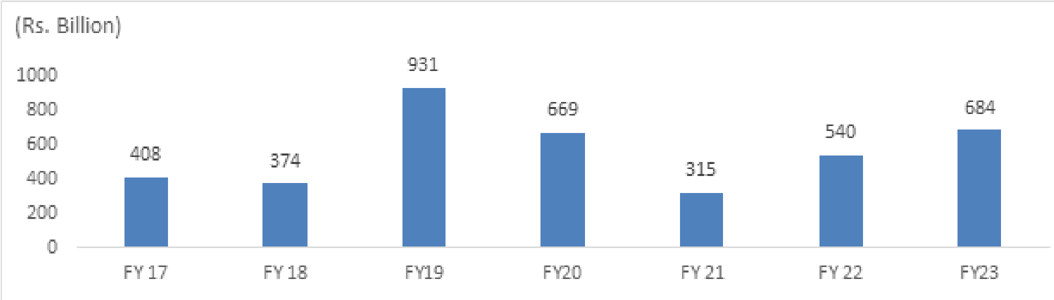
**Resources mix of HFCs: Share of bank borrowings is rising as a reliable continued source of funding**




*Note: E - Estimated*
*Source: Company Reports, CRISIL MI&A*

HFCs increased focus on securitization post the liquidity crisis in the middle of Fiscal 2019, as a mechanism to raise funds to meet their liquidity requirements. As a result, securitisation volumes rose to more than double the previous year in Fiscal 2019. In Fiscal 2020 too, securitization remained a preferred way for HFCs to raise funds. The volumes in Fiscal 2020 were close to ₹0.7 trillion. However, securitisation volumes tanked in the Fiscal 2021 due to increased uncertainty post the COVID-19 pandemic. Securitisation volumes recovered in Fiscal 2022 and Fiscal 2023 to ₹540 billion and ₹684 billion respectively but remains lower than the peak in Fiscal 2019.

Mortgage-based securities securitization volumes spiked up post the liquidity crisis (₹ billion)



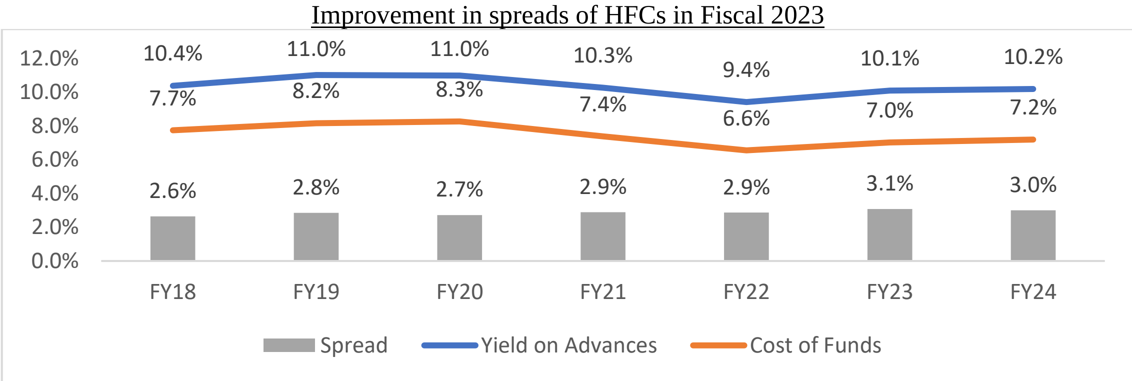

*Source: CRISIL Ratings*

**Spread improved in Fiscal year 2023 with increase in yields and marginal rise in cost of borrowing**

During the second half of Fiscal 2021, the housing market began to show green shoots owing to steps taken by the centre and state governments to boost economic activity. The yield on advances decreased 90 bps in Fiscal 2022 as well, with home loan rates at a historical low. Additionally, the RBI kept its accommodative stance and did not raise repo rates in Fiscal 2022. This helped support the 80 basis points decreases in borrowing costs. Further, this led to spreads of 2.9% in Fiscal 2022.

With the aggressive 250 basis points repo rate hike during Fiscal 2023, the yield on advances have increased approximately 70 bps and cost of funds approximately 40 basis points, leading to spread margins improving to 3.1%. As of Fiscal 2024, yield on advances is around 10.2% with marginal increase in cost of funds.

Improvement in spreads of HFCs in Fiscal 2023

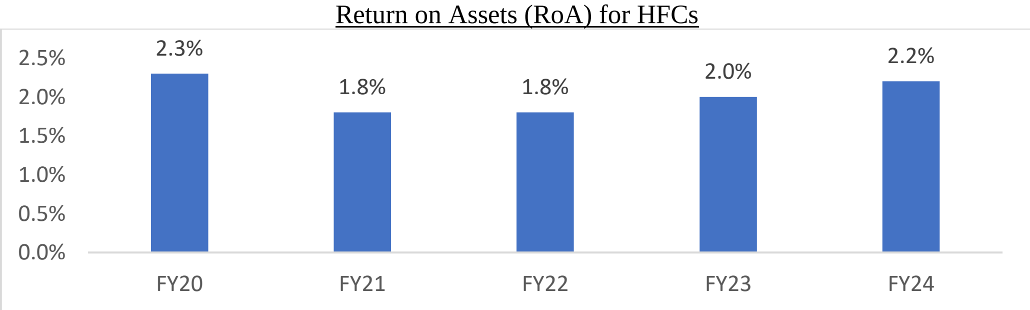



*Source: National Housing Bank (NHB), Company reports, CRISIL MI&A*

**HFCs RoA improved marginally in Fiscal 2023; to further improve in the next Fiscal**

The return on assets for HFCs have improved by approximately 20 basis points in Fiscal 2023 and Fiscal on account of increase in their spreads and lower credit costs. In Fiscal 2025 too, the profitability for HFCs is expected to improve to approximately 2.2-2.3% on account of marginal decrease in credit cost.

Return on Assets (RoA) for HFCs




*Source: Company reports, CRISIL MI&A*

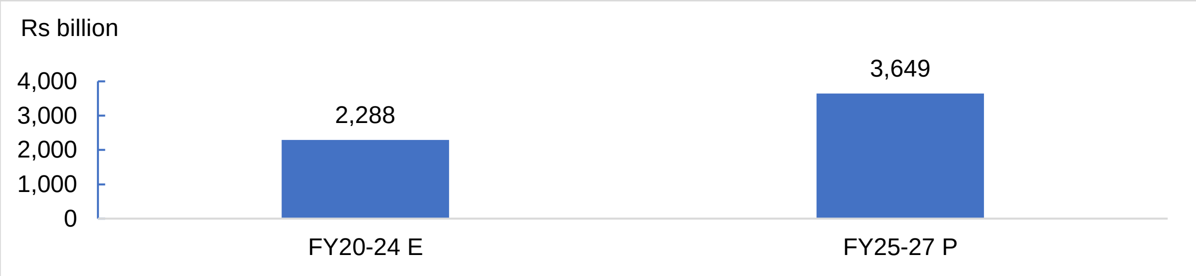
**HFCs may need incremental funding of over ₹3.6 trillion for future growth**

In between Fiscal 2020 and Fiscal 2024, HFCs have increased their loan portfolio of housing loans catering to the low- and middle-income housing segment by approximately ₹1.9 trillion and have raised ₹2.3 trillion to achieve growth as well as cover credit cost during the period. There has also been a large growing investor interest in this sector, with most HFCs raising equity capital.

Furthermore, Housing Finance players are increasingly using digital field applications and credit scoring platforms to improve customer experience, reach out to newer customer segments and enhance operational efficiency. Financiers in recent times have partnered with various technology providers in order to gain efficiency in sourcing of loans by using customer level data analytics tools, which helps them in generation of leads.

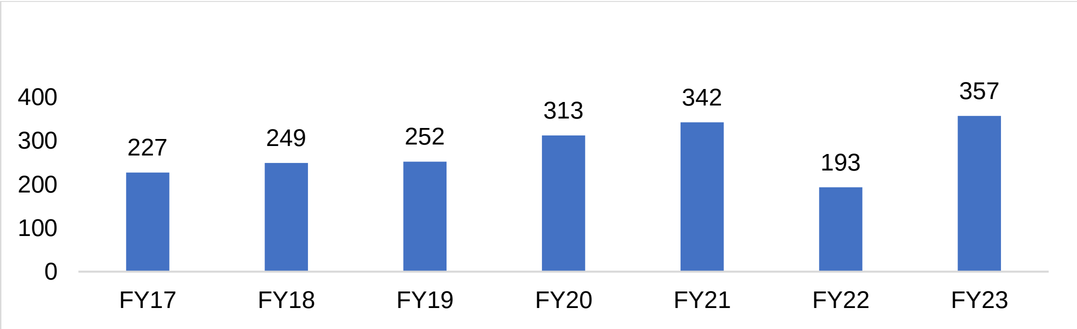
Therefore, based on the projected growth in loans, their profitability and leverage levels, CRISIL estimate that HFCs will require capital to the tune of around ₹3.6 trillion between Fiscal 2024 and Fiscal 2027, which will get financed through a mix of equity, debt, and securitization.

Funding requirement for HFCs (₹ billion)




*Note: E - CRISIL MI&A Estimates, P – Projected, FY - Fiscal*
*Source: CRISIL MI&A*

Refinance Disbursement by National Housing Bank (NHB) across all entities (₹ billion)




*Source: NHB, CRISIL MI&A*

Key Risks in the Overall Housing Finance Industry

- Economic Scenario: Any trends or events that have a significant impact on India's economy, including a rise in interest rates, could impact the financial standing and growth plans of HFCs. A decline in the interest rate with strong growth in the economy will boost the purchasing power of people, thus boosting demand for houses and housing loans. When the government introduces rules and regulations such as the Benami Transactions Act, establishes bodies such as the Real Estate Regulatory Authority, or takes decisions such as demonetisation, all to control illegal activities and curb black money, demand for housing and housing loans takes a hit.
- Insufficiency of data for credit appraisal: Credit-score availability in India is still at a nascent stage despite the presence of credit bureaus. In several cases, borrowers lack a formal proof of income documents. This makes it difficult to judge the ability of the borrower to repay.
- Liquidity Risk: The apartment culture has still not developed in many of the semi-urban and rural areas, leading to financing of individual properties. This makes it harder to sell a property that is built according to the needs of the borrower. Also, in rural areas, it may become difficult to find a buyer for a repossessed property due to cultural issues. All this leads to liquidity risk.

- Collateral Fraud: The rising number of collateral frauds in the sector is becoming a serious issue. As a result, lending institutions are being forced to implement additional control measures, which increase their underwriting expenses.
- Delay in project approvals and construction: The cash flows of HFCs are largely dependent on the timely completion of projects in which their customers have bought housing. If the project gets delayed, the borrower may start defaulting on loans. Additionally, project delays also tend to impact growth in the loan book.
- Thin spreads in Housing Finance: HFCs face a risk of thin net interest margins due to lower interest rates in the segment as compared to other asset classes like MSME loans, vehicle financing etc. This is further aggravated due to intense competition in the segment among HFCs, banks and NBFCs.
- Asset Liability Mismatch (ALM): Housing finance faces significant ALM challenges, arising due to inherent mismatch between the long-term nature of housing loans and the shorter-term funding sources used by housing finance companies (HFCs). This creates a maturity mismatch, where assets have longer durations than liabilities.

## Agriculture value chain Finance

**Agriculture value chain finance estimated to grew at 7% CAGR between Fiscals 2019 and 2024**

CRISIL estimates agri-lending to have grown at a healthy pace (13%) due to 9-10% increment in agriculture target from ₹16.5 trillion in Fiscal 2022 to ₹18 trillion in Fiscal 2023 and estimated credit growth in agri-ancillary activities like food processing, setting up agri-clinics and agri-business centres. While growth remained moderate in Fiscal 2023, it is estimated to have grown year on year at 9% in Fiscal 2024. This can be attributed to agri-credit target for Fiscal 2024 which was set to ₹20 trillion with major focus on agri-allied sectors. The highest share of institutional credit (towards agriculture sector) goes towards pre-harvest activities, followed by infrastructure financing as of Fiscal 2024. Increase in agriculture production capacity, rising demand for food and processed goods, and entry of organized players in the market are expected to push credit demand for post-harvest financing as well.

NBFCs are mainly present in the farm mechanisation and infrastructure finance. Post-harvest financing, which includes warehouse receipt finance as well as loans for food and agro processing loans, is another space where NBFCs are increasing their presence continuously and has strong growth potential in the coming years.

CRISIL MI&A estimates that the commodities (except for perishables like fruits and vegetables) are held by various participants of the agriculture value chain for an average period of 6-9 months in a year. However, due to the seasonality factor, the peak funding requirement arises during the harvest time (from September to February), which CRISIL MI&A estimates to be 1.5 times of the average funding requirement in a year availed by all participants in the agriculture value chain.

**Pre harvest Finance**

- Short term loans for production of crops
- Includes loans for seeds, fertilizer, labor, plantation and horticulture etc.
- Tenure is one crop season

**Infrastructure Finance**

- Short term or long term loans
- Include loans for farm mechanization, land development, warehouse development and development of water resources
- Tenure is one crop season to 18 months

**Allied activities financing**

- Short term loans
- Loans towards animal husbandry, poultry, sheep rearing, dairy etc.

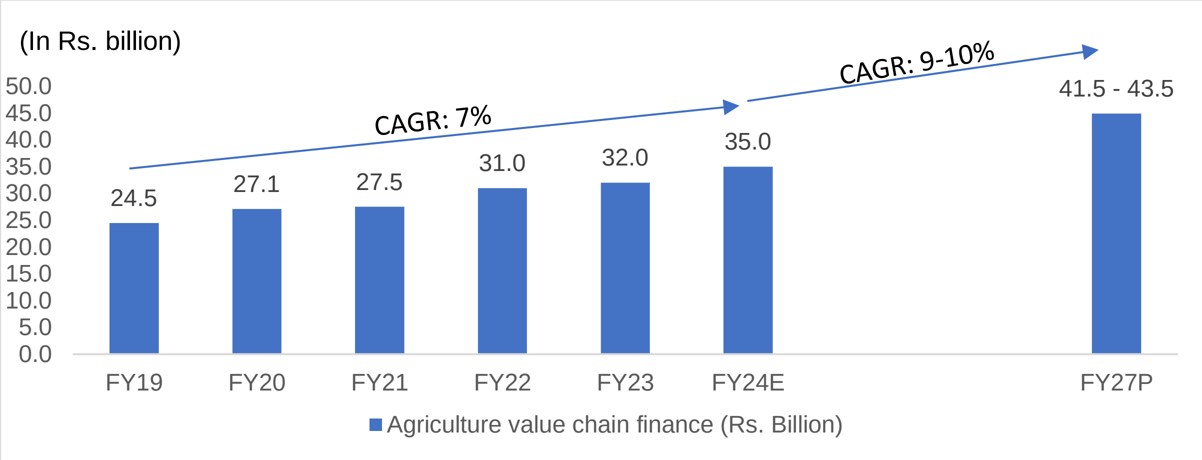
**Post Harvest Finance**

- Short term or long term loans
- Includes credit for warehouse receipt and food agro processing units
- Tenure is one crop season to 18 months

**Agriculture supply chain finance provided by NBFCs to grow at 9-10% CAGR in next 3 years**

Indian agriculture industry has been witnessing a shift towards technology-intensive supply chain solutions which involves usage of cutting-edge tech solutions based on artificial intelligence, internet of things, blockchain, etc. Adoption of such tech-based solutions in agriculture supply chain will further increase the need for credit going ahead.

We are also likely to witness increase in finance penetration across agriculture value chain due to increase in organised players and technology use.




*Note: E – Estimated, P – Projected, FY - Fiscal*
*Source: Company reports, CRISIL MI&A*

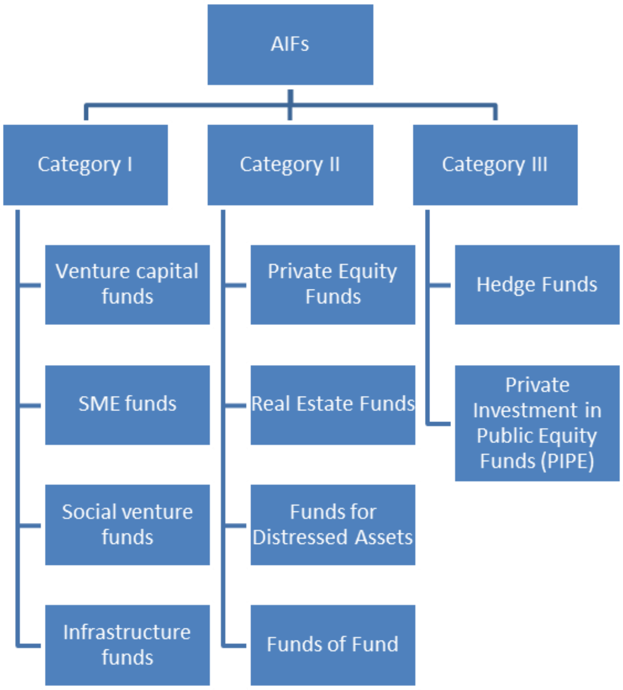
**Challenges in Agriculture value chain Finance Industry in India**

- Inconsistent or changing regulations across states can make it difficult for financial institutions to develop standardized products and services.
- The inherent risks in the agricultural sector, such as weather uncertainties, price volatility, and crop failures, make it challenging for lenders to accurately assess and mitigate these risks.
- The fragmented nature of agricultural value chains, with numerous intermediaries and limited direct linkages between farmers and end-consumers, makes it difficult to assess the creditworthiness and cash flows across the value chain.
- Capacity building programs for both farmers and financial institutions are crucial to bridge the knowledge gap and facilitate better decision-making.

**Alternative Investment Funds (“AIFs”)**

Alternative assets include equity, private equity, private debt (dealing mainly in performing credit, distressed assets, real estate credit, and infrastructure funds), early-stage ventures, special opportunity funds, and art. However, it does not include traditional investments, such as mutual funds and life insurance. Equity AIFs cater to the ultra-high net worth individuals (“**UHNI**”) / high net worth individuals (“**HNI**”) clients and compete with equity PMSs (Portfolio Management Services) for the wallet share of such clients.

According to Securities and Exchange Board of India ("**SEBI**"), AIFs are classified in three broad categories:




**AIF has gained strong traction in recent years**

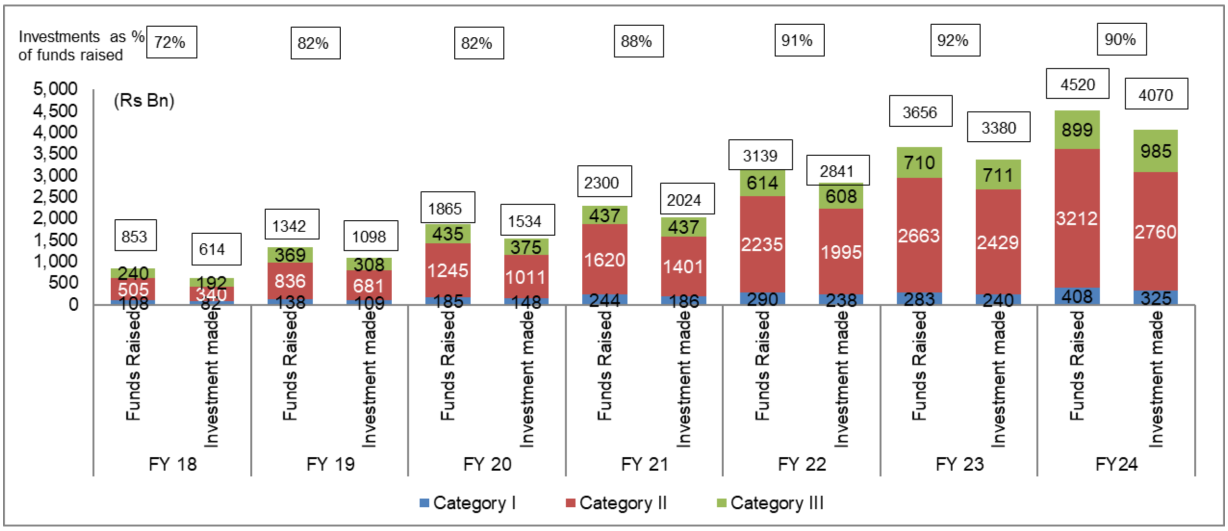
In recent years, AIFs have gained significant attraction due to its ability to generate higher returns for UHNIs/HNIs by investing in funds such as real estate funds, venture capital funds and start-up funding, as well as enabling investors to take exposure to specific themes such as private debt focused on entities focused on financial inclusion.

The growth in AIF industry could be attributed to the surge in investment activities and fund raising in India along with support from regulatory reforms brought by SEBI. As of March 31, 2024, there were approximately 1,300 AIFs overseeing over ₹11.35 trillion in investor commitments, as against approximately 300 AIFs with ₹0.84 trillion in commitments as of March 31, 2017, reflecting an impressive CAGR of approximately 45% during the period.

Despite such a strong growth in AIF, India's AIF market is still underdeveloped as compared to rest of world. For example, in 2019, the AIF industry size in the U.S. was USD10.3 trillion. The key factors for the underdeveloped AIF market in India are higher investment ticket size and higher returns from traditional investment options. The higher investment criteria keep a large number of potential investors away from AIF market, which in turn could bring in higher amount of funds.

Pension funds and insurance companies are expected to increase their allocation to private debt as AIF market matures and generates higher yields as compared to traditional asset class. Furthermore, offshore funds and UHNIs/ HNIs are expected to continue to bring in additional funds for higher returns.

**Investment made in AIFs have increased significantly**




*Source: SEBI Statistics, CRISIL MI&A*

Around 71% of fund raised by AIFs as on March 2024 are under Category II funds, which includes real estate funds, private equity funds and debt funds. Category III funds were able to raise funds of around ₹899 billion which is 20% of overall fund raised by AIFs as of March 2024. Category III funds are permitted to invest in commodity derivatives until 10% of investible funds and they are also allowed to leverage up to two times.

**Player-wise total AUM and number of AIF Funds**

| Sr. No | Firm Name | Year of incorporation | Total AUM (INR Crores) | No. of Funds | Sectoral Focus |
|---|---|---|---|---|---|
| | **Domestic fund managers** | | | | |
| **1** | Northern Arc Investments | 2014 | INR 3000+ Crores | 10 | Financial inclusion |
| **2** | Anicut Capital | 2015 | INR 2000+ Crores | 5 | Consumer Discretionary, Education/Training, BFSI, Healthcare, Retail |
| **3** | Vivriti Asset Management | 2017 | INR 1994 Crores | 9 | Financial inclusion |
| **4** | Centrum Alternatives | 2017 | NA | NA | Retail financial services, chemicals, metals, building materials, healthcare, packaging, |
| | **Key offshore fund managers/ investors with Indian operations** | | | | |
| **1** | BlueOrchard Finance | 2001 | USD 11.0+ billion | Multiple funds with a global emerging markets coverage | Financial inclusion, climate, education |
| **2** | Triodos Investment Mgmt. | 1980 | EUR 5.7 billion | Multiple diversified regional funds | Climate and energy, microfinance, sustainable trade, organic food and agriculture, arts and culture, sustainable real estate |
| **3** | ResponsAbility Investments AG | 2003 | USD 4.0+ billion | Multiple diversified regional funds | Agribusiness, Energy and Utilities, Environmental Services, Financial Services, Food, Renewable Energy |
| **4** | Developing World Markets | 1994 | USD 2.7+ billion | Multiple funds with a global Emerging Markets coverage | Agribusiness, Education/Training, Energy and Utilities, Financial Services, Real Estate, Renewable Energy |

| Sr. No | Firm Name | Year of incorporation | Total AUM (INR Crores) | No. of Funds | Sectoral Focus |
|---|---|---|---|---|---|
| **5** | Triple Jump | 2006 | EUR 2.2 million | Multiple diversified regional funds | Diversified, Agribusiness, Energy and Utilities |
| **6** | Incofin Investment Mgmt. | 2009 | USD 1.2 Bn | Multiple funds covering 65+ countries | Financial inclusion, agribusiness |
| **7** | Caspian Impact Investments | 2005 | INR 2,000+Crores | Caspian Impact Investments | Agtech, Clean Tech, EdTech, Electric & Hybrid Vehicles, Financial Inclusion, FinTech, HealthTech, IoT (Internet of Things) |

*Note: AUM – Assets Under Management*
*Players are arranged as per AUM size*
*Source: Data sourced from company websites as of June 2024, Rating Rationale, CRISIL MI&A*

**Growth drivers of AIF Industry in India**

RBI allowance of foreign investment

Category III AIF with foreign investment are permitted to make portfolio investments in only those securities or instruments in which an FPI (Foreign Portfolio Investor) can invest under the Foreign Exchange Management Act, rules or regulations made thereunder. In May 2021, SEBI, in consultation with RBI, doubled the overseas investment limit for AIFs from USD750 million to USD1500 million.

Simplification of procedures

AIFs set up in Gujarat International Finance Tec-City ("**GIFT City**") only require approval from International Financial Services Centre ("**IFSC**") and not the four regulators. IFSC has permitted higher leverage level for Category II funds with the consent of the fund's investors. Additionally, the IFSC has offered flexibility to fund the managers' and investors with regards to co-investment and diversification norms for fund portfolio.

GIFT City

GIFT City AIFs have several preferential rules concerning single window clearance, leverage, diversification restrictions, absence of SEBI approval for investments outside India as well as deal structuring and capital allocation.

**Challenges in AIF Industry in India**

Regulatory Uncertainties

Evolving regulatory framework and frequent changes in guidelines by the Securities and Exchange Board of India (SEBI) can create uncertainty for AIF industry and its investors. Clarity and consistency in the regulatory environment are essential for the growth and development of the AIF industry.

Limited Investor Base

The AIF industry in India has a relatively narrow investor base, primarily comprising institutional investors and high-net-worth individuals (HNIs).

Fund Raising Challenges

AIF managers often face challenges in raising capital, especially for niche or specialized investment strategies, due to the perceived higher risks and lack of track record.

Liquidity and Exit Challenges

The limited secondary market and exit options for AIF investments can pose challenges for investors, especially those seeking liquidity before the fund's maturity.

**Climate financing**

The climate financing industry in India has gained significant momentum over the years and the Indian government is actively supporting and investing in renewable energy which has led to significant growth in the renewable energy sector. As of March 2024, the two leading power financing companies in India boasted gross loan assets of ₹992 billion towards renewable energy sector, underscoring not just their current standing but also signalling the vast potential for expansion in other climate financing aspects. This robust foundation and continued governmental backing position the sector for further sustainable development and environmental impact.

An overview of the climate financing industry in India:

- Renewable energy investment: India has become a global leader in renewable energy investments, particularly in solar and wind power. India’s installed non-fossil fuel capacity has increased more than 4 times in the last 10 years and stands at more than 191.679 Giga Watts (including large Hydro), about 43% of the country’s total capacity (as of April 2024). The installed solar energy capacity has increased by more than 29 times in the last 10 years and stands at 82.64 GW as of April 2024. The installed renewable energy capacity (including large hydro) has increased by around 128% since 2014.
- Sustainable agriculture: Agriculture remains a cornerstone of the Indian economy. Climate financing in the agricultural sector is directed towards promoting sustainable farming practices, improving irrigation techniques, and enhancing resilience to climate change impacts. Government programs like the National Mission for Sustainable Agriculture aim to support these initiatives.
- Emission reduction projects: India has been actively involved in emission reduction projects, including afforestation, reforestation, and energy-efficient technologies. Initiatives under the Clean Development Mechanism and programs like the Perform, Achieve, and Trade scheme have been crucial in reducing carbon emissions.
- Green bonds: Indian corporations and financial institutions have increasingly issued green bonds to fund climate projects. These bonds are designed to raise capital specifically for environmentally friendly projects. SEBI has issued guidelines for green bonds to promote transparency and accountability.
- International climate finance: India has also been a recipient of international climate finance, including funds from the Green Climate Fund and bilateral agreements with countries like Germany, Japan, and the United Kingdom. These funds are used to support various climate projects and enhance climate resilience in the country.

Challenges in the Climate Financing Industry in India:

- Policy uncertainties: Despite positive steps, policy uncertainties at both the state and national levels can deter investors. Clarity in regulatory frameworks and consistent policies are needed for sustained growth in climate finance.
- Access to finance: Small and medium-sized enterprises and rural projects often struggle to access climate finance. Ensuring inclusivity in funding mechanisms remains a challenge.
- Climate risks: India’s susceptibility to climate change impacts, including floods, droughts, and extreme weather events, poses unique challenges. Assessing and mitigating these risks are vital for climate projects.
- Capacity building: Enhancing the capacity and knowledge of stakeholders in the climate financing ecosystem, from financial institutions to project developers, is essential.

***Examples of Private Sector Climate Finance Tools***

| | |
|---|---|
| **Commercial bank lending with climate considerations** | Conventional commercial bank lending with climate considerations is growing, driven by both commercial banks’ voluntary climate strategy and financial regulations. |
| **Green bonds and green loans** | Green bonds and loans are used to exclusively finance projects that have positive climate and environmental impacts. |
| **Sustainability-linked bonds and sustainability-linked loans** | Sustainability-linked bonds and loans are used by corporates and sovereigns to raise capital often at lower costs, by committing to achieve predefined key performance parameters on sustainability. |

| | |
|---|---|
| **Sustainability bonds and social bonds** | Sustainability and social bonds are financing tools where the proceeds are used to finance projects that achieve positive climate and social impacts. |
| **Green asset-backed securities (ABSs)** | Green securitization can transform illiquid climate-friendly assets into tradable financial securities. |
| **Other financial instruments** | Other financial instruments are used in private climate finance, including through certain environmental, social, and governance funds (with climate considerations), as well as private equity and venture capital investments in climate-related firms. Shareholder engagement is also used to encourage companies' green investment decisions. |

*Sources: World Bank, IMF, CRISIL MI&A*

**<u>Debt investment platforms</u>**

The rapid proliferation of online bond platforms in India over the past two to three years can be attributed to a confluence of factors that have reshaped the landscape of bond trading and investment in the country. First and foremost, the ongoing digital transformation in India has played a pivotal role. Online bond platforms have removed traditional barriers, allowing retail investors to access and invest in bonds that were previously the domain of institutional investors. This has democratized investments, making them more inclusive.

There is also increased investor demand for fixed-income securities, including bonds. As investors seek to diversify their portfolios and balance risk, bonds have gained attention as a stable source of income. Online platforms provide a convenient and accessible way for investors to explore this asset class. Furthermore, educational initiatives offered by online bond platforms have demystified bond investments for retail investors. They provide valuable resources to help investors understand the bond market and make informed decisions.

Investment by retail investors in corporate bonds has increased in the last couple of years, however, their share in overall issuances remain significantly low. Alternative investment platforms have enabled retail investors to invest directly in corporate bond and other debt instruments with minimum investment of ₹10,000. While the share is significantly low, going forward it is expected to increase at a much faster pace with increasing awareness and regulatory support.

**Advantages and Challenges of Debt Investment Platforms in India**

Advantages of Debt Investment Platforms:

- Diversification: Debt investment platforms provide access to a wide range of debt instruments, allowing investors to diversify their portfolios. This diversification can help spread risk and reduce the impact of poor performance in a single instrument.
- Ease of access: These platforms make investing in debt instruments more accessible and convenient. Investors can explore and invest in various debt products online without the need for traditional brokerage services.
- Lower entry barriers: Many platforms allow investors to start with relatively small amounts, making debt investments accessible to a broader range of individuals, including those with limited capital.
- Professional management: Debt mutual funds and certain other debt instruments offered through these platforms are professionally managed. This means experienced fund managers make investment decisions on behalf of investors, saving them time and effort.
- Liquidity: Some debt investment platforms allow for secondary market transactions, providing liquidity to investors who wish to sell their investments before maturity.
- Risk mitigation: Debt platforms often provide information on credit ratings, maturity periods, and yield, helping investors make informed decisions and manage risk effectively.
- Regular income: Many debt investments, such as fixed deposits and certain bond funds, offer regular interest payments, providing investors with a predictable income stream.
- Customized portfolios: Some platforms offer tools and services to help investors build customized debt portfolios based on their risk tolerance, financial goals, and time horizon.

Challenges of Debt Investment Platforms:

- Interest rate risk: Debt investments are subject to interest rate risk. When interest rates rise, the value of existing bonds may decrease, potentially leading to capital losses.
- Credit risk: Some debt instruments, especially those with higher yields, may carry credit risk. This means there's a risk that the issuer may default on interest or principal payments.

- Market volatility: Debt markets can experience periods of volatility, which can impact the performance of debt investments, especially those with longer maturities.
- Lack of liquidity: Not all debt instruments are highly liquid, and in some cases, investors may face difficulties in selling their investments before maturity.
- Tax implications: Taxation of debt investments can be complex, and the tax treatment may vary depending on the specific instrument and the investor's financial situation.
- Regulatory changes: Debt investment platforms may be affected by changes in financial regulations and tax laws, which can impact the attractiveness of certain debt instruments.
- Market knowledge required: While platforms aim to simplify the investment process, investors still need to have some knowledge of debt instruments and the market to make informed decisions.

# OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward- Looking Statements" beginning on page 36 for a discussion of the risks and uncertainties related to those statements and "Risk Factors" beginning on page 38 for a discussion on certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. The following information should be read together with, the more detailed financial and other information included in this Red Herring Prospectus, including the information contained in "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 38, 194, 448 and 354, respectively.*

*Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Restated Consolidated Summary Statements for Fiscals 2022, 2023 and 2024, included in this Red Herring Prospectus. For further information, see "Financial Information" beginning on page 354. In addition, certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Red Herring Prospectus. Such non-GAAP financial measures should be read together with the nearest GAAP measure. See "Certain Conventions, Presentation of Financial, Industry and Market Data–Non-GAAP measures" on page 33. Our fiscal year ends on March 31 of each year, and references to a particular Fiscal are to the twelve months ended March 31 of that year.*

*Unless the context otherwise requires, in this section, references to "we", "us", "our" or "the Group" refers to our Company, our Subsidiaries and our Associates, on a consolidated basis, as applicable, and references to "the Company" or "our Company" are to Northern Arc Capital Limited on a standalone basis.*

*Unless otherwise indicated, industry and market data used in this section have been derived from the report titled "Analysis of NBFC sector and select asset classes" dated June 2024 (the "**CRISIL Report**") prepared and released by CRISIL Research, exclusively commissioned and paid for by us in connection with the Offer, pursuant to a technical proposal dated October 6, 2023 (read with the addendum dated June 17, 2024). A copy of the CRISIL Report is available on the website of our Company at www.northernarc.com/assets/uploads/pdf/crisil-investor-report.pdf and has also been included in "Material Contracts and Documents for Inspection –Material Documents" on page 579. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Further, references to segments in the CRISIL Report and information derived therefrom are in accordance with the presentation, analysis and categorisation in the CRISIL Report. The segment reporting in the Restated Consolidated Summary Statements is based on the criteria set out in Ind AS 108 (Operating Segments) and accordingly, our Company does not prepare its financial statements based on the segments outlined in the CRISIL Report. For more information, see "Risk Factors - Internal Risks –Certain sections of this Red Herring Prospectus disclose information from the CRISIL Report which has been prepared exclusively for the Offer and commissioned and paid for by us exclusively in connection with the Offer, and any reliance on such information for making an investment decision in the Offer is subject to inherent risks." on page 88.*

## Overview

### ***Who we are***

We are a diversified financial services platform set up primarily with the mission of catering to the diverse retail credit requirements of the under-served households and businesses in India. Over the last 15 years, our approach has been to create a differentiated and comprehensive play on the retail credit ecosystem in India spread across sectors. Since 2009, when we entered the financial inclusion space, we have facilitated financing of over ₹1.73 trillion that has impacted over 101.82 million lives across India, as of March 31, 2024. According to the CRISIL Report, we are one of the leading players amongst India's diversified NBFCs in terms of Assets under Management ("**AUM**") as of March 31, 2024, with a business model diversified across offerings, sectors, products, geographies and borrower categories. Further, we have one of the lowest industry-wide credit costs amongst diversified NBFCs in India, as of March 31, 2024 (*Source: CRISIL Report*).

We have developed domain expertise in enabling credit across our focused sectors in India, namely, micro, small and medium enterprises ("**MSMEs**") financing, microfinance ("**MFI**"), consumer finance, vehicle finance, affordable housing finance and agricultural finance. We have been operating in the MSME, MFI and consumer finance sectors for over 14 years, 15 years and nine years, respectively.

The retail credit market (includes housing finance, vehicle financing, gold loans, education loans, consumer durables, personal loans, credit cards and microfinance) in India was ₹75.2 trillion, as of Fiscal 2024 and has rapidly grown at a CAGR of 16.0% during Fiscals 2020 and 2024 (*Source: CRISIL Report*). We cater to this retail credit market through a multi-channel approach that includes: (i) extending financing from our balance sheet ("**Lending**"), to Originator Partners in the form of loans or investment in their debt to enable on-lending to the retail customer ("**Intermediate Retail Lending**") and directly to under-served households and businesses ("**Direct to Customer Lending**") either in collaboration with our Retail Lending Partners or through our branch network to offer rural finance and MSME lending, with AUM of ₹117,100.19 million across 671 districts, 28 states and seven union territories in India, as of March 31, 2024; (ii) enabling credit for our Originator Partners through various financing products ("**Placements**"), with aggregate Placements volume of ₹1,019,038.92 million, as of March 31, 2024; and (iii) managing debt funds and providing portfolio management services ("**Fund Management**"), with aggregate fund deployed of ₹120,785.58 million across 10 alternate investment funds ("**AIFs**") and three portfolio management service ("**PMS**") funds, as of March 31, 2024.

We have built an efficient and scalable business model, supported by our proprietary end-to-end integrated technology product suite customised to multiple sectors. Our in-house technology stack consists of: (i) *Nimbus*, a curated debt platform that enables end-to-end processing of debt transactions; (ii) *nPOS*, a co-lending and co-origination technology solution based on application programming interfaces ("**API**"); (iii) *Nu Score*, a customised machine learning based analytical module designed to assist our Originator Partners in the loan underwriting process; and (iv) *AltiFi*, an alternative retail debt investment platform.

Our differentiated credit underwriting processes and risk models have helped us deliver strong asset quality and risk adjusted returns consistently across business cycles and macro events. Our risk models are supported by a substantial data repository comprising over 35.17 million data points, as of March 31, 2024, on portfolios across multiple sectors that we have assessed throughout our journey, and qualitative field-level insights that aid credit assessment and monitoring. According to the CRISIL Report, we had one of the lowest gross non-performing assets ("**GNPA**") of 0.45% and net non-performing assets ("**NNPA**") of 0.08%, as of Fiscal 2024.

***What we do***

***Multi-channel approach to enable access to debt capital***

Our three primary channels: (i) Lending; (ii) Placements; and (iii) Fund Management, delivered through our proprietary technology stack, enable streamlined and efficient digital financing solutions, and provide access to credit to the under-served categories of India across our focused sectors.

*Lending*: Our Company is a systemically important non-deposit taking non-banking finance company registered with the RBI. From our balance sheet, we extend financing in the following manner:

- *Intermediate Retail Lending*: We lend to and guarantee the borrowings of our large network of financial institution partners, technology platforms (such as financial technology businesses ("**Fintechs**")) and other entities that act as business correspondents to originate financial exposure (collectively, "**Originator Partners**"). We finance Originator Partners in a variety of ways depending on their specific needs, such as:

  (i) lending to and investing in debt securities issued by Originator Partners primarily for the purpose of retail on-lending by them. Such products include loans, non-convertible debentures ("**NCDs**"), market-linked debentures and commercial papers ("**CPs**").
  (ii) providing guarantees for borrowings by Originator Partners; and
  (iii) investing in retail portfolios originated by Originator Partners through portfolio financing transactions such as rated securitization and direct assignment. These transactions involve a hypothecation of the borrower's assets by the Originator Partner to ensure fulfilment of the debt obligation upon default in payment by the borrower to minimise exposure.

- *Direct to Customer Lending*: We extend loans directly to under-served households and businesses ("**Direct to Customer Borrowers**") in the MSME, MFI, consumer and vehicle finance sectors through a 'phygital' (physical plus digital) approach which is a combination of leveraging our technology platforms and data-first approach with infrastructure network of 316 physical branches across India and 50 select Originator Partners who enable us to lend directly to our Direct to Customer Borrowers ("**Retail Lending Partners**"), as of March 31, 2024, and from whom we avail services such as loan origination, KYC verification and validation, loan servicing, data collection, primary borrower interface, collection and recoveries, customer service and grievance redressal. Our rural financing business (through our dedicated rural finance partner subsidiary, Pragati, which acts as our business correspondent for our direct rural financing business), technology-enabled supply chain financing and secured MSME lending are scalable, and have allowed us to reach Direct to Customer Borrowers at the last mile in remote areas. In addition, our Direct to Customer Lending operations are supported by our underwriting scorecard and technology infrastructure, which enables seamless and efficient flow of credit.

We have a diverse lender base comprising banks, offshore financial institutions, NBFCs, development financial institutions ("**DFIs**") and high net-worth individuals ("**HNIs**"). We were also upgraded to AA- (Stable) credit rating by ICRA and India Ratings in March 2023 and September 2023, respectively, from A+ credit rating for all our long -term facilities and non-convertible debentures, respectively. ICRA further re-affirmed the AA- (Stable) credit rating for all our long -term facilities and non-convertible debentures in July 2024. For short-term bank facilities and commercial papers, A1+ rating was re-affirmed by ICRA and CARE Edge in March 2024 and further re-affirmed in July 2024.

*Placements*: Through our technology platform, *Nimbus*, we work with a large network of investors across different investor classes who use us as a platform to access opportunities to invest in under-served sectors in India ("**Investor Partners**"), including through our Placements channel which includes structure and syndicate financing through a variety of debt, credit-enhanced debt and portfolio financing products for our Originator Partners and we also credit enhance/ co-invest in transactions as required to achieve the target credit rating and/or provide comfort to our Investor Partners. We believe this differentiates us from other facilitators in the market.

*Fund Management*: Our Fund Management channel is operated through our subsidiary, NAIM. Based on contributions received from Investor Partners, NAIM manages debt funds that invest largely in the sub-set of Originator Partners and mid-market companies in line with the investment mandate of the respective funds. Our Company has also made capital contributions to the funds managed by NAIM, in addition to the sponsor contribution by NAIM in each of its funds. Further, in August 2021, NAIM obtained its registration as a portfolio manager from SEBI to conduct PMS and launched its first PMS fund in Fiscal 2023. As of March 31, 2024, we had raised ₹37,450.00 million in investor commitments across 10 AIFs and three PMS funds, out of which we have facilitated successful exits for Investor Partners in four AIFs and one PMS fund.

***Multi-sectoral approach in addressing India's retail credit opportunity across individuals and businesses***

Through our multi-channel offerings, we cater to our focused sectors in the Indian retail credit market. Set forth below are details of the NBFCs loan outstanding size in terms of AUM and growth along with key growth drivers of each of our focused sectors, according to the CRISIL Report:

| Parameter | Sub-parameter | AUM (as of Fiscal 2024) (₹ billion) | Loan outstanding (CAGR Fiscal 2024-Fiscal 2026) | Key growth drivers |
|---|---|---|---|---|
| ***Overall NBFCs growth*** | Loan outstanding growth | 41,200 | 16-18% | - |
| | | | | |
| ***Selected asset class wise NBFCs loan outstanding growth*** | MSME loans^ | 6,135 | 13-15% | • Low credit penetration for MSMEs, increased data availability and transparency, and Government initiatives including credit guarantee fund scheme, emergency credit line guarantee scheme |
| | MFI loans$ | 1,709 | 23-25% | • Government's continued focus on strengthening rural financial ecosystem, strong credit demand and increasing ticket sizes of loans |
| | Consumer finance# | 4,592 | 17-20% | • Strong macro tailwinds, increased consumer spending and digitization driving consumer durables demand |
| | Vehicle loans* | 2,676 | 12-14% | • Improving rural productivity, Government income support, improving industrial activity, Government's focus on infrastructure development and return to office |
| | Affordable housing loans | 4,295 | 14-16% | • Higher data availability, increasing affordability, urbanization, and supportive government policies |

| Parameter | Sub-parameter | AUM (as of Fiscal 2024) (₹ billion) | Loan outstanding (CAGR Fiscal 2024-Fiscal 2026) | Key growth drivers |
|---|---|---|---|---|
| | Agriculture loans | 35 | 9-10% | • Increasing demand for high-value commodities, shift to tech-intensive supply chain solutions and increase in finance penetration across agriculture value chain |

*Source: CRISIL Report.*
*Notes:*
*^ MSME loans include small business loans and mid-corporate loans.*
*# Consumer finance includes personal loans, gold loans and consumer durable loans.*
** Vehicle loans include two-wheeler disbursement and new commercial vehicle loans.*
*$ MFI loans data is for NBFC-MFIs.*

Set out below is the sector-wise break-up of our Gross Transaction Volume ("**GTV**") for the Fiscals indicated:

| Sectors | Fiscal 2024 | | Fiscal 2023 | | Fiscal 2022 | |
|---|---|---|---|---|---|---|
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| MSME | 81,609.16 | 27.83% | 76,077.66 | 27.78% | 70,764.08 | 35.57% |
| MFI | 76,229.91 | 26.00% | 81,337.50 | 29.70% | 52,658.69 | 26.47% |
| Consumer finance | 101,174.93 | 34.50% | 85,742.80 | 31.31% | 32,067.31 | 16.12% |
| Vehicle finance | 19,012.61 | 6.48% | 20,760.89 | 7.58% | 34,636.25 | 17.41% |
| Affordable housing finance | 10,154.50 | 3.46% | 6,632.74 | 2.42% | 4,797.01 | 2.41% |
| Agriculture finance | 5,055.69 | 1.72% | 3,300.00 | 1.21% | 4,040.94 | 2.03% |
| **Total GTV(1)** | **293,236.80** | **100.00%** | **273,851.59** | **100.00%** | **198,964.29** | **100.00%** |

*Note:*
*(1) GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*

*MSME*. We extend loans to under-served MSME businesses and NBFCs engaged in MSME financing either directly or through our Originator Partners. This sector offers diverse funding opportunities across various industries, determined by the performance and potential of the businesses. Further, we facilitate debt financing for purposes including secured and unsecured small business lending, merchant financing, supply chain financing, school financing and support for micro and medium-sized corporations. As of March 31, 2024, we had 122 Originator Partners operating in this sector out of which 18 were also Retail Lending Partners.

*Microfinance (MFI)*. Our Company offers microfinance loans to under-served individuals, either directly through our dedicated rural finance partner subsidiary, Pragati, acting as our business correspondent, or in collaboration with our Retail Lending Partners and Originator Partners. As of March 31, 2024, we had 68 Originator Partners operating in this sector out of which eight were also Retail Lending Partners. Our primary focus in microfinance is the joint liability group ("**JLG**") lending format, wherein borrowers form groups and share responsibility for each other's loan repayments in case of default, providing social collateral.

*Consumer Finance*. We extend financing to individuals from new to credit backgrounds and other under-served categories, encompassing both employed and self-employed individuals, either directly or by collaborating with Originator Partners, many of whom eventually become our Retail Lending Partners. As of March 31, 2024, we had 40 Originator Partners operating in this sector out of which 20 were also Retail Lending Partners. We offer a variety of consumer finance solutions, including consumer durable loans, cash or personal loans, salary advance loans, and buy-now-pay-later financing for products and services available through both online and offline channels. In addition, our Originator Partners and Retail Lending Partners in this sector offer various digital consumer payment services, such as checkout financing and personal loans.

*Vehicle finance.* We primarily work with Originator Partners operating in the vehicle sector, who enable us to lend to under-served individuals and businesses exploring financing for purchase of commercial vehicles used for commercial transportation of goods or passengers, two-wheelers, electronic vehicles ("**EV**") as well as companies engaged in e-mobility, EV fleet services, EV infrastructure (battery swapping) and EV last-mile delivery. As of March 31, 2024, we had 50 Originator Partners operating in this sector.

Affordable housing finance. We work with Originator Partners, mostly being housing finance companies ("**HFC**"), who lend to self-employed or salaried borrower categories for the purchase of residential property, home improvement and home extension. As of March 31, 2024, we had 35 Originator Partners operating in this sector.

Agriculture finance. We work with Originator Partners that provide post-harvest services and financing in the agricultural and allied sectors. As of March 31, 2024, we had 13 Originator Partners operating in this sector. This includes players who provide commodity warehousing services and warehouse receipt financing as well as players who finance agricultural and allied activities, often working through aggregators such as farmer produce organisations or dairy cooperatives.

We have developed a robust risk management framework across our focused sectors. Our risk management framework is built on certain key pillars, including assembling and retaining a team with expertise in our focused sectors, establishing an independent risk governance structure, documenting risk management practices comprehensively, developing and continually enhancing proprietary risk models and implementing these practices effectively. For further information on our risk management capabilities in our focused sectors, see "- *Risk Management*" on page 289.

***Proven track record of consistent and resilient performance***

We have achieved consistent growth in our business and financial performance as well as demonstrated resilience through various business cycles and events, including rising interest rates, the COVID-19 pandemic, demonetisation, natural disasters, and other socio-economic disruptions.

The table below sets out certain key operational and financial parameters as of and for the Fiscals indicated.

| **Particulars** | **As of and for the financial year ended March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Cumulative number of Originator Partners onboarded (1) | 328 | 298 | 278 |
| Cumulative number of Investor Partners(2) | 1,158 | 871 | 700 |
| AUM(3) (₹ million) | 117,100.19 | 90,086.93 | 71,083.17 |
| *- Intermediate Retail Lending AUM(4) (₹ million)* | 58,767.46 | 56,232.07 | 54,493.41 |
| *As a % of total AUM (%)* | 50.19% | 62.42% | 76.66% |
| *- Direct to Customer Lending AUM(5) (₹ million)* | 58,332.73 | 33,854.87 | 16,589.76 |
| *As a % of total AUM (%)* | 49.81% | 37.58% | 23.34% |
| Placements volume(6) (₹ million) | 117,559.19 | 130,642.25 | 73,257.47 |
| Total Fund AUM(7) (₹ million) | 28,581.27 | 27,756.74 | 29,964.03 |
| Gross Transaction Volumes ("**GTV**")(8) (₹ million) | 293,236.80 | 273,851.59 | 198,964.29 |
| Total income (₹ million) | 19,060.33 | 13,112.00 | 9,165.45 |
| Restated profit for the year (₹ million) | 3,176.93 | 2,422.14 | 1,819.38 |
| Restated profit for the year attributable to owners of the holding company (₹ million) | 3,083.34 | 2,300.11 | 1,725.00 |
| Total assets (₹ million) | 117,076.59 | 93,715.72 | 79,741.16 |
| Total equity (₹ million) | 23,204.11 | 20,677.30 | 18,321.12 |
| Yield on assets minus Average Cost of Borrowings (Spread)(9) (%) | 7.53% | 5.89% | 5.34% |
| Restated profit for the year attributable to owners of the holding company/ Average net worth (Return on average net worth) (10) (%) | 14.54% | 12.55% | 10.38% |
| Restated Profit for the year attributable to owners of the holding company/ Average Total Assets (%) | 2.97% | 2.73% | 2.60% |

*Notes:*

*(1) Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of the relevant Fiscal.*

*(2) Represents the cumulative number of investors with whom we have enabled credit through our Placements business for our Originator Partners and/ or have invested across our funds as of the relevant Fiscal.*

*(3) AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*

*(4) Intermediate Retail Lending AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans guaranteed by us to our Originator Partners outstanding as of the last day of the relevant Fiscal.*

*(5) Direct to Customer Lending AUM represents aggregate of loans and investments in debentures (quoted and unquoted), and securitised assets to the Direct to Customer Borrowers either in collaboration with Retail Lending Partners or by us as of the last day of the relevant Fiscal.*

*(6) Placements volume represents the total financing enabled by us from our Investor Partners through our Placements channel during the relevant Fiscal.*

*(7) Total Fund AUM represents the aggregate investments across all live AIF and PMS funds as of the last day of the relevant Fiscal.*

*(8) GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*

*(9) Spread represents yield on assets (i.e., aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fees and commission expense) divided by Average Earning Assets) less Average Cost of Borrowings. For further details, see "Selected Statistical Information – Return on Equity and Assets" on page 499.*

*(10) Return on average net worth represents restated profit for the year attributable to owners of the holding company divided by average net worth. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*

## Strengths

### *Large addressable and underpenetrated market with strong sectoral expertise*

According to the CRISIL Report, in terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as, China, indicating a significant untapped potential. Further, according to the World Bank's Global Findex Database 2021, 230 million unbanked adults live in India. Rural areas, which accounted for 47% of GDP, received only 9% of the overall banking credit, as of March 31, 2024, which also shows the vast market opportunity for banks and NBFCs to lend in these areas. Under-served households and businesses represent a significant proportion of India's population that faces challenges in obtaining credit due to reasons such as a lack of credit history and the inability to provide collateral. Government initiatives such as Pradhan Mantri Jan-Dhan Yojana (PMJDY), Aadhaar, and widespread digitization (referred to collectively as the 'JAM Trinity') have expanded the formal financial inclusion for underserved Indian population. Additionally, the widespread availability of affordable data and digital disruption has transformed the financing landscape in India. NBFCs have generally been able to address this opportunity on account of their strong origination skills, extensive reach, better customer service, faster processing, streamlined documentation requirements, digitization of customer on-boarding process, customized product offerings, local knowledge, and differentiated credit appraisal methodology. The rapid evolution of Fintechs over the last few years has added another dimension to the market served by NBFCs and has fuelled rapid growth across the landscape. Moreover, the Indian retail credit market has grown at a strong pace over the last few years and is expected to further grow at a CAGR of 17-18% between Fiscals 2024 and 2026 to reach ₹100.9 trillion by Fiscal 2026. (*Source: CRISIL Report*) We believe this presents us with an opportunity for capitalizing on the large potential for growth in the retail credit market, particularly in the rural and semi-urban areas.

By leveraging our diversified business model and proprietary technology product suite customised to multiple sectors, we have, over the last 15 years, developed strong sectoral expertise in enabling credit across our focused sectors: MSME, MFI, consumer finance, vehicle finance, affordable housing finance and agriculture finance. We have been operating in the MSME, MFI and consumer finance sectors for over 14 years, 15 years and nine years, respectively. More recently, we have strengthened our retail MSME outreach by introducing, loan against property ("**LAP**") financing in Fiscal 2022, and supply chain finance in Fiscal 2023.Our LAP financing provides secured business loans directly to MSMEs through 50 branches, as of March 31, 2024. Our technology-driven supply chain financing business offers financing solutions to various participants within the enterprises' supply chain network. In addition, we incorporated our dedicated rural finance partner subsidiary, Pragati, in Fiscal 2021, which acts as a business correspondent and serves rural and semi-urban areas through which our Company provides small ticket loans through a digital platform and aim to be a one-stop lending solution for rural borrowers. Further, we offer a comprehensive portfolio of products and services in the consumer finance sector, including consumer durable loans, cash or personal loans, salary advance loans and buy-now-pay-later financing, through both online and offline channels as well as in collaboration with our Retail Lending Partners. For details of our AUM and GTV in each of our focused sectors, see "*Selected Statistical Information – Earning Assets and AUM*" and "*Selected Statistical Information – Volume Split*" on pages 500 and 498, respectively.

Set out below are certain details highlighting our performance and expertise in the MSME, MFI and consumer finance sectors in India across our multi-channel offerings as of and for the Fiscal indicated:

| Particulars | As of and for financial year ended March 31, 2024 | | |
|---|---|---|---|
| | MSME[(1)] | MFI[(2)] | Consumer finance[(3)] |
| GTV [(4)] (₹ million) | 81,609.16 | 76,229.91 | 101,174.93 |
| Cumulative number of Investor Partners [(5)] | 83.00 | 93.00 | 47.00 |
| Placements fee income [(6)] (₹ million) | 103.05 | 127.50 | 51.65 |
| Cumulative number of Originator Partners [(7)] | 122 | 68 | 40 |
| Number of branches [(8)] | 54 | 262 | - |
| Number of Retail Lending Partners [(9)] | 18 | 8 | 20 |
| Number of Originator Partners funded through our funds [(10)] | 52 | 27 | 11 |

| Particulars | As of and for financial year ended March 31, 2024 | | |
|---|---|---|---|
| | MSME(1) | MFI(2) | Consumer finance(3) |
| Number of funds invested(11) | 10 | 10 | 10 |
| Gross Stage 3 – Loans and Investments (%)(12) | 0.74% | 0.01% | 0.38% |

*Notes:*

*(1) MSME sector refers to secured and unsecured business loans given to mid-corporates and business and Originator Partners operating in the MSME sector.*

*(2) MFI sector refers to individual and group loans given to low income households and Originator Partners operating in the MFI sector.*

*(3) Consumer finance sector refers to unsecured personal loans, gold loans, and consumer durable loans given to individuals and Originator Partners operating the consumer finance sector.*

*(4) GTV represents the total financing enabled by us in the relevant sector for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*

*(5) Represents the cumulative number of investors with whom we have enabled credit through our Placements business for our Originator Partners and/ or have invested across our funds in the relevant sector as of the relevant Fiscal.*

*(6) Placements fee income represents the aggregate value of professional fees earned by us from our Placements channel in the relevant sector during the relevant Fiscal.*

*(7) Represents the cumulative number of Originator Partners since Fiscal 2009 for whom we have either disbursed financing through our Lending channel or enabled financing for them through our Placement channel in the relevant sector as of the relevant Fiscal.*

*(8) Number of branches that we operate for our Direct to Customer Lending in the relevant as of the last day of the relevant Fiscal.*

*(9) Number of Retail Lending Partners through whom we extended loans directly to our Direct to Customer Borrowers and had outstanding exposure in the relevant sector at the of the relevant Fiscal.*

*(10) Represents the number of Originator Partners that have received funding through our funds in the relevant sector.*

*(11) Represents the number of funds that have made investments in the respective sector as of the relevant Fiscal since inception.*

*(12) Gross Stage 3 – Loans and Investments (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount - investments – total as of the last day of the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*

Set out below are certain details of the MSME, MFI and consumer finance sectors in India, according to the CRISIL Report, as of the date indicated:

| Particulars | As of and for the year ended March 31, 2024 |
|---|---|
| **MSME** | |
| NBFC MSME industry AUM (₹ billion)** | 6,135 |
| NBFC MSME industry GNPA (%) | 4.8%-5.2%* |
| **MFI** | |
| NBFC MFI industry AUM (₹ billion)## | 1,584 |
| NBFC MFI industry GNPA (%) | 1.0%# |
| **Consumer Finance** | |
| NBFC Consumer finance industry AUM (₹ billion)^^ | 4,592 |
| NBFC Consumer finance industry GNPA (%) | 6.8%-7.4%^ |

*Source: CRISIL Report.*

*Notes:*

** Simple average of GNPA ratio in small business loans and mid-corporate loans.*

*^ Simple average of GNPA ratio in personal loans, gold loans and consumer durable loans.*

*# PAR (Portfolio at Risk) 91 to 180 bucket ratio for NBFC-MFIs.*

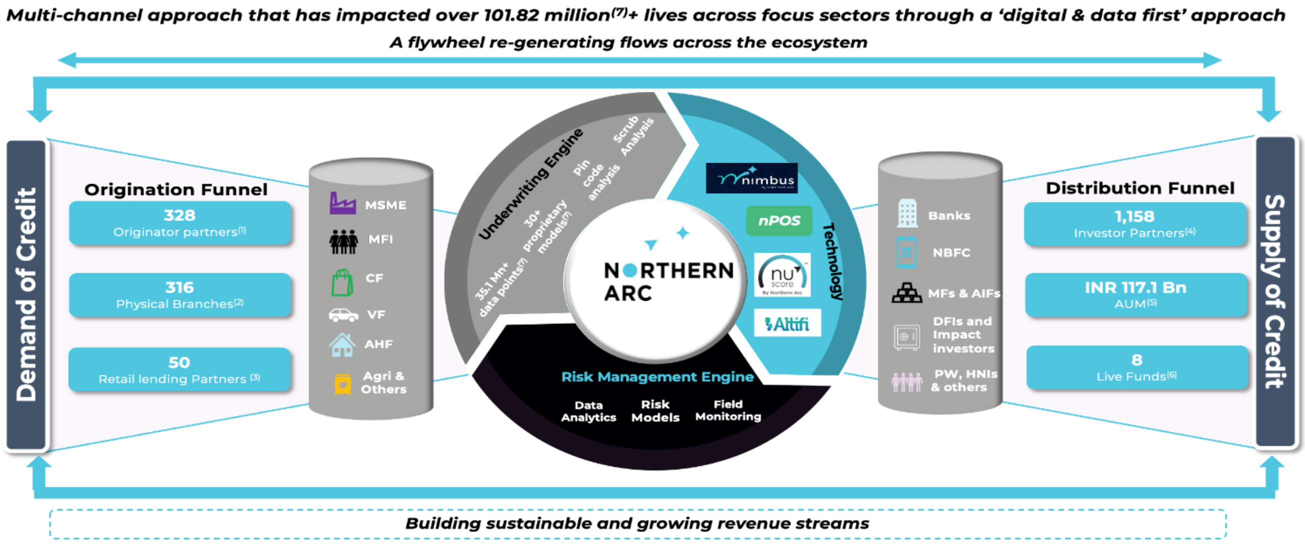
*** MSME loans include small business loans and mid-corporate loans.*

*^^ Consumer finance includes personal loans, gold loans and consumer durable loans.*

*## MFI loans data is for NBFC-MFIs.*

***Large ecosystem of partners and data and technology platform creating strong network effects***

We have, over the last 15 years, by serving the Indian retail credit market and facilitating financing of over ₹1.73 trillion since 2009, that has impacted over 101.82 million lives, created an ecosystem of 328 Originator Partners, 50 Retail Lending Partners and 1,158 Investor Partners, as of March 31, 2024, multi-channel offerings comprising Lending, Placements and Fund Management channels, propertiary technology solutions and a substantial data repository of over 35.17 million data points, as of March 31, 2024. This large and growing community of Originator Partners, Retail Lending Partners and Investor Partners coupled with our track record in diversified product offerings and the proprietary technology stack, has resulted in an expansion in our opportunities for debt raising and investment. This helps us in accessing large pools of liquidity, serve wider classes of investors and to meet their varied requirements. This generates an annuity effect providing us with a combination of fee income and interest income. Accordingly, this creates positive network effects and a scalable and diversified platform.




*Notes: (1) Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of March 31, 2024 (2) Number of branches that are operated for Direct to Customer lending as of March 31, 2024 (3) Represents Retail Lending Partners through whom loans are extended directly to Direct to Customer borrowers as of March 31, 2024 (4) Represents the cumulative number of investors with whom credit has been enabled through Placements business for Originator Partners and/or have invested across Northern Arc's funds as of March 31, 2024 (5) AUM represents aggregate of loans and investments in debentures, securitized assets (including loans assigned), units of AIF funds, loans assigned by Northern Arc and guarantees outstanding as of March 31, 2024. (6) Number of live funds represents the number of AIF funds and PMS funds that are in existence or have outstanding investments as of March 31, 2024, Fund 2 has been considered as a live fund in Fiscal 2024, only due to the recoveries in progress from investees (7) Data as on March 31, 2024.*

*Flywheel Effect.* Through our Lending channel, we identify Originator Partners on the basis of our credit underwriting framework that is designed to identify and nurture companies that are close to their customers and share the similar goal of catering to the credit requirements of the under-served categories, and have the ability to grow with access to debt. Most of our Originator Partners are initially relatively smaller in scale and typically have limited avenues of raising debt. This gives us the opportunity to build long-term relationships with first mover advantage and derive benefit from continued engagement as they scale up in their businesses and grow their credit requirements. We also partner with Retail Lending Partners to lend to Direct to Customer Borrowers, who provide us with necessary support in various functions such as loan origination, execution of loan documents, disbursements and collections. In addition to assuming on-balance sheet exposure through loans and investments, we cater to these differing credit requirements of our Originator Partners by enabling credit for them through our Placements channel, which predominantly includes structures such as securitization and direct assignment which involve investment in their retail pools, and arrange, syndicate and guarantee debt for fund raising from Investor Partners. We have also built partnerships with Investor Partners across different investor classes, including banks, asset management companies, insurance companies, DFIs, fund-of-funds, AIFs, foreign portfolio investors ("**FPIs**"), global investment vehicles, family offices, private wealth managers, foundations and HNIs, who access opportunities to invest in the under-served households and businesses in India through our platform. We also offer our Investor Partners with due-diligence capability, customized approach to underwriting, on-going monitoring/ surveillance, skin-in-game/ co-participation by us, and the execution efficiency that our platform provides. Moreover, through our Fund Management channel, we deploy debt capital from our AIFs across select Originator Partners and other businesses. Set our below are certain details of our relationships with Originator Partners and Investor Partners as of the Fiscals indicated:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Cumulative number of Originator Partners(1)** | **328** | **298** | **278** |
| Vintage up to 1 year | 30 | 20 | 40 |
| Vintage 1-3 years | 98 | 109 | 107 |
| Vintage >3 years | 200 | 169 | 131 |
| **Cumulative number of Investor Partner(2)** | **1,158** | **871** | **700** |
| Vintage up to 1 year | 287 | 171 | 372 |
| Vintage 1-3 years | 670 | 667 | 300 |
| Vintage >3 years | 201 | 33 | 28 |

*Note:*

*(1) Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of the relevant Fiscal.*

*(2) Represents the cumulative number of investors with whom we have enabled credit through our Placements business for our Originator Partners and/ or have invested across our funds as of the relevant Fiscal.*

Our technology products and data capabilities are the backbone of our ecosystem, which ensure the seamless interaction between Originator Partners and Retail Lending Partners as well as Investor Partners, facilitated through our technology platform, *Nimbus*, that enables end-to-end processing of debt transactions. To deepen our relationships with Originator Partners, we have developed a proprietary technology product, *Nu Score*, which is a tailored machine learning based scoring module designed to assist our Originator Partners in the loan underwriting process and help them take effective credit decisions. Further, to enable technology-backed seamless co-lending across our network of Retail Lending Partners and Investor Partners, we have developed *nPOS*, a fully integrated API based technology solution that seamlessly integrates with the systems of both Originator Partners (including Retail Lending Partners) and Investor Partners, thereby easing the co-lending process. In addition, *AltiFi*, our alternative retail debt investment platform, further enables us to capture a wider base of retail investors, who may subsequently graduate to investing in our funds.

This multi-channel offerings supported by proprietary technology and data capabilities, enables funding to the end-customer and aids our Originator Partners, Retail Lending Partners and Investor Partners as well as *AltiFi* investors in expanding their outreach and access new debt capital pools and investment opportunities. This synergy and seamless integration creates a '*flywheel effect*', which gets accentuated with more transactions and incremental flow of data. Also, see "- *Illustrative Case Studies*" on page 287.

***Proprietary technology product suite transforming the debt market ecosystem***

We are a technology driven financial services platform supported by in-house technology solutions and architecture driving a scalable and sustainable business model that enables us to expand and scale our business and drive growth in revenue.

- *Nimbus.* Our proprietary integrated technology platform, *Nimbus*, is a curated debt platform that enables flow of credit to our Originator Partners either through our balance sheet or through our Investor Partners. *Nimbus* provides the ability for end-to-end processing of debt transactions, from loan application, credit evaluation, generation of legal documentation to transaction execution and closure, leading to distinct advantages for the users, such as scale, precision, transparency and efficiency in turnaround time. It also enables flow of information between our Originator Partners and Investor Partners by enabling them to monitor deal progress, execute and conclude debt transactions. Further, the platform enables Investor Partners to review the underlying company's performance and provide a comprehensive solution from ideation to execution, to monitoring and to closure.

  *Nimbus* covers the full spectrum of internal functions ranging from partner on-boarding, credit evaluation and decisioning, approval of credit exposure limits, data-driven risk monitoring and analytics, documentation and execution, to post-transaction compliance and monitoring. The system further integrates these functionalities across all teams, *i.e.*, origination, credit, risk, structuring, legal, treasury, accounts, audit, operations and compliance teams to create an exhaustive end-to-end workflow and repository of all data and documents for our portfolio. In Fiscal 2024, the number of active Originators Partners and Investor Partners on *Nimbus* was 147 and 72, respectively. As of March 31, 2024, we have enabled credit of ₹997.16 billion through *Nimbus*.

- *nPOS.* We have developed a comprehensive cloud-based API-enabled market infrastructure platform, *nPOS*, to streamline the loan process for partnership lending/ co-lending by connecting banks and other financial institutions through a series of APIs, enabling swift data exchange and straight through processing of loans without manual interventions, completing the entire process within a few seconds. The platform is configurable and provides a streamlined process for partnership-based loan origination, underwriting, disbursement, and collection reconciliation. Its scalable design allows for easy integration with external parties, such as Originator Partners, third-party data providers, credit bureaus and other service providers, while enabling them to continue to use their existing systems, making it a seamless platform for financial institutions and Originator Partners alike.

  From microfinance to MSME loans, mortgage loans to consumer durable loans, the unique protocols of *nPOS* accommodate all types of our Direct to Customer loans across multiple sectors and assist banks and financial institutions in building their retail portfolio. In Fiscal 2024, the number of active partners and value of transactions on *nPOS* was 21 and ₹59,890.64 million, respectively. Further, *nPOS* has also received 'Best Lending Fintech Platform' award at the 4th edition of the Smart CX Summit & Awards in May 2024.

- *AltiFi*. To bridge the gap of access to alternative investment assets and provide retail and individual investors and small corporates with access to debt capital markets and diversify their investment portfolio, we developed *AltiFi*, an alternative retail debt investment platform that helps HNIs, mass affluent, retail investors and corporates access fixed income instruments such as bonds, debt securities, securitized instruments, and AIF units, which were previously available only to institutional investors. *AltiFi* currently offers secondary sale of corporate bonds that have been assessed for our own investments, public issuances of bonds and primary issuances of sovereign gold bonds. As of March 31, 2024, *AltiFi* had 30,518 registered users sourced directly and with the help of distributors who have on an aggregate enabled over ₹4,163.29 million of investments. This end-to-end digital platform democratises debt securities on our balance sheet for investment opportunities to retail individuals and corporates. These securities help investors diversify their portfolio, earn returns on their investment and reduce exposure to market volatility. Further, *AltiFi* has also received various awards, including 'Competitive Edge for Process Innovation' at the Mint | TechCircle Business Transformation Awards 2022, Best Product/ Service Innovation (NBFC/HFC/MFI) for the initiative 'Altifi-Wealth Management Platform' at the ETBFSI Excellence Awards in 2023, ASSOCHAM Award of Appreciation for Entity Using Technology to Enhance Bond Market in 2023, 'Best Wealth Tech Platform' at the 4th edition of the Smart CX Summit & Awards, 2024 and the 'Preferred WealthTech Provider/Platform' award by Fintech Festival India in 2024.

- *Nu Score.* According to the CRISIL Report, the underwriting process, while essential for assessing borrowers, can sometimes be time-consuming and reliant on subjective elements. Thus, there is room for improvement in leveraging all available data efficiently. Organizations may find opportunities to streamline the process, making it more agile and resource-effective (*Source: CRISIL Report*). To aid Originator Partners in their underwriting process, we have developed a proprietary cloud-based API enabled solution, *Nu Score*, that enables real-time, data-backed risk assessment. A single metric (*Nu Score*) provides a comprehensive view of borrower parameters, facilitating informed lending decisions and thereby aiding financial inclusion. In the Fiscal 2024, the number of assessments conducted through *Nu Score* was 17,052.

Our digital initiatives have earned us the 'Best Digital NBFC of the Year' award at the ETBFSI Excellence Awards in 2020, "Excellence in Digital Execution for Process Innovation" at the MINT | TechCircle Business Transformation Awards 2021, Jury's Choice Award at the Elets 2nd NBFC 100 Leader of Excellence Awards under the category 'Outstanding name in Digital Transformation' in 2023, ET and the Times Group 'BFSI Best Brands' award in 2024 and the 'Preferred NBFC of the year' award at the 4th edition of the Smart CX Summit & Awards, 2024. For further details in relation to our technology stack related metrics, see "*Selected Statistical Information – Technology Suite*" on page 506.

***Robust risk management based on domain expertise, proprietary risk models and data repository driving asset quality***

We consider risk monitoring as a central aspect of our operations, extending across all sectors, channels, and borrower categories. Risk management forms the core of our business, and over time, we have developed and deployed a tailored risk management system. We have customized our risk management systems for each of the focused sectors and channels in which we operate and these systems which are specific to each offering, enable us to develop a diversified portfolio and address both risks.

We leverage our own expertise and data to develop customized and proprietary risk models that suit our offerings, products and markets, and enhance our capital efficiency. Most of our credit risk management processes are enhanced through deep analytical models built on *Nimbus*, which leverages internal and external data sources to create in-depth risk analytics and modelling, and also has early warning systems that help us to be proactive in dealing with and minimising risks. For more details, see "- *Risk Management*" on page 289. With additional data points and sources being added every year to *Nimbus*, the risk models continue to become more robust. Our quantitative analysis is based on over 35.17 million data points which includes: (a) loan pools we have evaluated and invested in for our Originator Partners from our Investor Partners through securitisations and direct assignments, as of March 31, 2024, and (b) over 18.58 million Direct to Customer Lending loans disbursed by us, as of March 31, 2024. Moreover, secondary data from external data sources such as credit bureaus and economic research portals is used for analysing pin code level borrower characteristics such as indebtedness, collection efficiencies and sector growth trends.

In addition to our large data repository, we also add insights from our on-field surveillance to *Nimbus* to allow for a comprehensive data repository. We also obtain and periodically update the credit information of our customers by checking the credit bureaus, which is used in pool selection and building our financials models. A combination of insights from the data repository, scrub analysis and on-field surveillance/ monitoring team enables us to carry out benchmarking of all our Originator Partners and Retail Lending Partners, which is a key input in our credit decision-making process, portfolio stress testing, early warning indications. As of March 31, 2024, we conducted reviews on a total of 677 Originator Partners, out of which, we performed due diligence on 430 Originator Partners and successfully onboarded 328 Originator Partners onto our platform. We also use these insights to guide Originator Partners with operational and financial industry benchmarks. Further, these insights are also used to conduct webinars for domestic and offshore investors and publish detailed sector presentations.

We have developed over 30 analytical models, as of March 31, 2024, using the data repository and insights from our on-field surveillance and continuously strengthen them by adding more data points and sources. We have also launched *Nu Score*, a proprietary machine learning based solution for our Originator Partners' underwriting requirements, which offers real-time data-backed risk assessment for evaluating a borrower.

Our diversified presence across India mitigates the impact of any adverse geography specific risk events including natural disasters. Further, our sectoral diversification has helped us in mitigating the effects of slowing demand for credit in standalone sectors owing to cyclicality, events or regulatory changes affecting such sectors, and in maintaining the health of our portfolio thereby, resulting in lower volatility of risk, return and growth. Diversification of our portfolio is also governed through exposure ceilings and closely tracked by our risk management committee. Such diversification provides a risk buffer and drive risk-adjusted returns, as it can reduce the volatility and vulnerability of the portfolio or business performance to a specific market, product or industry, sector, while also increasing the opportunities and flexibility for growth and innovation in other markets, products and industries. In addition, we have developed a comprehensive collection capacity (comprising an in-house call centre, own team and empanelled agencies for field collections and field collections teams) which, together with pre-default early alerts, enable us to control risk and maximize post-default recoveries of our exposures.

Our risk management approach has enabled us to actively identify, monitor and manage risks towards creating strong and sustainable business operations. As a result of our approach to risk management, according to the CRISIL Report, we had one of the lowest GNPA of 0.45% and NNPA of 0.08%, as of Fiscal 2024. Set out below are certain details of our asset quality along with the GNPA and NNPA ratio of NBFCs in India as indicated in the CRISIL Report as of the dates indicated:

| **Particulars** | **As of March 31, 2024** | **As of March 31, 2023** | **As of March 31, 2022** |
|---|---|---|---|
| Gross Stage 3 – Loans and Investments (%)[(1)] | 0.45% | 0.77% | 0.50% |
| Net Stage 3 (%) [(2)] | 0.08% | 0.40% | 0.21% |
| NBFC's GNPA ratio (%)[(3)] | 4.1% | 5.0% | 5.8% |
| NBFC's NNPA ratio (%)[(4)] | 1.5% | 1.7% | 2.3% |

*Notes:*

(1) *Gross Stage 3 – Loans and Investments (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount - investments – total as of the last day of the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*

(2) *Net Stage 3 (%) represents aggregate of net carrying amount - loans - Stage 3 and net carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount – investments – total as of the last day of the relevant Fiscal.*

(3) *Source: CRISIL Report; GNPA refers gross non-performing assets as percent of gross advances. Figures as of March 31, 2024 are estimated.*

(4) *Source: CRISIL Report; NNPA refers to net non-performing assets as percent of net advances. Figures as of March 31, 2024 are estimated.*

***Diversified sources of funding for our own deployment and proactive liquidity management***

We maintain a well-diversified funding profile that is underpinned by our established relationships with our lenders and investors, proactive liquidity management system and strong credit rating. Our diversified base of lenders (including various banks, offshore financial institutions and NBFCs) and investors provide us a strong base for increased funding. The table below sets out certain details of our sources of funding by type of lender as of the date indicated:

| **Type of lender** | **As of March 31, 2024** | | |
|---|---|---|---|
| | **Number of Lenders** | **Amount (₹ million)** | **% of Total (%)** |
| Banks | 31 | 61,456.89 | 67.93% |
| Domestic DFIs | 1 | 3,864.47 | 4.27% |
| Offshore financial institutions | 6 | 14,403.87 | 15.92% |
| NBFCs | 7 | 8,183.21 | 9.04% |
| Domestic capital markets | - | - | - |
| Domestic retail / HNIs [(1)] | 4 | 2,569.12 | 2.84% |
| **Total Borrowings**[(2)] | **49** | **90,477.56** | **100.00%** |

*Notes:*

(1) *Domestic retail/ HNI refers to wealth advisory firms that either themselves invest or recommend their high-networth clients (HNIs) to invest in certain debt products that we issue such as non-convertible debentures, market linked debentures, bonds and commercial papers.*

(2) *Total Borrowings represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) as of the last day of the relevant Fiscal. For details of reconciliation, see "Selected Statistical Information - Reconciliation of non-GAAP Measures" on page 510.*

For further details in relation to our sources of funding, see "*Selected Statistical Information – Borrowings*" on page 502. In addition, we have also conducted 12 rounds of equity fund raises (including issuances of CCPS) in the last 11 Fiscals which has allowed us to benefit from the capital sponsorship of a marquee set of equity investors which include impact-focused funds and a global systemically important bank.

In addition, our credit rating is a key enabler for our diversified funding profile. Our credit rating was also upgraded to AA- (Stable) credit rating by ICRA and India Ratings in March 2023 and September 2023, respectively, from A+ credit rating for all of our long-term facilities and non-convertible debentures, respectively. ICRA further re-affirmed the AA- (Stable) credit rating for all our long -term facilities and non-convertible debentures in July 2024. For short-term bank facilities and commercial papers, A1+ rating was re-affirmed by ICRA and CARE Edge in March 2024 and further re-affirmed in July 2024. Since 2015, our Company's commercial paper program has been rated A1+. Our NCDs and long-term bank facilities are rated AA- (Stable) as rated by ICRA in March 2023 and re-affirmed in September 2023, March 2024 and July 2024. Further, our market-linked debentures currently have a rating of AA- (Stable) as rated by ICRA. Additionally, in July 2024 and September 2023, ICRA re-affirmed our ratings as provided in March 2023. Also, a portion of our Direct to Customer Lending qualifies for categorisation as priority sector lending under RBI guidelines, enabling us to raise lower cost funding from banks.

We have also been able to service our debt obligations during challenging industry and macro-economic events and credit cycles for NBFCs. We have demonstrated the ability to improve our borrowing costs, even in environments characterized by rising interest rates in recent years. The table below sets out certain details of our cost of borrowings as of the dates indicated:

| **Particulars** | **As of March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Average tenure of borrowings (years)[1] | 3.07 | 3.38 | 3.03 |
| Incremental cost of borrowing (%)[2] | 9.48% | 9.48% | 8.45% |
| Average Cost of Borrowing (%)[3] | 9.23% | 8.84% | 8.55% |

*Notes:*

1. *Average tenure of borrowings (years) represents the weighted average door-to-door tenure for all borrowings outstanding as of the last day of the relevant Fiscal.*
2. *Incremental cost of borrowing represents the weighted average cost of facilities raised during the Fiscal including roll overs of working capital facilities (for which the interest rate is considered at last rate at which such facilities were rolled over).*
3. *Average Cost of Borrowing represents adjusted finance costs (i.e., finance costs less interest on lease liability) divided by Average Total Borrowings during the relevant Fiscal.*

Further, our Company has adopted an asset/ liability management policy which requires us to monitor and manage interest rate and liquidity risks, from time to time. This has enabled us to maintain a positive asset liability management ("**ALM**") position with no cumulative negative mismatches (in the maturity bucket for the period of up to one year), in line with our ALM policy, as of the last three Fiscals. We reduce the interest rate mismatch while maintaining sufficient liquidity to comply with the LCR norms by investing in low risk, liquid investments such as short-term treasury bills.

***Professional management team supported by an experienced Board and marquee investors driving high standards of governance***

We have an experienced leadership team who have played a pivotal role in building our business and brand. We have also benefited and expect to continue to benefit from the strong capital sponsorship and professional expertise, especially in the area of corporate governance and risk management, of our shareholders, which include funds and a global systemically important bank. As of the date of this Red Herring Prospectus, our Shareholders include LeapFrog, Augusta, Eight Roads, Dvara Trust, Accion, 360 ONE Funds, SMBC and IFC.

We do not have an identifiable promoter and our operations are led by an experienced and skilled management team, who have the support of a distinguished Board and marquee investors. Our Directors, Key Management Personnel and Senior Management have substantial experience in the banking, financial services and insurance (BFSI) space in both India and abroad. Moreover, our team of Key Management Personnel and members of our Senior Management have been with our Company for an average of more than five years.

We strive to adhere to high standards of corporate governance and have established policies and procedures to support transparency, strong business ethics and a well-established compliance framework. Our Board is chaired by a Non-Executive Independent Director, with three additional Non-Executive Independent Directors, three Non-Executive Nominee Directors, one Non-Executive Non-Independent Director and one Managing Director. Our Board supervises our operations through committees designed to manage and oversee key aspects of our business. For further details, see "*Our Management*" beginning on page 333. In addition to the steps, we have taken to ensure strong corporate governance, we have also been subject to diligence performed by our Shareholders, lenders and debt investors, which include various private equity funds, and DFIs. These have further strengthened and added credibility to our quality of governance, accounting and controls, and environment, social and governance ("**ESG**") focus.

We aim to be an equal opportunity employer with a focus on diversity and nurturing women talent. Further, we have endeavoured to motivate our senior and mid-level management team through a combination of variable compensation linked to their individual performance as well as our performance and long-term incentives such as schemes of our ESOP Plan 2016, thereby enabling a strong alignment of their interests with our performance.

***Strong ESG framework integrated into the business model with focus on creating sustainable impact and climate-smart lending***

We enforce ESG parameters as part of our corporate governance commitment to our shareholders including through an adherence to the LeapFrog group's 'Responsible Investment Code', with the objective of delivering both financial and social results by incorporating best practices across environmental, social and governance impact management. Our Company also has an ESG officer along with and extended ESG team to oversee our ESG practices. Our underwriting guidelines along with the ESG policy also incorporate a responsible financing framework across parameters such as governance, employee rights and environment which are applied at multiple stages such as client on-boarding, investment or lending, and post-transaction monitoring. Specifically, as part of our relationships with Originator Partners, we also require their adherence to norms on customer protection and fair practice codes including instituting adequate mechanisms for grievance redressal and, fostering fair and respectful treatment of borrowers. In May 2020, we entered into a memorandum of understanding with an offshore financial consultant, with a view to encouraging our Originator Partners to adopt a sustainability alignment rating tool developed by them which would assess their performance based on the sustainable development goals by the United Nations ("**UNSDGs**"). As of December 31, 2023, more than 43.96% of the total underlying borrowers of our Originator Partners comprised women. In addition, as part of our ESG policy, we look into whether our customers meet certain minimum standards of corporate governance.

Given our historical and overarching focus on enabling access-to-finance to the under-served households and businesses, NAIM manages funds which have a focus on social impact. NAIM has also received the Social Impact – Outstanding Achievement of the Year award by IVCA in 2023, featured in the ImpactAssets 50, a global showcase of 50 experienced private debt and equity impact investment fund managers, in 2021, 2022 and 2023, the 'Best Investment Management Company' at the 4th Edition of the Smart CX Summit & Awards 2024 and was one of the winners of the Ethical Finance Awards by Wealth & Finance International.

Our commitment towards providing efficient and reliable access to debt finance to under-served households and businesses also brings our business in line with nine out of the 17 UNSDGs that directly acknowledge access to financial services as being relevant targets to be achieved by Fiscal 2030. These nine UNSDGS are '1-No Poverty', '2-Zero Hunger', '5-Gender Equality', '7-Affordable and Clean Energy', '8-Decent Work and Economic Growth', '9-Industry, Innovation and Infrastructure', '10-Reduced Inequalities', '13-Climate Action' and '17-Partnerships for the Goals'. Set out below is our reach and work towards expanding access to debt finance as of and for the Fiscals indicated.

| **Particulars** | **As of and for the financial year ended March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| GTV[(1)] (₹ million) | 293,236.80 | 273,851.59 | 198,964.29 |
| Number of districts in India | 671 | 676 | 636 |
| Total number of end-borrowers[(2)] | 1,609,046 | 816,559 | 466,148 |

*Notes:*
*(1) GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal. For further details, see "Selected Statistical Information – Volume Split" on page 498.*
*(2) Represents our Direct to Customer Borrowers and the borrowers of our Originator Partners who had outstanding exposure as of the relevant Fiscal.*

Moreover, our climate and sustantianble investing began with green financing in 2018 when we secured a green bond from a Dutch development bank. We have also syndicated targeted climate-centric loans for six global investors, as of March 31, 2024. As of March 31, 2024, our AUM to Originator Partners that is directly attributable to addressing climate adaptation, mitigation and action was ₹762.82 million. Further, in response to the increasing importance of climate-focused financing, we also provide funding to Originator Partners in the EV financing sector and mid-market companies engaged in e-mobility, battery manufacturing, solar power projects, EV fleet services, EV infrastructure (battery swapping) and EV last-mile delivery, with the primary goal of reducing carbon emissions.

**Strategies**

***Enhance our ecosystem by growing and deepening relationships with our partners, while leveraging and scaling up our technology products***

We plan to expand our footprint to better reach and serve underserved households and businesses in our focused sectors in India by: (i) adding to and strengthening our origination channels, *i.e.*, by on-boarding new Originator Partners onto our platform and financing the debt capital requirements for the growth of our Originator Partners, and on-boarding new Retail Lending Partners who can help us reach more Direct to Customer Borrowers; and (ii) increasing the use of as well as scale and leverage our in-house technology and data enabled products and platforms. Moreover, the increasing demand and positive sentiments in the Indian retail credit market, presents an opportunity for both banks and NBFCs to broaden their investor base (*Source: CRISIL Report*). Accordingly, this presents us with an opportunity to broaden our investor base, including reaching out to new classes of investors, both domestic and overseas, such as NBFCs, AIFs, private wealth investors, distributors, insurance companies, pension funds and corporate treasuries. Simultaneously, we also believe that existing Investor Partners will diversify their product and investment portfolios as their deployment requirements grow and their understanding of our focused sectors deepens, which will help us in enhancing financing volumes across our channels and further widening the impact to the end borrowers. By collaborating with Originator Partners and Investor Partners and constantly innovating, our products and services facilitate the seamless transfer of credit to the end customer.

We have made, and intend to continue making, investments in our technology products and systems. Our continued focus on the effective use of technology is aimed at further improving the customer experience and streamlining processes, including loan origination, credit underwriting, risk management, collections, customer service and retention, leading to cost efficiencies and productivity, and with an intention to become a preferred platform for Originator Partners and Investor Partners. For instance, we intend to continue to leverage the capabilities of *nPOS*, *Nu Score* and *Nimbus* to seamlessly integrate with our Originator Partners, Investor Partners and borrowers. Our Originator Partners benefiting from our Lending and Placements channels can leverage co-lending and onward lending with banks and other financial institutions through *nPOS*. We also plan to further leverage our data solution, *Nu Score*, to enhance the underwriting process for our Originator Partners, which would promote deeper integration within our partner ecosystem. Such integration enables the seamless delivery of bespoke products, efficient transaction execution, improves customer experience and provides context-sensitive business and risk insights. Moreover, we may also intend to monetize our technology and data solutions by offering them to our partners.

In addition, while we continue to provide debt for our Originator Partners through our institutional investor base, our *AltiFi* platform enables our Originator Partners to access incremental pools of capital from individuals and HNIs. We also plan to add more products on our *AltiFi* platform to offer full scale wealth management services comprising products across savings, investments (such as listing of commercial papers, fixed deposits and mutual funds) and insurance, which we believe will help in broadening our coverage of retail investors as well. Additionally, we have also received the certificate of registration as a corporate agent (composite) with the Insurance Regulatory and Development Authority of India. Moreover, our technology solutions not only facilitate a seamless credit flow across the ecosystem but also provide avenues for monetization, creating additional revenue streams. In addition, through continuous alignment with the rapidly evolving ‘India Stack’ (*i.e.*, a set of APIs and tools that enable the building of digital platforms for various services and includes Aadhaar (for identity verification), e-KYC (for paperless know-your-customer processes), eSign (for digitally signing documents), and the Unified Payments Interface (UPI) for seamless and instant fund transfers (*Source: CRISIL Report*)), we continue to focus on facilitating the emergence of tech-enabled lending solutions, fuelling demand for credit among new-age companies seeking to expand their reach within India.

***Expand to adjacent sectors such as climate lending and gold loans, and enhance our ESG risk management systems***

We intend to identify incremental opportunities across sectors as well as within sectors across products. In particular, we intend to explore opportunities to participate directly as well as in collaboration with our Originator Partners in the climate and sustainability sector. According to the CRISIL Report, the climate financing industry in India has gained significant momentum over the years and the Indian government is actively supporting and investing in renewable energy which has led to significant growth in the renewable energy sector. As of March 2024, the two leading power financing companies in India possessed gross loan assets of ₹992 billion towards renewable energy sector, underscoring not just their current standing but also signalling the vast potential for expansion in other climate financing aspects (*Source: CRISIL Report*). This robust foundation and continued governmental backing position the sector for further sustainable development and environmental impact (*Source: CRISIL Report*). We aim to work with environmentally conscious organizations, particularly, in the MSME sector that are focused on creating climate neutral products such as electric mobility and allied solutions, solar energy harvesting and distribution, and others such as waste recycling, financing sustainable water and sanitation solutions. We also intend to work with lenders who finance these solutions purchased by the end customers. We believe that these underlying sectors have significant growth and impact potential. Furthermore, the EV industry and its financing are experiencing significant growth due to the escalating focus on climate change and sustainability (*Source: CRISIL Report*). We also aim to partner with DFIs to create thematic funds on climate financing and work with various stakeholders to design products and mobilise funds for such underlying sectors.

Further, according to the CRISIL Report, gold loans AUM is expected to grow at 14-15% CAGR between Fiscal 2024 and 2027 to reach ₹11,307 billion by March 2027. The gold loan sector is still largely catered by unorganized players with potential for new entrants to enter the market and create space. Gold loans are typically small ticket, short duration, convenient and instant credit, and are typical sourced and serviced through a physical branch infrastructure. Moreover, the gold loan product and customer segment are adjacent to the small ticket financing segment – for both consumers and small businesses alike. (*Source: CRISIL Report*) We intend to enter into the gold loan sector through existing as well as new Originator Partners operating in this sector. We aim to subsequently transition these Originator Partners into Retail Lending Partners to be able to directly serve borrowers in this sector and thereby build a granular loan portfolio. In addition, we also aim to develop our Direct to Customer Lending operations in this sector. Moreover, we plan to leverage our existing branch ecosystem and technological advancements, which we believe will enable us to source, underwrite and manage credit in the gold loan sector.

In addition, we intend to upgrade our existing ESG risk management system by including procedures for screening, categorization, due-diligence including additional studies, if required, guidance on certain debt structures/investments with potentially limited leverage, monitoring of the portfolio and use of external consultants for due-diligence. Our ESG risk management system will also be improved by applying it to our Subsidiaries, enabling them to screen and assess the various financing products. We also aim to develop an external communications mechanism and conduct staff training in relation to ESG policy and activities.

***Expand our Fund Management channel***

In our Fund Management channel, we are focused on capitalizing on our innovative products, track record of returns and established investor base to further deepen our offerings and scale our business. We aim to expand our Fund Management business through:

- *Product innovation*: We intend to launch thematic funds targeting climate, agriculture, financial services and gender. Further, we are also focused on expanding the focus of our funds. For instance, our Emerging Corporate Bond fund, launched in Fiscal 2023, was focused on new age businesses and SME. We intend to launch additional funds with a similar focus as well as add structured investments based on collateral such as real estate and equity. For our PMS offering, we aim to launch interval funds and custom corporate focused yield/ tenor funds that are targeted towards retail and corporate investors.

- *Geographical expansion*: In addition to our current Mauritius fund, we have and intend to continue to grow our presence in the International Finance Services Centre ("**IFSC**") located in Gujarat International Finance Tec-City (GIFT City) by aiming to launch various funds including a climate-focused fund. In addition, we will look to establish offshore vehicles in favourable locations in the future.

- *Expand investor categories*: We aim to increase our investor base by targeting new investors, particularly in Asia as well as deepen our relationships with our existing European and United States investor base. In India, our PMS funds have onboarded both corporates and smaller ticket investors through independent financial advisors and our new fund launches are aimed towards broadening this investor category. Further, our specific higher yield products are aimed for international funds-of-funds, sovereign wealth funds, foundations, endowments and pension funds. Moreover, we have and intend to continue to focus on specific funds that target HNIs, family offices and corporates, which has helped in expanding our reach in these investor categories. In addition, we intend to continue to leverage and grow our PMS offerings in order to provides us access to a wider investor base comprising private wealth investors and HNIs.

***Continue to scale our Direct to Customer Lending channel to enhance risk adjusted returns***

We have and continue to be focused on expanding our Direct to Customer Lending channel in order to capitalize on the growing retail credit market in India. Our strategy for scaling our Direct to Customer Lending channel involves deepening our presence in existing states and venturing into new geographies as well as developing and innovating new product offerings for borrowers. We intend to continue to expand our 'phygital' presence by leveraging our proprietary and differentiated technology infrastructure and underwriting and risk management capabilities backed by domain expertise as well as growing our physical branch network in India and increasing strategic collaborations with Retail Lending Partners. This omni-channel approach, we believe, enhances our ability to reach a wider borrower base and enables us to extend credit to end borrowers to deliver enhanced risk adjusted returns vis-à-vis Intermediate Retail Lending channel.

We also aim to leverage our rural finance network, which provides unsecured small-ticket loans to rural borrowers, by introducing new products and providing larger value loans to these borrowers as they go through their credit life cycle. Further, we intend to capitalize on our technology and data-first philosophy to foster growth and productivity in underserved rural and semi-urban areas of India.

We also intend to focus on funding small businesses directly by expanding and diversifying our product portfolio. Our aim is to offer a comprehensive range of financial solutions, including term loans, structured working capital, secured loans backed by property collaterals and supply chain finance, that provides holistic support to MSMEs and caters to their various needs. In addition to broadening our product suite, we are committed towards leveraging our existing partnerships with Retail Lending Partners as well as actively seek new collaborations within our focused sectors to broaden our network and introduce our innovative analytical and technology products such as *Nu Score* and *nPOS*. These strategic initiatives are aimed at fostering growth and maximizing opportunities for our partners. In addition, we aim at strengthening our monitoring teams, both internally and through partnerships with third-party entities. We view this as critical infrastructure for our Direct to Customer Lending, which we believe will help in managing and optimizing collections efficiently.

***Focus on credit quality to manage credit cost efficiently***

Our 'credit first' principle focuses on building a portfolio with superior credit quality resulting in lower credit cost. By integrating data and technology with field operations, we can actively monitor customers and optimize collections. Our customer-centric approach also plays a pivotal role in effectively managing customers throughout their life cycle. The incorporation of predictive, data-driven decision-making enables us to anticipate and respond to customer actions in real time, thereby streamlining the efficient management of credit costs. Certain of our key practices as part of our existing "credit first" approach include: (i) timely identification of early alert and warnings across our portfolio thorough a scrub analysis of hypothecated receivables, coupled with the ability to recover such receivables in-house or through alternate servicers; (ii) monitoring of repayment behaviour of borrowers with other lenders to identify increased indebtedness; and (iii) pin code analysis for the hypothecated borrowers across transactions, generating a quantitative score and incorporating qualitative inputs to identify stress concentration across districts.

We aim to continue to focus on improving our credit quality through our 'credit first' approach to manage our credit costs more efficiently. We intend to continue to invest, build and enhance incremental risk monitoring, analytical and collection capabilities across functions and increase the deployment of machine learning techniques to deepen our data repository to identify and address early alert credit risk events in our portfolio as well as those of our partners. Such extensive usage of our data models and technology products, we believe will enable us to develop a comprehensive framework for efficient credit cost management. Moreover, we believe that building such capabilities will also help in enhancing our credibility and increase the confidence of Investor Partners engaged in our Placements and Fund Management channels.

***Continue to diversify our source of funds and widen our lender base to scale our borrowing requirements while lowering costs***

We have been and continue to be dedicated to diversifying our borrowing profile, optimizing borrowing costs, creating sell down opportunities and maintaining a positive ALM position. We continue to be committed to improve our credit rating, which not only provides access to additional funding sources but also contributes to a reduction in our overall cost of borrowing. We believe that low borrowing costs are crucial for competitively pricing our loan products, driving business growth towards the desired asset quality for the portfolio, increasing risk adjusted margins and maintaining a strong market position.

We also intend to continue to diversify our lender base, enhance limits from existing sources, identify new sources and pools of capital and strengthen asset liability management policies further, with the aim of further optimizing our borrowing costs. We have, over the years, and continue to work on building a considerable offshore liability franchise by a systematic outreach to international investors including multilateral institutions. We also aim to prioritize long-term borrowing to ensure stability and maintain liquidity risk in line with our ALM approach. Further, with our continued focus on increasing our Direct to Customer Lending, our ability to do sell down in the form of direct assignment will continue to grow as well. As of March 31, 2024, our sell-down exposures through direct assignment was ₹7,765.53 million.

### *Expansion through inorganic growth*

In addition to our organic growth, we intend to maintain and increase our position as a leading platform in the financial ecosystem through inorganic growth opportunities. We may from time to time evaluate and pursue strategic acquisitions, alliances, partnerships and joint ventures, including portfolio acquisitions. Our expansion will be driven by opportunities to grow our revenues by tapping into new opportunities in our existing markets as well as new markets.

## Description of our Business

### Our Sectors

We operate in certain focused sectors which represent the diverse credit requirements of the under-served households and businesses. These focused sectors are MSME financing, MFI, consumer finance, vehicle finance, affordable housing finance and agriculture finance.

Set out below are some highlights of our focused sectors:

| Particulars | MSME finance | MFI | Consumer finance | Vehicle finance | Affordable housing finance | Agriculture finance |
|---|---|---|---|---|---|---|
| Target end-borrowers | Self-employed customers, wholesale and retail dealers, merchants, builders, small and medium scale manufacturing concerns and service providers | Micro-entrepreneurs in joint liability group format | Salaried, Self Employed (Professional), Self Employed (Non-Professional) providers | Salaried and self-employed individuals | Salaried and self-employed individuals in rural and semi-urban areas | Farmers, Farmer Producer Organizations, Community building organisation or collectives in rural and semi-urban areas |
| Typical range of loan amount | ₹50,000 to ₹50 million | ₹10,000 to ₹125,000 | ₹1,000 to ₹ 500,000 | Two-wheeler loans: ₹40,000 to ₹1,00,000; Used commercial vehicle loans: ₹250,000 to ₹1 million<br><br>New commercial vehicle loans: ₹0.8 million to ₹5 million (including loans to operators) | ₹200,000 to ₹5 million | ₹100,000 to ₹30 million |
| Average tenor | Two to Seven years | Up to two years | Up to 48 months | Up to 5 years | Up to 15 years | Three to 12 months |

### Our Channels

As a diversified financial services company, we offer a range of solutions to expand credit access for underserved businesses and households through dedicated teams across various channels and products. Our three channels include Lending, Placements and Fund Management, with each of them having dedicated teams. We leverage the relationships we develop in our Lending channel to enable us to extend financing through our Placements and Fund Management channels, supported by our technology and data enabled products.

#### ***Lending channel***

Our Company extends financing from its balance sheet through Originator Partners (*i.e.*, Intermediate Retail Lending) and directly to under-served borrowers (*i.e.*, Direct to Customer Lending).

#### *Intermediate Retail*

Our Intermediate Retail Lending is aimed at Originator Partners, in our focused sectors which include NBFCs, HFCs and small finance banks that lend to under-served borrowers. We lend to and guarantee the borrowings of our Originator Partners for retail on-lending by them, and invest in and/or credit enhance the portfolios sold down by them.

*On-boarding Originator Partners*

We onboard Originator Partners approved by our Board based on sector-specific underwriting guidelines prepared by us. We may also consider Originator Partners, who operate in unapproved sectors, for potential new opportunities. Our business relationship managers lead the on-boarding of Originator Partners and share the required details with our credit team. We conduct an initial pre-due diligence (**"DD**") review, once we identify a potential Originator Partner, with the aim to either approve, request for more information or advise against onboarding. If the potential Originator Partner fulfils our initial pre-DD criteria, an extensive DD process is undertaken to assess the Originator Partner against our underwriting guidelines for the relevant sector. This involves obtaining and analysing operational and financial information and business plans, review of governance structures, interviews with the management, operating team and promoters or equity investors of the potential Originator Partner, site visits and market checks, based on which a detailed DD report is prepared. Our DD team comprises members from our business and credit teams, who conduct physical visits to the potential Originator Partner's offices and branches, and meetings with their senior management and operational heads as well as their borrowers. The resulting DD report is reviewed by our business origination head and credit head, and thereafter submitted to our risk team. The DD report is presented to our credit committee and our business team along with our credit and risk teams provide their assessment during the credit committee meeting. Thereafter, our credit committee decides to approve, reject or put on hold the onboarding by providing reasons for their decision. If our credit committee is satisfied with the assessment, the responses to the follow-up questions and the business potential with the Originator Partner, it approves the Originator Partners which is then onboarded as an Originator Partner, and a counterparty exposure limit is then requested and assigned. Moreover, in Fiscal 2021, we introduced digital onboarding through *Nimbus*. This allows our potential Originator Partners to share data as may be required by us for our pre-DD or DD processes, respond to queries raised by us and also monitor the status of onboarding from time to time.

Once an Originator Partner is on-boarded, the relationship managers maintain regular contact and understand their financing requirements based on their business needs. We ensure exposures (whether through loans, investments, guarantees or other credit enhancements) are aligned with the approved limits and are individually evaluated. Based on periodic review and changes in the financial and non-financial parameters as also the business plans of the Originator Partner, the partner limit may be revised upwards or downwards. In addition, we collaborate with Investor Partners to place financing for Originator Partners, extending our engagement and relevance at every stage of their evolution.

***Direct to Customer Lending***

We extend financing directly or in collaboration with our Retail Lending Partners to borrowers through our Direct to Customer Lending. We had disbursed over 18.58 million Direct to Customer Lending loans, as of March 31, 2024.

<u>Rural finance business</u>

Our Company serves rural and semi-urban areas, by providing small ticket loans through Pragati, our rural finance partner subsidiary incorporated in Fiscal 2021, acting as our business correspondent, using a technology solution. As a business correspondent, Pragati, manages the origination, servicing, and collections for our direct rural financing business.

Pragati has adopted a phygital (*i.e.*, physical plus digital) to deliver credit to its target customers. It has built a digital workflow application and integrated it with lending suites such as KYC authentication, credit bureau verification, account integration, payment and collection services, credit underwriting using data analytics, geo analytics, and rule and credit engine. As of March 31, 2024, Pragati operated over 262 branches across eight states and one union territory in India, and served over 400,000 borrowers. Pragati establishes multiple branches in a district depending upon its potential and risk assessments. These branches are usually located at taluka headquarters.

Pragati focuses on income-generating micro loans and household loans with most loans falling in the ticket size range of ₹30,000 to ₹125,000.

Further, in April 2022, we acquired the identified assets and liabilities of S.M.I.L.E Microfinance Limited, an NBFC MFI serving the underprivileged category in tier II cities, as a going concern, on a slump sale basis, which included their existing employees along with their distribution network consisting of branches and regional offices that are now operated by Pragati.

*Partnership-based lending*

We commenced our partnership-based Direct to Customer Lending business, through our Retail Lending Partners, in Fiscal 2015. We were also one of the first NBFCs to implement a partnership-based retail lending model in India (*Source: CRISIL Report*). We offer a comprehensive range of products, including secured and unsecured loans to MSME, JLG loans, end-use based personal loans and vehicle loans with broad ticket sizes through our Retail Lending Partners.

Our Retail Lending Partners work with us as co-lenders and/or loan service providers and consist of NBFCs, digital lending companies, payment Fintechs, business correspondents and merchants and educational/ vocational institutes. Through *nPOS*, our Retail Lending Partners are able to seamlessly integrate across multiple business process throughout the lifecycle of loans, enabling them to offer services such as sourcing, underwriting support, disbursements, collections, and customer servicing.

We design each of our partnership-based lending to ensure that we have sufficient controls on the customer category, credit policy, risk reward mechanism, underwriting, customer communications, cross-sell facilitation, and funds flow. The digital collection of data in standardized formats across asset classes from Retail Lending Partners and integration with various databases helps us in quick decision making through a combination of machine learning based proprietary algorithms and business rule engines. Our analytical models reinforced by such machine learning driven proprietary scorecards continuously evolve and adapt as we process more loans and accumulate performance data. The risk reward mechanism is a combination of default loss guarantee ("**DLG**") and risk-based pricing, which aims to ensure that incentives are aligned with the Retail Lending Partners.

As of March 31, 2024, we have had 50 Retail Lending Partners who have collaborated with us in lending to our Direct to Customer Borrowers, out of which 29 Retail Lending Partners had outstanding exposure with an AUM of ₹31,960.11 million. In addition, we have built alternate loan servicing capabilities supported by a combination of in-house collection teams, collection agencies and in-house tele-calling service providers.

*On-boarding Retail Lending Partners:* Most of our Retail Lending Partners in the financial institution category were existing clients of our Company. We carefully evaluate the suitability and capability of the Retail Lending Partners while on-boarding them for our Direct to Customer Lending business. If a potential Retail Lending Partner is not already a client of ours, our business team carries out a pre-DD assessment and if this establishes the preliminary feasibility of partnering with that entity, a detailed diligence is conducted. In addition to governance, management information systems and operational and financial performance, the diligence exercise puts great emphasis on integration of the technology platform of the potential Originator Partner with *Nimbus*, given that the business is designed to be carried out through automated systems.

*Risk-mitigation measures*: We have designed key risk mitigation measures for our partnership-based lending such as:

- Retail Lending Partners hold responsibility for service deficiencies and related losses;
- Retail Lending Partners provide a DLG: if the Retail Lending Partner is a financial institution, they may have "skin-in-the-game" through co-lending as well. In accordance with the Digital Lending Guidelines, DLG is capped at 5% of the loan amount, only for digital lending partnerships;
- we ensure direct borrower collection through registered National Automated Clearing House (NACH) mandates or designated collection accounts of our Company;
- collections and repayments are placed in an escrow account in the case of co-lending partnerships. In co-lending partnerships, partners that may also assume a percentage of the credit exposure to the borrowers along with our Company. For Retail Lending Partners (*i.e.*, non co-lending partnerships), collections are routed through Northern Arc designated accounts; and
- retaining the right to replace the loan service provider if the Retail Lending Partner is unable to handle collections adequately. We have also on-boarded collection agencies and tele-calling service providers to assist in collection activities, including field-level collections and legal proceedings.

*Direct MSME lending*

We have diversified our MSME lending offering to the evolving needs of various market categories by introducing LAP financing in Fiscal 2022 and supply chain finance in Fiscal 2023.

*Loans Against Property (LAP).* We started providing secured business loans, *i.e.*, LAP, directly through our physical branches in Fiscal 2022. This has helped us in establishing a direct relationship with MSME borrowers. As of March 31, 2024, we operated 50 branches across seven states and our LAP AUM amounted to ₹6,144.00 million. Our LAP branches follow a technology-driven approach and are equipped with a loan origination system which helps in streamlining the loan processes from on-boarding to online document execution.

*Supply Chain Finance.* Our technology-driven supply chain financing offers tailored credit solutions to various participants within the enterprises' supply chain network in sectors such as agriculture, pharmaceuticals, electronics and metals. We have developed an in-house loan management system that handles high volumes, conducts real-time validations, and integrates seamlessly with banks for disbursements and settlements. The client portal allows borrowers to request financing, upload invoices and access features such as bulk upload and real-time dashboards. Leveraging our proprietary technology platform, *Nimbus*, which is integrated with various APIs, our loan origination system provides comprehensive and integrated technology capabilities for our supply chain financing. As of March 31, 2024, our supply chain finance AUM amounted to ₹1,072.80 million.

*Mid-market Companies.* Our mid-market corporate lending business addresses the growth capital needs of medium enterprises, offering working capital loans, term loans and acquisition financing. We analyze the underlying business models of such mid-market companies to provide customized solutions matching their cash flows. We provide customised financing to mid-market companies depending on their specific needs and lifecycle stage by lending to and investing in debt securities issued by such mid-market companies to cater to their working capital, capital expenditure or other needs. The products include term loans, structured working capital lines and NCDs. We have worked with mid-market companies across sectors such as food, agriculture, education, healthcare, clean energy, business to business (B2B) services, logistics, and IT/IteS. The sector insights and know-how built through our financing across specified sectors enable us to address the credit opportunities in the sector with efficiency, and also benefit our borrowers and Investor Partners. Moreover, the growth in the mid-market companies' business provides us with opportunities for repeat business with them and to finance their ecosystem comprising, amongst others, vendors and customers. As our mid-market corporates build their credit history with us and scale up in size, we also work with our Investor Partners and provide them access to our borrowers for meeting their debt needs in addition to financing from our balance sheet. For details, please see "*– Placements channel*" on page 283.

***Collections and delinquency management***

As part of our portfolio monitoring activities, we combine data analytics with field intelligence to provide us with early warning signals on the health of assets in our portfolio. For instance, insights from our risk monitoring on socio-political stress building in Assam in Fiscal 2020 and the effects of the Covid-19 pandemic in West Bengal in Fiscal 2021 helped us in scaling down our exposure to those regions. We have also slowed down growth in the midmarket corporate portfolio to borrowers who are dependent on additional capital for growth and liquidity in response to the general slowdown in private equity available to early-stage ventures.

We have an experienced collections team which manages loan recovery and delinquencies in our portfolio and improve our loss given default. Our collections team includes a dedicated call center, on-field collectors, agency managers for certain cohorts and a legal team to initiate legal action, as required supported by a collection system. Further, based on the assessment of stress in a specific asset, we also take appropriate legal actions against a borrower/issuer which may include filing of criminal complaints, initiating proceedings under the IBC or civil suits for recovery in addition to calling and field collection activities. For details of our outstanding litigation initiated by us, please see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 516. Our collections team supports both Direct to Customer Lending and Intermediate Retail Lending. In case of delinquencies by Originator Partners or signs of stress, we follow an active work-out strategy across exposures - term loans, securitisation exposures and co-lending portfolio. In addition to active follow up and initiating legal process for recovery, we have the capability to take over the underlying loans that are offered to us as security and collect from such underlying loan pool using a combination of collection agencies and our network of Originator Partners. For instance, in Fiscal 2023, we had undertaken the collection of the underlying loan pool from a MSME finance Originator Partners to mitigate losses.

***<u>Placements channel</u>***

We work with a large network of Investor Partners to structure and syndicate financing through a variety of debt, credit-enhanced debt and portfolio financing products for our Originator Partners, thus enabling the efficient flow of debt from providers to users. We also credit enhance and co-invest in our placement transactions as required to achieve the desired target credit rating required by our Investor Partner or to provide comfort to our Investor Partners. We have cumulatively raised over ₹1,019,038.92 million over 3,700 transactions for our Originator Partners from our Investor Partners through securitisations and direct assignments, as of March 31, 2024.

We have worked with domestic and overseas investors, across different investor classes such as public-sector, private-sector and foreign banks, NBFCs, asset management companies, domestic and international DFIs, mutual funds, AIFs, foreign portfolio investors, wealth managers, insurance companies, microfinance investment vehicles, family offices, HNIs, and offshore impact funds. We have developed long-term relationships with our Investor Partners by successfully completing transactions and providing Placements solutions, which has allowed us to cater to evolving requirements in detail and innovate new products over time. For details in relation to the products, please see "- *Our Products*" on page 286.

On the Investor Partner side, our Placements initiatives allow us to provide differentiated value additions:

- We typically represent Originator Partners and mid-market companies our platform. These clients undergo due diligence, have tracked performance history and are continually monitored on operational and financial parameters.
- Our relationship managers engage with Investor Partners to understand and address their mandate and requirement for technology solutions.
- We selectively co-invest in transactions along with our Investor Partners.
- *Nimbus*, provides several functionalities to our Investor Partners in a user-friendly manner. This includes the ability to view the funding requirements of and instruments offered by various clients in real-time, customization of structures such as underlying pools for securitization and direct assignment, reporting of underlying loan pool performance, and can provide updates on financial and operational performance of the issuers/ borrowers, etc. In addition, *Nimbus* facilitates digital execution of a wide range of Placements transactions.
- Using *Nimbus* and our risk management framework that incorporates qualitative and quantitative insights at various levels – at the level of the client, transaction and post-investment portfolio monitoring.
- We only on-board clients from the focused sectors that we operate our lending business from. This allows us to apply our sectoral know-how and analyse credit behaviour at the client level, and in the case of Originator Partners at the end-borrower level. Such aggregated analysis aid our investors' understanding of the focused sectors.
- The growing community of Investor Partners, Originator Partners and other businesses accessing our Company results in positive network effects as also a growing number of Placements transactions with multiple nuances in-built to cater to specific investment and credit requirements. This provides us with market intelligence and an understanding of market trends, which is of value to our investors.
- We regularly organise and sponsor knowledge exchange events and conferences for our community of investor partners that typically also allows us an opportunity to showcase our extensive risk coverage, sector insights, diversified product suite, and tailor-made investment solutions.

*Investor engagement:* Our dedicated placements team maintains and nurtures long-term relationships with various categories of Investor Partners. We expand our investor coverage through participation in conferences, workshops and continuous outreach, onboarding various investor categories.

Set out below are details of certain of our key Placements:

| **Period** | **Particulars** |
|---|---|
| March 2009 | Enabled first MFI securitization in India (*Source: CRISIL Report*) |
| January 2010 | Launched India's first pooled multi-originator securitization transaction (MOSEC) (*Source: CRISIL Report*) |
| April 2014 | Acted as one of the corporate guarantor in India's first pooled bond issuance product (*Source: CRISIL Report*)* |
| June 2017 | Launched India's first pooled loan issuance product (*Source: CRISIL Report*) |
| September 2017 | Executed India's first collateralised loan obligation (CLO) transaction (*Source: CRISIL Report*) |
| December 2017 | Executed India's first single issuer partial credit enhanced bond (*Source: CRISIL Report*) |
| December 2018 | Executed India's first vehicle loan backed securitisation transaction with replenishing structure (persistent securitisation) (*Source: CRISIL Report*) |
| January 2019 | Executed India's first issuance of dual-recourse debentures (*Source: CRISIL Report*) |
| August 2019 | Enabled debt for emerging corporates (non-FI) from domestic markets |
| April 2020 | Executed India's first securitisation transaction involving trade receivables (*Source: CRISIL Report*) |
| March 2021 | Executed the first offshore pool bond issuance with an international DFI under their COVID-19 response program (*Source: CRISIL Report*) |
| December 2022 | Executed a trade receivable securitisation transaction (*Source: CRISIL Report*) |
| October 2023 | Co-invested with a marquee foreign bank in a AAA securitisation paper, where we achieved the highest rating on the underlying pool belonging to the unsecured personal loan category for a digital lender. We were also a backup servicer in this transaction. (*Source: CRISIL Report*) |

*Note:*
** Pooled NCD programme of eleven issuers by corporate guarantors.*

*For further details, see "Industry Overview – Securitisation - Securitisation asset pool getting wider with emergence of newer asset classes" on page 214.*

***Fund Management channel***

We commenced our alternate investment fund management business, which we operate through our subsidiary NAIM, in Fiscal 2014. Our Fund Management channel has served 995 investors, as of March 31, 2024, and largely enabled debt funding to a sub-set of the Originator Partners and mid-market companies that we work with. Out of the ten AIFs established by us since 2014, we have already facilitated complete exits in four AIFs.

Set out below are the details of the funds that we have managed/ are currently managing:

| Particulars | Tenure | Maturity | Target Sectors | Net fund returns (1) | Fund status | Year established |
|---|---|---|---|---|---|---|
| IFMR FImpact Investment Fund ("**Fund 1**") | Five years | March 2021 | • MFI<br>• MSME | 15.77% as on March 30, 2021 (being the fund's maturity date) | Fully Exited | 2014 |
| IFMR FImpact Long Term Multi Asset Class Fund ("**Fund 2**") | Six years | June 2022 | • MFI<br>• Vehicle finance<br>• MSME<br>• Affordable housing finance<br>• Agriculture<br>• Consumer finance | 12.40% (senior investors have been fully repaid) | Fully Deployed | 2015 |
| IFMR FImpact Medium Term Microfinance Fund ("**Fund 3**") | Three and a half years | December 2019 | • MFI | 13.58% as on December 10, 2019 (being the fund's maturity date) | Fully Exited | 2016 |
| IFMR FImpact Long Term Credit Fund ("**Fund 4**") | Ten years | January 2028 | • MFI<br>• Vehicle finance<br>• MSME<br>• Consumer finance | 12.11% | Fully Deployed | 2017 |
| IFMR FImpact Medium term Opportunities Fund ("**Fund 5**") | Five years | March 2023 | • MFI<br>• Vehicle finance<br>• MSME<br>• Consumer finance | 12.19% as on March 30, 2023 (being the fund's maturity date) | Fully Exited | 2017 |
| IFMR FImpact Income Builder Fund ("**Fund 6**") | Three and a half years | July 2022 | • MFI<br>• Vehicle finance<br>• MSME<br>• Consumer finance | 11.72% as on July 4, 2022 (being the fund's maturity date) | Fully Exited | 2018 |
| Northern Arc Money Market Alpha Fund ("**Fund 7**") | Open-ended fund with monthly redemptions | - | Sector Agnostic | 9.81% | Open-ended fund | 2019 |
| Northern Arc India Impact Fund ("**Fund 8**") | Five years | September 2026 | • MFI<br>• Vehicle finance<br>• MSME<br>• Affordable housing finance<br>• Consumer finance | 13.63% | Fully Deployed | 2020 |
| Northern Arc Income Builder Fund – Series II ("**Fund 9**") | Three and half years | September 2024 | • MFI<br>• Vehicle finance<br>• MSME<br>• Affordable housing finance<br>• Consumer finance | 11.09% | Fully Deployed | 2020 |

| Particulars | Tenure | Maturity | Target Sectors | Net fund returns (1) | Fund status | Year established |
|---|---|---|---|---|---|---|
| Northern Arc Emerging Corporate Bond Fund ("**Fund 10**") | Three years | November 2026 | • MSME<br>• Consumer finance<br>• MFI | 10.29% | Open for subscription | 2022 |

*Note:*
*(1) Net fund returns are as of March 31, 2024 (unless indicated otherwise) and calculated pre-tax and post all fund expenses.*

Since starting the Fund Management business in Fiscal 2014, we have developed tailor-made investor solutions with various investment strategies, tenures and liquidity preferences. In particular, Fund 1 was a financial inclusion-focused private credit fund and Fund 6 and Fund 9 were market-linked debentures targeted funds. Investors in our funds comprise insurance companies, corporate treasuries, international investors, banks, and development finance institutions.

*Investment process*: The investment process typically entails five broad stages: (i) entity identification: based on the fund's strategy and defined eligibility criteria, we identify opportunities in the relevant focused sectors; (ii) pre-investment evaluation: an evaluation framework comprising financial and operational performance, strategy and business plan, governance and leadership quality; (iii) detailed due diligence post issuance of term sheet: we carry out meetings with the management, field visits, assessment of processes, details of which are captured in a due diligence report; (iv) investment committee approval: a detailed credit report along with the term sheet is presented to the investment committee for approval, after which the final term sheet is negotiated and executed to close the process; and (v) post-investment: covenant compliance reporting on a quarterly basis, performance and risk monitoring, and credit review.

*Investor Onboarding*: While historically we have onboarded domestic investors, our first close-ended fund for overseas investors was launched in Fiscal 2020. We utilize offshore pooling vehicles, particularly domiciled in Mauritius, and have also set up an office in the Gujarat International Finance Tec-City (GIFT City) in Fiscal 2023, which has allowed us to attract offshore investors and HNIs. Among domestic investors, we focus on institutional investors (such as banks, corporate treasuries and insurance companies), HNIs and family offices. We onboard institutional investors either through outreach by the in-house investor relations team or via external distribution agents. Distribution of funds to domestic HNIs and family offices is predominantly done through external distribution agents (comprising financial advisors and distributors) as these categories of investors usually rely on intermediaries for investment advice and showcasing suitable investment opportunities. These agents are predominantly of four types: private wealth arms of banks, standalone national wealth management companies, mutual fund distributors and SEBI-registered investment advisors.

*Portfolio management services ("**PMS**")*

In addition to our Fund Management channel through NAIM, we launched portfolio management services business. PMS offering allows customization of portfolios to suit investor risk appetite at a more granular level and enable NAIM to reach a larger base of investors comprising private wealth investors and ultra-HNIs. Compared to investment in AIFs, PMS investors have the flexibility of investing with, amongst others, shorter tenure of investments, lower investment thresholds for entry and differing tax treatment. As of March 31, 2024, we provided PMS services to 207 investors.

Set out below are the details of the PMS funds that we manage/ managed:

| Particulars | Tenure | Maturity | Target Sectors | Net fund returns(1) | Fund status | Year established |
|---|---|---|---|---|---|---|
| Northern Arc Income Builder– Series A | 2.25 years | February 2024 | Sector agnostic | 7.45% | Matured | December 2021 |
| Northern Arc Income Builder– Series B | Three years | September 2025 | Sector agnostic | 11.45% | Active | September 2022 |
| Northern Arc Credit Opportunities | Two years | February 2026 | Sector agnostic | 1.13% | Active | February 2024 |

*Note:*
*(1) Net fund returns are as of March 31, 2024 are calculated pre-tax and post all fund expenses.*

**Our Products**

Our Company has a diversified product suite that can broadly be divided into two categories: (a) debt and credit enhanced debt products; and (b) portfolio financing products. This diversification allows us to cater to the specific financing requirements of our Originator Partners by structuring products that also meet the risk and return expectations of our Investor Partners. A majority of products involve customized structuring including with respect to, amongst others, credit tranching, returns, repayment schedules, covenants and security. For Originator Partners who are financial institutions, we offer products which cater to their needs at different stages of their lifecycle.

In selective instances where we offer these products as part of our Placements channel, we also assume skin-in-the-game which allows our Investor Partners to derive greater comfort. The skin-in-the-game could be in the form of co-investment, guarantees (including partial guarantees), and/or credit enhancement in the form of investment in subordinate tranches of an instrument or unfunded second-loss credit enhancement.

Set out below our certain details of key structure and syndicated products:

| Our Key Product | Description of Products |
|---|---|
| ***Debt Products*** | |
| Term and working capital loans | A loan extended with a payment schedule or an option to pay as per use in case of working capital loan |
| Non-convertible debentures (NCDs) | A loan in the form of tradable security issued as per the relevant SEBI guidelines |
| Principle protected market linked debentures (PP-MLD) | A loan in the form of tradable security with returns linked to the market/index issued as per the relevant SEBI guidelines |
| Commercial papers (CPs) | A loan in the form of tradable security with tenure less than one year issued as per the relevant SEBI guidelines |
| External commercial borrowings (ECBs) | A loan denominated in foreign currency issued by a foreign entity as per the relevant RBI guidelines |
| Sub-Debt Products | A quasi-equity loan where the creditor will be subordinated to all other lenders and the debtor can use it to leverage like equity |
| ***Credit-Enhanced Debt Products*** | |
| Guarantee-backed lending | A loan/debenture credit enhanced by a guarantee for a particular amount |
| The Single Issuer Partial Credit Enhanced Loans/ SpiCE BOND® | A loan/debenture partially backed by a third party guarantor |
| Pooled loan and bond issuance programme | A security backed by cashflows from loans or bonds of multiple originators |
| ***Portfolio Products*** | |
| Rated securitization | A security backed by cash flows of underlying loans or right to receive fixed cashflows (for example, loans or invoices or lease agreements) which are also rated on the back of the available credit enhancement. |
| Multi-Originator Securitization (MOSEC®) | Securities backed by cash flows of underlying loans originated by multiple originators which are rated on the back of the available credit enhancement. |
| Persistent Securitizations (PERSEC®) | Securities backed by cash flows of underlying loans whose proceeds are reinvested as per pre-agreed rules at closing of the transaction. This allows Originator Partners to raise longer term liability against short-tenure assets. |
| Direct Assignment | Cash flows from instruments (usually loans) will be assigned to the Originator Partner in a ratio which is determined at the beginning of the transaction. |

**Illustrative Case Studies**

***Case study 1 - A microfinance Originator Partner***

The Originator Partner, established in Fiscal 2011, operates as a specialized NBFC- MFI that focuses on providing microfinance loans to low-income households. It operated across 140 districts in nine states in India and one union territory, and had served over 594,802 customers, as of March 31, 2024.

We were one of the first lender to this Originator Partner in Fiscal 2012 when its AUM was less than ₹200.00 million. Since then, we have enabled and facilitated debt capital funding of over ₹12,419.49 million for the Originator Partner, as of March 31, 2024, through all three of our channel offerings, namely, Lending, Placements and Fund Management, by using a variety of debt products, credit-enhanced debt products and portfolio financing products. During this period, the Originator Partner’s on book AUM has grown to ₹20,935.14 million, as of March 31, 2024.

Working closely with the Originator Partner, we played a key role in creating investor interest in securitization transactions with microfinance loans as underlying assets. This was based on the analysis of the historical performance of the loan portfolio of the Originator Partner. We also helped the Originator Partner in diversifying its sources of liabilities by enabling capital funding from domestic lenders, offshore investors and mutual funds. In addition, we structured and executed innovative products specifically customized for the Originator Partner. More recently, we integrated our machine learning based analytical module, *Nu Score*, with the Originator Partner’s loan origination system for their credit underwriting process, and through *Nu Score*, conducted 17,052 assessments in Fiscal 2024.

Apart from facilitating debt capital, we guided them on strengthening their corporate governance practices that would enable them to access debt capital markets and the use of data analytics to provide the insights that are needed to understand and improve portfolio performance. We are also currently in discussions with the Originator Partner for the possibility of adopting and integrating *nPOS* for facilitating co-lending with them.

***Case study 2 - A consumer finance Originator Partner***

The Originator Partner, established in Fiscal 2015, is an NBFC that primarily provides personal loans to salaried customers through digital channels. The Originator Partner has a pan-India presence due to its technology-based loan sourcing and processing. We were the first three lenders to the Originator Partner in Fiscal 2018 when its AUM was less than ₹500.00 million. By March 31, 2024, the Originator Partner's AUM had grown to over ₹40,641.50 million.

During this period, we enabled debt capital funding of over ₹16,065.61 million for the Originator Partner through all three of our channel offerings, namely, Lending (including as a Retail Lending Partner), Placements and Fund Management, by using a variety of debt products, credit-enhanced debt products and portfolio financing products.

We are currently engaged in discussions with the Originator Partner regarding the potential adoption of *nPOS* as their co-lending solution. We continue to engage with the Originator Partner in helping them manage their treasury investments effectively.

***Case study 3 – A MSME finance Originator Partner***

The Originator Partner, established in Fiscal 2011, is a fintech company, registered as a non-banking financial company (NBFC), driving inclusion of small business entrepreneurs in India. Its key focus is on addressing the credit gap faced by micro-small-medium enterprises (MSME), across manufacturing, trading and services sectors.

As of March 31, 2024, the Originator Partner has served over 77,000 customers/ 115,000 customers in six states in India. With an integrated approach, it has combined tech-enabled processes and digitization for relatively quick turnaround time, use of artificial intelligence/ machine learning for relatively accurate and consistent loan decisioning based on the cash flow generated and potential of the business, and not on the immovable collateral that can be provided by the MSME or its promoter. It has built last-mile distribution through its 133 branches, as of March 31, 2024, that offer doorstep customer service across six states and omnichannel customer support for ongoing customer retention.

We were the first lender to this Originator Partner in Fiscal 2013, when their AUM was below ₹200 million. Since then, the Originator Partner's AUM has grown to ₹31,732.41 million, as of March 31, 2024. During this period, we have enabled debt capital funding of over ₹14,174.43 million for the Originator Partner through all three of our channel offerings, namely, Lending (including as a Retail Lending Partner), Placements and Fund Management, by using a variety of debt products, credit-enhanced debt products, and portfolio financing products as well as listed their bonds on *AltiFi*. We have also established a retail lending partnership with Originator Partner in Fiscal 2018, resulting in them becoming a Retail Lending Partner, and through which we lend to MSMEs directly.

We have enabled the Originator Partner to diversify its borrowings across banks, NBFCs, AIF's and offshore investors, including facilitation of offshore debt investments for long-term funding. We enabled the first debt investment by an offshore investor into the Originator Partner, raising long term funding for them. This Originator Partner also has a focus on enabling financing to MSME women borrowers, an area of strategic interest to our Company and which aligns with our ESG policy.

We are currently in discussions with the Originator Partner for the adoption of *nPOS*, as their co-lending technology solution.

**Capital to Risk-Weighted Assets Ratio ("CRAR")**

We are subject to the capital adequacy requirements prescribed by the RBI for NBFCs. The following table sets forth our CRAR as of the dates indicated:

| Particulars | Prudential norms as set out under the Master Directions | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|---|
| Tier I Capital Ratio (%) | Not less than 10% | 18.07% | 20.15% | 22.08% |

| Particulars | Prudential norms as set out under the Master Directions | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|---|
| Tier II Capital Ratio (%) | | 0.19% | 0.62% | 0.71% |
| **CRAR[1] (%)** | Not less than 15% | 18.26% | 20.77% | 22.79% |

*Note:*

*1. CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets).*

**Risk Management**

Our business model requires a strong and comprehensive risk management.

We have established a governance structure and risk management framework to identify and mitigate various risks inherent in our operations. Historical data from events such as the COVID-19 pandemic, demonetization and natural disasters aid in refining our risk models to anticipate future risks. Our governance structure involves the Board, Risk Management Committee, Finance Committee, and certain other executive-level committees.

Set out below are the details on governance structure and the risk management framework.

***Governance Structure***

The Board of Directors is ultimately responsible for all business and risk outcomes in our Company. To ensure adequate risk management, the Board is supported by the Risk Management Committee and Finance Committee which are sub committees of the Board and are further supported by several executive-level committees.

Our Risk Management Committee has oversight on all risks faced by our Company. It is chaired by a Non-Executive Independent Director and comprises our Chairman and Non-Executive Independent Director, three Non-Executive Nominee Directors, our Non-Executive Non-Independent Director and Vice-Chairperson and our Managing Director and Chief Executive Officer. Apart from oversight on all risks, Risk Management Committee is responsible for evaluating and approving new products, defining our risk appetite and acceptable broad risk thresholds for each class of risk and advising the risk team on new ideas and trends in risk management. A Credit Committee ("**CC**") comprising our Managing Director and Chief Executive Officer, CFO, Chief Legal Counsel, Group Risk Officer and Governance Head is responsible for monitoring all credit exposures including early alert process and taking the necessary actions for recovery. CC meets once a month or more frequently as and when required. In addition, we also have certain other approvers at various levels with delegated authorities who operate with the oversight of our Credit Committee.

The Finance Committee comprises two directors, *i.e.*, our Managing Director and Chief Executive Officer and our Non-Executive Non-Independent Director and Vice-Chairperson. The Finance Committee reviews the framework and policies for liquidity risk management and interest risk management, treasury strategies and management and compliance with lender investor covenants. It is assisted in the process by an assets and liabilities committee ("**ALCO**") which is responsible for approving the borrowings to be availed by us within the overall limits stipulated by our Board, Shareholders and the Finance Committee.

We also have constituted a 'Northern Arc Operational Risk Committee' comprising members of our Senior Management and certain other members of our management team, which is chaired by our Managing Director and Chief Executive Officer to cover certain risk related aspects such as operational risk, process controls, risk events, key control risk assessments (KCSAs). Our risk corrective action plans are tracked monthly and if required, on a more frequent basis.

***Risk Management Framework***

Overall risk management is governed by an enterprise risk management framework ("**ERM Framework**") which covers nine types of principal risks faced by us. Our ERM Framework enables us to identify, monitor and manage various types of risks inherent in our business operations. We have a monthly process of reviewing exposures through exposure reports and a process of reviewing and approving counterparty limits across products based on the most recent quarterly information as well as our risk monitoring feedback including insights from our field visits. Our qualitative and quantitative risk insights also feed into the portfolio selection for securitization and direct assignment transactions. Managing the risks under the ERM Framework allows us to view our existing risks holistically, while improving our ability to identify and proactively manage new types of risks.

***Credit Risk***: Credit risk including credit concentration risk is the largest risk faced by us. This risk is controlled through: (i) our sector specific and general underwriting guidelines; (ii) a customized approach to credit risk assessment and underwriting of our exposures to originator partners which monitors the portfolios of loans originated by them; (iii) exposure limits set across counterparty, product, geography, sector and portfolio; (iv) regular credit monitoring, both onsite and off-site, of exposures; (v) portfolio monitoring and reporting; (vi) early alert process; and (vii) stress testing of exposures and portfolio.

Originator Partners are on-boarded after a comprehensive due diligence covering governance, management profile, liquidity, portfolio quality of the underlying assets and a detailed evaluation of management information systems. We also conduct field visits, to the extent possible to understand the customer profiles of the underlying business and for an exhaustive review of the processes followed, benchmark the client with peers to understand the relative position before taking a credit decision.

We have developed an in-house comprehensive internal rating model. The rating model is used to distinguish entities across sectors and various sizes. The rating model considers various aspects of the business, such as the sector in which the entity operates, capitalisation, liquidity, quality of management and other operational aspects such as strength of sourcing, credit and collections. All these factors are considered by scoring more than 80 parameters across various aspects of the business in arriving at the final score and a rating. This exercise is undertaken at the time of onboarding Originator Partners and mid-market companies and updated periodically. The rating is a summary view of the client and helps identify any deterioration early for timely corrective action.

We extend Direct to Customer loans both directly and through a partnership model. For partnership-based lending, we on-board Retail Lending Partners who are responsible for loan originations, pre-screening and collections. Before on-boarding such partners, we assess their ability to integrate with our information technology systems and meet reporting requirements. While selecting such partners, products and geographic areas for both Direct to Customer Borrowers and collaborative portfolios with Retail Lending Partners, we rely on internal analytical models, information collected during monitoring visits and insights gained from our Intermediate Retail Lending channel. Credit parameters applicable for each product and partnership is approved by us in all cases whereas we employ automated underwriting engines for smaller ticket Direct to Customer loans to enhance process efficiency. Retail Lending Partners can be in the form of a business-correspondent model or co-lending, and specific risks associated with each model are managed both at a partnership level and at a loan underwriting level.

We also focus on field monitoring including ground level understanding of the sectors we operate in. We conduct periodic monitoring visits on all clients where we have a credit exposure. The monitoring visits cover a comprehensive coverage of the branches and other operational offices of the client on a sample basis including meeting with borrowers, review of credit files and collection processes. The monitoring visits also include meetings with the senior management of the clients for conducting a review of business strategy, financial position and management information systems. The scope and frequency of such visits are guided by a clearly defined risk-based framework. Set out below is our risk monitoring coverage for the Fiscals indicated:

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| Number of visits | 232 | 182 | 174 |
| Number of entities | 165 | 162 | 146 |

We also conduct a quarterly desktop review of all credit exposures with detailed information on financial and operational performance of clients. This also includes a review of collateral provided to us against each exposure. The underwriting and monitoring are also supported by data collected from our portfolio and counterparties both at portfolio level and underlying retail loans through securitization and direct assignment transactions invested in by us over the years. Access to such data to assess potential losses in portfolios or pools supported by models to estimate losses gives us ability to underwrite differently from traditional risk underwriters who do not have data analytics capabilities. In addition, we also obtain and analyse industry level data such as pin code reports to understand retail borrower level indebtedness, debt affordability and credit culture at periodic intervals. This also provides us insights into geography level analysis and feeds into our district risk assessment model.

We have also developed a comprehensive collection capacity to enable us to maximize post-default recoveries of our Intermediate Retail and Direct to Customer Lending channels exposures, in addition to pre-default early alerts to control risk. Our collection capacity includes a dedicated call centre, own team and empanelled agencies for field collections and field collections teams.

***Liquidity risk:*** A broad framework for liquidity risk is laid down by the ALCO establishing parameters to monitor and control liquidity risk. The liquidity profile is analysed on a static as well as on a dynamic basis. The ALM position is periodically reported to ALCO, Finance Committee and the RBI.

***Interest rate risk:*** Interest risk is managed through a floating rate mechanism by linking the lending rate of interest to floating benchmark lending rates for various tenors, which are reviewed periodically by ALCO.

***Operational risk***: Strict measures are put in place towards formulating an effective operational risk management strategy which involves identification, assessment, control and reporting of key operational risks. We aim to ensure proper segregation of functions, clear reporting structures, well-defined processes, operating manuals, staff training, verification of high value transactions and audit trails to control our operations to mitigate operational risks. We also conduct quarterly assessments of control failures and material risks that we may be exposed to.

***IT risk***: We implemented a comprehensive IT Policy covering network and server management, hardware procurement, IT risk management and user account management, among others. We also have a business continuity and disaster recovery policy. Our ERM Framework mandates monitoring key risk indicators and incident reporting for effective IT risk management. Our chief information security officer heads the function to ensure security and controls. Our IT Policy governs IT asset accountability, information security, cyber security, audit, business continuity and IT services outsourcing. We also adhere to the relevant data privacy standards. Following RBI guidelines, we established an IT Strategy Committee, comprising our Managing Director and Chief Executive Officer, two Non-Executive Independent Directors and the chief technology officer. The IT Strategy Committee oversees the technology landscape by ensuring that IT initiatives are aligned with our corporate strategies, cyber security arrangements and other matters related to IT governance. This involves approving the IT strategy and policy documents and ensuring that an effective strategic planning process is in place and monitoring the implementation of processes and practices that ensure that the IT delivers value to the business. The committee plays a pivotal role in strategic planning, reviewing and approving the IT strategic plan. Through regular monitoring of key performance parameters, the committee assesses the progress and effectiveness of IT initiatives. The committee also assesses emerging technologies and identifies opportunities in order for us to strategically leverage new technologies.

***Compliance Risk:*** Compliance risk is the risk of legal or regulatory sanctions, penalties, material financial loss, or loss to reputation specifically due to failure to comply with laws, rules and standards. Know Your Customer ("**KYC**") and Anti-Money Laundering (AML) policy is in place to prevent us from being used intentionally or unintentionally by criminal elements for money laundering. The risk management framework emphasises proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This enables a proper assessment of all risks and ensures that the transactions and processes conform to the risk appetite and regulatory requirements.

Other risks including reputational risk, conduct risk and strategic risk are handled by our management through active monitoring and timely response.

***Risk Management through technology***

Our in-house technology systems, *Nimbus*, *nPOS* and *Nu Score*, are key tools in our risk management process. Extensively utilising internal and external databases, these platforms generate descriptive risk analytics and also facilitate approval of exposures. *Nimbus* also has built-in early warning systems enabling us to take a proactive approach towards managing and mitigating risks. Through *Nimbus*, our teams can always access diligence reports and near-real time intelligence on the portfolio.

Set out below are details of how *Nimbus*, *nPOS* and *Nu Score* assist with risk management in each of our channels.

*Lending*

*Intermediate Retail Lending*: *Nimbus* provides a comprehensive and in-built rating model developed through our understanding of the various sectors we operate in. It is also used to conduct event-based analysis and provides industry-level insights encompassing peer benchmarking, sector benchmarking and product benchmarking. Our underwriting process is backed by data analytics and continuous credit monitoring, aiming to ensure operational risks are mitigated. *Nimbus* helps track customer behaviour and understand market trends which can be further analysed to provide detailed insights to our investors and partners.

*Direct to Customer Lending: nPOS* provides a comprehensive view of each borrower through real-time data gathering techniques. It is used to develop enhanced risk scorecards which enable ongoing decision-making and portfolio monitoring. Further, *Nu Score* assists in determining the probability of default and supporting our Direct to Customer Lending underwriting. It is based on data collected and assessed at the time of origination of the loan and/ or accepting an underlying loan into securitisation pool (including credit bureau reports) and then tracked through repayment of each loan on a monthly basis until the maturity of the loan. The model development process is externally validated and multiple *Nu Score* models are built to support underwriting of various types of loans.

*Placements*

*Nimbus* helps us to create efficient and accurate models for portfolio selection, product structuring and cashflow modelling for effective decision-making. Its ability to conduct active portfolio monitoring at a granular level, enhances our risk management capabilities. It has portfolio models with predictive loss estimation models built using a repository of structured finance transactions.

*Fund Management*

*Nimbus* provides comprehensive coverage of the debt capital markets in India by tracking a variety of parameters including deal-level data for primary and secondary issuances, historical yield/spread movements across corporate debt products and rating categories, and macro data indicators such as marginal cost of funds based lending rate (MCLR) and repo-rates. *Nimbus* facilitates better decision making by providing access to latest market information and serves as an efficient tool for portfolio creation and performance benchmarking.

**Information Technology**

We consider information technology as being of key importance and our proprietary technology platforms and solutions, namely *Nimbus*, *nPOS*, *AltiFi* and *Nu Score*, play an integral part of our operations.

We have hosted our data on Microsoft Azure to securely run our software. Our technology infrastructure has built in redundancy for disaster recovery scenarios consisting of a disaster recovery centre ("**DRC**") in Microsoft Azure cloud. We use a combination of customized, off-the-shelf, and tailored software developed in-house. We have adopted a business continuity and disaster recovery plan which seeks to address threats to continuity of operations and information systems that are critical to our business. Recovery plans are designed to meet the expected time of recovery and the level of availability. For instance, we have developed recovery plans to address any disruptions to critical technology infrastructure such as file servers, e-mails, active directory and application server. These plans include reliance on our DRC that links all our offices, in case our primary data cloud is unavailable, as well as maintaining multiple copies of data including in our DRC. These business continuity and disaster recovery plans are documented, tested and updated periodically.

***Proprietary Technology Product Suite***

*Nimbus*

At the core of our technology infrastructure is *Nimbus*, our proprietary integrated technology platform. *Nimbus* connects with many Originator Partners over API and processes data and workflows and offers a full suite of debt products and seamlessly handles the entire debt transaction process.

Set out below are some of the benefits offered by *Nimbus* to our Originator Partners and Investor Partners.

| Particulars | Benefits |
|---|---|
| *Originator Partners* | • provides access to a wide investor base;<br>• provides curated opportunities for raising debt;<br>• enables digital execution of a wide range of debt transactions such as loans, capital markets and structured debt transactions such as issuance of NCDs, rated securitization, direct assignment, pooled loan issuance ("**PLI**"), pooled bond issuance ("**PBI**"); and<br>• enables counterparties like trustees, rating agencies and legal advisors to interact with a similar interface to efficiently execute capital markets transactions. |

| Particulars | Benefits |
|---|---|
| *Investor Partners* | • provides curated opportunities for investments;<br>• enables digital workflow for execution of a wide range of transactions such as loans, capital markets and structured finance transactions such as issuance of NCDs, rated securitization, direct assignment, PLI and PBI;<br>• provides insights into performance of past deals of institutions being evaluated for funding for better decision-making;<br>• Offers post-investment transaction and portfolio monitoring to keep track of collection efficiencies, delinquencies and credit enhancement build-up; and<br>• provides insights from macro and transaction-level data in relation to the primary and secondary bond markets. |

*nPOS*

*nPOS* serves as the foundational infrastructure for our partnership lending/ co-lending business, operating as a cloud-based, API-enabled platform. It digitizes the entire loan lifecycle and streamlines the process for partnership-based loan origination, underwriting, disbursement, and collection reconciliation. *nPOS* simplifies integration for Originator Partners, lenders and other third parties, and eliminates the need for multiple integrations with various entities.

Certain key features of the platform include: (i) implementation as a hosted and managed solution/platform as a service (PAAS) on our servers or as an enterprise solution on our customer's servers; (ii) support for multi-channel customer acquisition including digital loan journey through mobile application, co-origination and co-lending, direct assignment and business correspondents; (iii) integration with 'India Stack' ecosystem, credit bureaus and government databases; (iv) standard protocols for various asset classes and products, covering secured and unsecured loans; (v) multi-factor authentication-based authorization for precise access control; (vi) underwriting supported by customizable business rule engines based on criteria such as bureau scores, debt equity ratio, age and location, across multiple asset classes, such as consumer finance, buy now pay later and two-wheeler finance, which enables rule based underwriting for customers sourced in collaboration with Lending Partners; (vii) security with encryption at all levels; and (viii) machine learning-driven risk assessment.

In Fiscal 2023, *nPOS* was audited by an independent service auditor in accordance with: (i) the International Auditing and Assurance Standards Board's International Standard of Assurance Engagement 3402 standards and was issued a 'ISAE 3402 – Type 2' report; and (ii) the attestation standards established by the American Institute of Certified Public Accountants and was issued a 'SOC 2 Type 2' report.

*AltiFi*

*AltiFi*, our alternative retail debt investment platform, facilitates fixed-income investments for individuals and small corporates. The platform caters to HNIs, mass affluent, retail investors and corporates, offers transparent pricing and a paperless process for investing in bonds. It currently offers secondary sales of corporate bonds, public issuances of bonds and primary issuances of sovereign gold bonds.

The SEBI Circular - Registration and regulatory framework for Online Bond Platform Providers ("**OBPPs**") dated November 14, 2022 provides the regulatory framework for OBPPs requiring such OBPPs to register as stockbrokers, with the SEBI, in the debt segment of the stock exchanges. Accordingly, we have established a dedicated wholly-owned subsidiary, Northern Arc Securities Private Limited, which is registered with the SEBI as a stockbroker and has received the approval of the NSE pursuant to its letter dated July 18, 2024 to operate as an OBPP.

*Nu Score*

*Nu Score* is a proprietary machine learning based analytical solution, which is custom-built for every lending institution. Each customized model utilizes and learns from data specific to that particular lending institution and overlays it with sector-specific insights and our experience in focused sectors across India and over different economic and credit cycles, including macro and regional events. *Nu Score* aids lending institutions in their underwriting and risk assessment to optimise risk, enhance productivity, reduce turnaround time and scale their business. *Nu Score* can be integrated easily through APIs and generates borrower level assessment along with a detailed analytics report.

**Investment in Credit Guarantee Services Company**

Our Company, along with certain impact investors, entered into a share subscription agreement with a credit guarantee services company to expand access to credit for MSME borrowers. Our proposed investment is in multiple tranches, for an aggregate amount of ₹156.39 million, with credit guarantee to lenders to be for an amount of ₹13.61 million, of which we have invested ₹93.61 million, as of March 31, 2024.

**Credit Ratings**

| Instrument | Rating Agency | Rating | Date of Rating | Rated Amount (₹ million) |
|---|---|---|---|---|
| Non-Convertible debentures | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 8,729.00 |
| Market linked debentures | ICRA | PP-MLD[ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 1,500.00 |
| Long term - Fund-based limits | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 710 |
| Long term - Term loans | ICRA | [ICRA]AA-(Stable); reaffirmed/assigned for enhanced portion | July 19, 2024 | 60,721.50 |
| Short-term bank facilities | ICRA | [ICRA]A1+; reaffirmed/assigned for enhanced portion | July 19, 2024 | 6,450.00 |
| Long term - Non-Fund based credit exposure limits | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 948.50 |
| Commercial paper | ICRA | [ICRA]A1+ (Stable); reaffirmed | July 19, 2024 | 3,000.00 |
| Non-Convertible debentures | India ratings | IND AA-/Stable; upgraded | September 27, 2023 | 3,699.00 |
| Commercial paper | CARE Edge | CARE A1+ (One Plus); reaffirmed | July 3, 2024 | 5,000.00 |

**Human Resources**

As of March 31, 2024, we had 2,695 permanent employees. Our human resources policies and practices coupled with our commitment to improving the work culture has earned us the recognition as a ‘Great Place to Work’ in the ‘small and mid-sized organizations’ category the periods November 2020 to October 2021, January 2022 to January 2023 and January 2023 to January 2024, from the Great Place to Work Institute, India.

We conduct induction programs for our employees including training sessions which are mandated by law such as prevention of sexual harassment, information security and prohibition of insider trading. Training sessions on specific subject matters are conducted by subject matter experts and practitioners on various topics relevant to our business and beneficial to the professional growth of our employees. We also nominate our employees for training sessions to improve soft skills such as communication skills, negotiation skills and presentation skills. Further, we nominate employees to leadership programs run by a business school in India. In the past, we have also facilitated international leadership programmes for our senior employees such as: (i) a program in women’s leadership and diversity for innovation conducted by a non-profit organisation working for financial inclusion of women; and (ii) the “Executive Accelerator Virtual Leadership Program” conducted by the LeapFrog group’s Talent Accelerator, an initiative by the LeapFrog group. Our Managing Director and Chief Executive Officer has also completed the senior executive leadership program offered by Harvard Business School.

The following table sets out employee details as of March 31, 2024:

| Team | Total |
|---|---|
| Direct to Customer Lending (including Pragati) | 2,022 |
| Intermediate Retail Lending and Placements | 90 |
| Fund Management | 17 |
| Technology | 79 |
| Risk management (including internal audit) | 271 |
| Administration and human resources | 74 |
| Treasury, finance and accounts | 46 |
| Operations | 66 |
| Business strategy | 16 |
| Legal, Compliance & Secretarial | 14 |
| **Total** | **2,695** |

The following table sets out details of our employees under Direct to Customer Lending as of March 31, 2024:

| Particulars | Total |
|---|---|
| Direct to Customer Lending employees | |
| Rural financing | 1,639 |
| Partnership based lending | 60 |
| Direct MSME Lending | |
| - Loan against property | 296 |
| - Supply Chain Finance | 10 |
| - Mid-Market companies | 17 |
| **Total** | **2,022** |

We have a performance management program where we define the performance parameters for our organisation on an annual basis, which are cascaded to all employees. We conduct mid-year and year-end performance reviews to provide feedback and course correction is done as needed. We rate employees based on their performance at the end of the year and determine their compensation accordingly. We have a variable bonus program that is discretionary and based on both employee and organizational performance.

Further, in October 2016, we also introduced the ESOP Plan 2016 for our employees, which has since been enhanced and widened in terms of the grant coverage. Our Company formulated six ESOP schemes with multiple grants covering a total of 221 employees, as of the date of this Red Herring Prospectus. For more details on the ESOP Plan 2016 and ESOP schemes, see section "*Capital Structure- Notes to Capital Structure – Employee Stock Option Schemes*" on page 148.

**Intellectual Property**

As at the date of this Red Herring Prospectus, our Company has 19 registered trademarks in India, including "*Northern Arc*" and "*AltiFi by Northern Arc*". Further, our Company has also registered the trademark "*Northern Arc*" in Singapore. In addition, six trademarks we have applied for have been currently objected. Also, see "*Risk Factors – Internal Factors - Our inability to protect or use our intellectual property rights may adversely affect our business, financial condition, cash flows and results of operations*" on page 87.

**Competition**

While we do not have direct identifiable competitors covering the entire spectrum of channels we operate, each of our channels competes against specific market players. Our Lending channel, especially to larger, better rated clients, face competition from various types of lenders including private and public sector banks, certain NBFCs, development financial institutions, debt funds (including venture debt funds). Further, due to our increased Direct to Customer Lending, our competition from certain other banks, NBFCs, MFIs, informal money lenders and commercial banks, operating in the same space has significantly increased. A variety of players operate in the Placements channel space and compete with our business, including the syndication desks of various private sector banks and merchant bankers, certain NBFCs and other entities that act as arrangers and/or structurers. Our Fund Management channel faces competition from private debt funds and venture debt funds, as also the credit risk schemes of various mutual funds. Our PMS faces competition from other well-established portfolio managers. Some of the businesses we operate have limited entry barriers, and this may lead to increased competition. Further, technological advances and lending platforms have increased accessibility to various finance products and services for customers and resulted in an increase in competition. Also, see "*Risk Factors - Internal Factors - We operate in a highly competitive industry and our inability to compete effectively may adversely affect our business, reputation, results of operations, cash flows and financial condition*" on page 45.

**Corporate Social Responsibility**

Our CSR activities are managed by our subsidiary, NAF. Our CSR Committee oversees initiatives primarily focused on: (i) training and skill development for marginalized communities; (ii) sustainable livelihood creation; (iii) knowledge-building through workshops and dissemination; (iv) research for improved living standards; and (v) other charitable purposes for literacy and livelihoods. The following table sets out the corporate social responsibility expenditure in the Fiscals indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ million) | | |
| Corporate social responsibility expenditure | 36.87 | 32.03 | 24.30 |

Key CSR activities include:

- *Capacity building*: NAF conducted training programs for graduates and facilitates placements of field officers in various financial services companies. Vocational training was also provided to field-level officers across MFIs through a mobile application-based learning system. In addition, our managerial training includes risk analysis workshops.
- *Household finance research*: In collaboration with a research institution, NAF developed an analytical framework for understanding customer financial well-being and addressed gaps in household finance research.
- *School infrastructure improvement*: This project enabled municipal primary schools and panchayat middle school to renovate and improve the school infrastructure to ensure the students are provided with a conducive learning environment.
- *Educate the vulnerable communities*: The programme is aimed at supporting disabled tribal children in skill development, education, food and healthcare.
- *Learning and education*: NAF sponsors 'Balwadi Nutrition Programmes' for children and funds education for economically underprivileged children.
- *Nutritional Support for Cancer Patients*: NAF helps children fighting cancer by partnering with an NGO to provide them with the required holistic nutritional support
- *COVID-19 support*: NAF has actively supported COVID-19 relief, donating supplies to government hospitals and partnering with NGOs for relief and rehabilitation in marginalized communities.

**Insurance**

We have obtained insurances covering various aspects and scenarios covering our employees and business. Our cyber liability insurance provides coverage for the losses arising out of, among others, any security breach and multimedia activities such as infringement of copyrights and domain name. We have crime insurance policy and information technology errors and omissions liability insurance policy. We also have a '360* Protector Directors & Officers Liability Insurance' that covers losses arising from a wide range of scenarios including bodily injury & property damage defence costs, management liability and extradition. The group care policy provides coverage for personal accident and term life insurance of all its employees (family members as well, if they are insured under such policy). We also provide our employees with insurance benefits such as medical insurance coverage for the employee and their dependents. Our insurance policies may not be sufficient to cover our economic loss. Also, see "*Risk Factors – Internal Risks - Our insurance coverage may not adequately protect us against losses and successful claims that exceed our insurance coverage could adversely affect our business, results of operations, cash flows and financial condition and diminish our financial position*" on page 84.

**Properties**

Our Company's registered office is located at No. 1, Kanagam Village, 10th Floor, IIT-M Research Park, Taramani, Chennai 600 113, Tamil Nadu, India. We also have offices located in Mumbai, Bengaluru, Ahmedabad, Hyderabad, Pune and Haryana, among other cities. In addition, our registered office of our Subsidiary, Pragati, is located in Hyderabad.

As of March 31, 2024, all of the properties (including branches) used for our operations throughout India were held on a leave-and-license or leasehold basis, or on seat-sharing arrangement basis. None of the properties of our Company or our Subsidiaries have been leased from related parties.

## KEY REGULATIONS AND POLICIES

*The following description is a summary of certain key regulations and policies in India which are applicable to the operations of our Company and its Subsidiaries. The information detailed in this section has been obtained from publications available in the public domain. The description of the regulations disclosed below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The information in this section is based on the current provisions of applicable laws in India that are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

Our Company is registered with the RBI as a non-banking financial company (not accepting public deposits). Certain of our subsidiaries are registered with the SEBI in various capacities. NAIM is a fund manager for AIFs registered with the SEBI in terms of the SEBI AIF Regulations and is also a SEBI registered portfolio manager in terms of the SEBI Portfolio Manager Regulations, NAIA is registered with the SEBI as an investment adviser in terms of the SEBI Investment Advisers Regulations and NAS is registered as a stock broker in terms of the SEBI Stock Brokers Regulations.

### 1. Key Regulations applicable to our Company

***The Reserve Bank of India Act, 1934, as amended (the "RBI Act")***

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions, as the RBI may, with the previous approval of the Central Government and by notification in the official gazette, specify.

A company categorized as an NBFC is required to have a net owned fund of ₹2.5 million or such other amount, not exceeding ₹1,000 million, as the RBI may, by notification in the official gazette, specify from time to time. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as an NBFC.

Every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. No appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

***Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (the "Master Directions")***

The Master Directions divide the NBFCs into four layers based on their size, activity, and perceived risk. The lowest layer is the base layer (NBFC-BL), followed by the middle layer (NBFC-ML), upper layer (NBFC-UL) and top layer (NBFC-TL).

Base Layer – The base layer comprises non-deposit taking NBFCs with assets worth up to ₹10,000 million.

Middle Layer – The middle layer comprises deposit-taking NBFCs irrespective of asset size, non-deposit-taking NBFCs with assets worth ₹10,000 million or more, as well as NBFCs undertaking activities such as housing finance companies, standalone primary dealers, infrastructure debt fund – non-banking financial companies, core investment companies and infrastructure finance companies.

Upper Layer – The upper layer comprises the top ten NBFCs in terms of asset size, irrespective of any other factor and certain other NBFCs specifically identified by the RBI based on parameters set out in the Master Directions.

Top Layer – The Master Directions require the top layer to remain empty unless, in the opinion of the RBI, there is a substantial increase in the potential systemic risk from specific NBFCs in the upper layer. Such NBFCs will be moved from the upper layer to the top layer.

Our Company is classified as NBFC-ML.

The Master Directions prescribe the following requirements in relation to NBFC-MLs:

*Corporate Governance*

Constitution of Committees

NBFC-MLs are required to constitute the committees disclosed below:

(i) Audit Committee: NBFC-MLs are required to constitute an audit committee consisting of not less than three members of its board of directors. The audit committee constituted by an NBFC-ML as required under Section 177 of the Companies Act, 2013 shall be the audit committee for the purposes of the Master Directions as well, and its powers and functions shall be as provided under Section 177 of the Companies Act, 2013. The audit committee must ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the NBFCs.

(ii) Nomination Committee: A nomination committee has to be constituted to ensure 'fit and proper' status of proposed or existing directors, which shall have the same powers and functions as the nomination and remuneration committee required to be constituted under Section 178 of the Companies Act, 2013. The nomination and remuneration committee constituted by an NBFC-ML in accordance with Section 178 of the Companies Act, 2013 shall be the nomination committee for the purposes of the Master Directions as well.

(iii) Risk Management Committee: NBFC-MLs are required to constitute a risk management committee that is required to be responsible for evaluating the overall risks faced by the NBFC-ML including liquidity risk and shall report to the board.

(iv) Asset Liability Management Committee: NBFC-MLs are required to constitute an asset liability management committee. The asset liability management committee is required to be headed by the chief executive officer/ managing director or the executive director of such NBFC-ML, as prescribed under the Master Directions.

Certain additional corporate governance requirements applicable to all NBFC-MLs pursuant to the Master Directions, include:

- Key managerial personnel of such NBFCs are prohibited from holding office in any other NBFC-ML or NBFC-UL. However, such key managerial personal can continue as a director on the board of directors of a subsidiary of such NBFC.
- Independent directors on board of such NBFCs are prohibited from being appointed on the board of directors of more than three NBFCs (NBFC-ML or NBFC-ULs) at the same time.
- Such NBFCs are required to adopt a board approved compensation policy which is required to provide for, at minimum, formation of a remuneration committee, principles for fixed and variable pay structures and claw back provisions.

Further, all NBFCs are required to have at least one director that has work experience in a bank or an NBFC.

Fit and Proper Criteria

NBFC-MLs are required to (a) maintain a policy approved by the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis, in line with the guidelines prescribed under the Master Directions; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the NBFC-MLs that fit and proper criteria in selection of the directors has been followed. The statement must be submitted to the Regional Office of the Department of Supervision of the RBI where the NBFC-ML is registered, within 15 days of the close of the respective quarter. The statement submitted for the quarter ending March 31, is required to be certified by the auditors. The RBI reserves the right to examine the 'fit and proper' criteria of directors of any NBFC-ML irrespective of asset size of such NBFC-MLs.

*Disclosures and Transparency*

NBFC-MLs are required to place before the board of directors, at regular intervals, as may be prescribed by their respective boards of directors, the following:

(i) progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC-ML; and

(ii) conformity with corporate governance standards including composition of committees, their roles and functions, periodicity of the meetings and compliance with coverage and review functions and so on.

NBFC-MLs are required to disclose the following in their annual financial statements:

(i) registration/licence/authorization obtained from other financial sector regulators;

(ii) ratings assigned by credit rating agencies and migration of ratings during the year;

(iii) penalties, if any, levied by any regulator;

(iv) information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and

(v) asset-liability profile, extent of financing of parent company products, non-performing assets and movement of non-performing assets, details of all off-balance sheet exposures, structured products issued by them and other disclosures, as prescribed under the Master Directions.

Pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22), for Financial Year 2022 and onwards, among others, SCAs / SAs can be appointed for NBFC-MLs for a continuous period of three years subject to the firms satisfying the eligibility norms each year. Further, an audit firm is not eligible for reappointment in the same entity for a period of six years (two tenures) after completion of full or part of one term of the audit tenure.

*Acquisition or Transfer of Control*

NBFC-MLs are required to obtain prior written permission of RBI for (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% (no prior approval is required if the shareholding going beyond 26% is due to buy-back of shares or reduction in capital where it has approval of a competent court but must be reported to the RBI within one month of the occurrence), and (c) any change in the management of the NBFC-MLs, which results in change in more than 30% of the directors, excluding independent directors, provided that no prior approval is required in case of directors who get re-elected on retirement by rotation.

Additionally, NBFC-MLs are required to inform the RBI regarding any changes in their board or directors or management on an ongoing basis.

*Prudential Norms*

NBFC-ML are required to maintain minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier I capital in respect of NBFC-ML (other than NBFC-MFI and NBFC primarily engaged in lending against gold jewellery), at any point of time, shall not be less than 10%.

*Prudential floor for expected credit loss*

In accordance with the Master Directions and RBI circular on 'Implementation of Accounting Standards' dated March 13, 2020, NBFC-MLs are required to hold impairment allowances as required under Ind AS. In parallel, NBFC-MLs are required to maintain the asset classification and compute provisions in accordance with the prudential norms on 'Income Recognition, Asset Classification and Provisioning (IRACP)' including borrower / beneficiary wise classification, provisioning for standard as well as restructured assets, non-performing assets ageing etc.

*Liquidity Risk Management Framework and Liquidity Coverage Ratio*

Liquidity Risk Management Framework

NBFC-MLs are required to adhere to the liquidity risk management guidelines prescribed under the Master Directions. The guidelines, *inter alia*, require the board of directors of the NBFC-MLs to formulate a liquidity risk management framework detailing entity-level liquidity risk tolerance, funding strategies, prudential limits, framework for stress testing, liquidity planning under alternative scenarios/formal contingent funding plans, nature and frequency of management reporting, and periodical review of assumptions used in liquidity projections.

Liquidity Coverage Ratio

All non-deposit taking NBFCs with asset size of ₹100 billion and above, and all deposit taking NBFCs irrespective of their asset size, are required to maintain a liquidity buffer in terms of liquidity coverage ratio which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient high quality liquid asset to survive any acute liquidity stress scenario lasting for 30 days. The stock of high quality liquid asset to be maintained by the NBFCs is required to be a minimum of 100% of total net cash outflows over the next 30 calendar days. Set out below is the liquidity coverage ratio requirement binding on NBFCs, in accordance with the time-line prescribed below:

| From | December 1, 2020 | December 1, 2021 | December 1, 2022 | December 1, 2023 | December 1, 2024 |
|---|---|---|---|---|---|
| Minimum Liquidity Coverage Ratio | 50% | 60% | 70% | 85% | 100% |

All non-deposit taking NBFCs with asset size of ₹50 billion and above but less than ₹100 billion are required to also maintain the required level of liquidity coverage ratio in accordance with the time-line prescribed below:

| From | December 1, 2020 | December 1, 2021 | December 1, 2022 | December 1, 2023 | December 1, 2024 |
|---|---|---|---|---|---|
| Minimum Liquidity Coverage Ratio | 30% | 50% | 60% | 85% | 100% |

*Asset Classification and Provisioning Norms*

The asset classification norms given below shall apply to NBFC-ML (except microfinance loans of NBFC-MFIs):

Asset Classification

(i) a "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

(ii) a "sub-standard asset" means (a) an asset which has been classified as non-performing asset for a period not exceeding 12 months; (b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. However, the classification of infrastructure loans as sub-standard assets is subject to the conditions stipulated in the Master Directions.

(iii) a "doubtful asset" means (a) a term loan, or (b) a lease asset, or (c) a hire purchase asset, or (d) any other asset, which remains a sub-standard asset for a period exceeding 12 months.

(iv) a "loss asset" means (a) an asset which has been identified as loss asset by the NBFC-ML or its internal or external auditor or by the RBI during the inspection of the applicable NBFC, to the extent it is not written off by the NBFC-ML; and (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

(v) a "non-performing asset" means: (a) an asset for which interest has remained overdue for a period of more than 90 days; (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than 90 days or on which interest amount remained overdue for a period of more than 90 days; (c) a demand or call loan, which remained overdue for a period of more than 90 days from the date of demand or call or on which interest amount remained overdue for a period of more than 90 days; (d) a bill which remains overdue for a period of more than 90 days; (e) the interest in respect of a debt or the income on receivables under the head ‘other current assets’ in the nature of short term loans/advances, which facility remained overdue for a period of more than 90 days; (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than 90 days; (g) the lease rental and hire purchase instalment, which has become overdue for a period of more than 90 days; (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset. Provided that in the case of lease and hire purchase transactions, NBFC-ML is required to classify each such account on the basis of its record of recovery.

Additionally, NBFC-ML are required to adhere to the clarifications on prudential norms on income recognition, asset classification and provisioning pertaining to advances dated February 15, 2022.

Provisioning Norms

In addition to provisioning norms under applicable accounting standards, and under the Master Directions, all NBFC-MLs (except in relation to microfinance loans offered by NBFC-MFIs) are required to, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided hereunder:

*[the remainder of this page has been left blank intentionally]*

<table>
<tr><th>S. No.</th><th colspan="2">Provisioning Requirement</th></tr>
<tr><td>1.</td><td colspan="2">Loans, advances and other credit facilities including bills purchased and discounted</td></tr>
<tr><td></td><td>(i) Loss Assets</td><td>The entire asset is to be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding is to be provided for.</td></tr>
<tr><td></td><td>(ii) Doubtful Assets</td><td>(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which the NBFC-ML has a valid recourse is to be made. The realizable value is to be estimated on a realistic basis.<br><br>(b) In addition to (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e., estimated realizable value of the outstanding) is to be made on the following basis –<br><br>
<table>
<tr><td>Period for which the asset has been considered as doubtful</td><td>Per cent of provision</td></tr>
<tr><td>Up to one year</td><td>20%</td></tr>
<tr><td>One to three years</td><td>30%</td></tr>
<tr><td>More than three years</td><td>50%</td></tr>
</table></td></tr>
<tr><td></td><td>(iii) Sub-standard Assets</td><td>A general provision of 10% of total outstanding is to be made.</td></tr>
<tr><td>2.</td><td colspan="2">Lease and hire purchase assets –</td></tr>
<tr><td></td><td>(i) Hire purchase assets</td><td>I. In respect of hire purchase assets, the total dues (overdue and future instalments taken together) as reduced by –<br><br>(a) the finance charges not credited to the profit and loss account and carried forward as unmatured finance charges; and<br><br>(b) the depreciated value of the underlying asset, is to be provided for.<br><br><u>Explanation:</u> (i) the depreciated value of the asset is to be notionally computed as the original cost of the asset to be reduced by depreciation at the rate of 20% per annum on a straight line method; and (ii) in the case of second hand asset, the original cost is to be the actual cost incurred for acquisition of such second hand asset.<br><br>II. Additional provision for hire purchase and leased assets:<br><br>
<table>
<tr><td>Where hire charges or lease rentals are overdue up to 12 months</td><td>Nil</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 12 months up to 24 months</td><td>10% of the net book value</td></tr>
</table></td></tr>
</table>

| S. No. | Provisioning Requirement | | |
|---|---|---|---|
| | | Where hire charges or lease rentals are overdue for more than 24 months but up to 36 months | 40% of the net book value |
| | | Where hire charges or lease rentals are overdue for more than 36 months but up to 48 months | 70% of the net book value |
| | | Where hire charges or lease rentals are overdue for more than 48 months | 100% of the net book value |
| | | III. On expiry of a period of 12 months after the due date of the last instalment of hire purchase/leased asset, the entire net book value is to be fully provided for. | |

*Standard Asset Provisioning*

NBFC-MLs are required to make provisions for standard assets at 0.40% of the outstanding, which shall not be reckoned for arriving at the net NPAs. The provision towards standard assets shall not be netted from gross advances but are required to be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet of the NBFC-MLs.

*Balance Sheet Disclosures*

(i) NBFC-MLs are required to separately disclose in their balance sheets the provisions made, as prescribed under the Master Directions, without netting them from income or against the value of assets.
(ii) The provisions are to be distinctly indicated under separate heads of account as:
  (a) Provisions for bad and doubtful debts; and
  (b) Provisions for depreciation in investments.
(iii) Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the NBFC-MLs.
(iv) Such provisions for each year are required to be debited to the profit and loss account. The excess of provisions, if any, held under the heads general provisions and loss reserves are required to be written back without making adjustment against them.
(v) Additionally, NBFC-MLs are required to disclose: (a) Capital to risk assets ratio; (b) exposure to real estate sector, both direct and indirect; and (c) maturity pattern of assets and liabilities.

*Regulation of Excessive Interest Charged by NBFCs*

(i) The board of directors of each NBFC-ML is required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest, the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers are required to be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
(ii) The rates of interest and the approach for gradation of risks are also required to be made available on the website of the NBFC-MLs or published in the relevant newspapers. The information published in the website or otherwise published is required to be updated whenever there is a change in the rates of interest.
(iii) The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Although rates of interest charged by NBFC-MLs are not regulated by the RBI, rates of interest beyond a certain level may be seen to be excessive. The board of directors of NBFC-MLs are required to layout appropriate internal principles and procedures in determining interest rates and processing and other charges.

*Accounting Standards*

NBFC-MLs are required to implement Ind AS in accordance with the Ind AS Rules and are required to prepare financial statements in accordance with the Ind AS and comply with the regulatory guidance specified in the Master Directions.

*Fair Practices Code*

NBFC-MLs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the Master Directions. The Master Directions stipulate that such fair practices code should cover, *inter alia*, the form and manner of processing of loan applications; loan appraisal and terms and conditions thereof; penal charges in loan accounts; disbursement of loans and changes in terms and conditions of loans; responsible lending conduct and reset of floating interest rate on equated monthly instalments based personal loans. The Master Directions also prescribe general conditions to be observed by NBFC-MLs in respect of loans, and requires the board of directors of NBFC-MLs to lay down a grievance redressal mechanism. Such fair practices code should preferably be in vernacular language or language understood by borrowers of the NBFC-MLs.

Further, all NBFC-MLs are required to frame internal guidelines on corporate governance, enhancing the scope of the guidelines without sacrificing the underlying spirit of the guidelines stipulated in the Master Directions. The guidelines framed are required to be published on the NBFC-ML’s website for the information of various stakeholders.

*Outsourcing*

NBFC-MLs outsourcing their activities are required to ensure sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourced activities. The underlying principle of outsourcing under the Master Directions is that all NBFC-MLs are required to ensure that outsourcing arrangements neither diminishes their ability to fulfil its obligations to customers and the RBI, nor impedes effective supervision by RBI. NBFC-MLs are required to take steps to ensure that the service provider engaged for such outsourcing activities employs the same high standard of care in performing the services as is expected to be employed by NBFC-MLs, if the activities were conducted within the NBFC-ML and not outsourced.

Accordingly, NBFC-MLs cannot engage in outsourcing that would result in their internal control, business conduct or reputation being compromised or weakened.

*Regulatory Restrictions and Limits*

NBFC-MLs shall not have exposure (credit/investment taken together) exceeding: (i) 25% of its tier-I capital to a single borrower/party; and (ii) 40% of its tier-I capital for single group of borrowers/parties. NBFC-MLs are also required put in place board approved limits for exposure to sensitive sectors such as capital markets and commercial real estate. The Master Directions also prescribe a ceiling of ₹10 million per borrower for financing subscription to initial public offers.

See, "-*Circular on Regulatory measures towards consumer credits and bank credit to NBFCs dated November 16, 2023 ("Circular on Consumer Credit")*" on page 309.

***Circulars dated December 19, 2023 and March 27, 2024 on Investments in Alternative Investment Funds ("Circulars on Investments in AIFs")***

Pursuant to the Circulars on Investments in AIFs, regulated entities, including NBFCs are restricted from investing in schemes of AIFs that have downstream investments, either directly or indirectly, in a debtor company of such regulated entity. A "debtor company" is any company to which the regulated entity currently or previously (during the preceding 12 months) had a loan or investment exposure. If a regulated entity has investments in a scheme of an AIF that makes a downstream investment in such debtor company, then the regulated entity is required to liquidate its investment in the scheme within 30 days of such downstream investment. Existing investments in schemes of AIFs that have downstream investments in such debtor companies are required to be liquidated within 30 days from the date of the Circular on Investments in AIFs. Downstream investments exclude investments in equity shares of the debtor company of the regulated entity but shall include all other investments, including investment in hybrid investments.

If regulated entities are unable to liquidate their investments within the prescribed timelines a 100% provision on such investments is required to be made. Provisioning is required only to the extent of the investment in a scheme of an AIF which is further invested by the AIF in the debtor company and not the entire investment of the regulated entity in the relevant scheme of the AIF. Further, investments by regulated entities in subordinated units of any scheme of an alternative investment fund with a 'priority distribution model' (as defined under the SEBI circular dated November 23, 2022 bearing reference number SEBI/HO/AFD-1/PoD/P/CIR/2022/157) will be subject to full deduction from the regulated entities' capital funds.

***Circular dated January 15, 2024 on Credit / Investment Concentration Norms – Credit Risk Transfer ("Circular on Credit Risk")***

The Circular on Credit Risk specifies the manner of computation of exposures for credit risk transfer instruments and exemptions from credit / investment concentration norms. Additionally, the Circular on Credit Risk also requires certain disclosures in relation to exposure in annual financial statements of NBFCs.

***Guidelines on Digital Lending dated September 2, 2022 ("Digital Lending Guidelines")***

The Digital Lending Guidelines, *inter alia*, set out requirements in relation to loan disbursal, servicing and repayment, disclosures to borrowers and redressal of investor grievances.

The Digital Lending Guidelines require NBFCs and lending service providers engaged by them to comply with technology standards and cyber security requirements prescribed by the RBI. NBFCs are also required to ensure that lending service providers and digital lending applications/platforms engaged by them do not store any personal information of borrowers except basic information required to carry out their operations, such as the name, address and contact details of borrowers. Further, NBFCs are required to ensure that lending service providers and digital lending applications/platforms engaged by them have a comprehensive privacy policy that is compliant with applicable law and is publicly available.

***Guidelines on Default Loss Guarantee in Digital Lending dated June 8, 2023 ("DLG Guidelines")***

The DLG Guidelines, *inter alia*, set out requirements in relation to default loss guarantee ("**DLG**") arrangements including the structure of DLG arrangements, eligibility of the DLG provider, tenor of the DLG, disclosure requirements and also sets out an upper limit on the DLG provided.

The DLG Guidelines also prescribe due diligence requirements of NBFCs prior to entering into or renewal of a DLG arrangement. NBFCs are required to obtain sufficient information to satisfy themselves that the entity extending the DLG would be able to honour it.

***Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, dated March 14, 2022 (the "Microfinance Loans Directions")***

The Microfinance Loans Directions provide a regulatory framework for microfinance loans. The Microfinance Loans Directions are applicable to all: (i) commercial banks (including small finance banks, local area banks, and regional rural banks) excluding payment banks; (ii) primary (urban) co-operative banks /state co-operative banks/district central co-operative banks; and (iii) non-banking financial companies (including microfinance institutions and housing finance companies).

The Microfinance Loans Directions require non-banking financial companies to have board-approved policies in relation to, *inter alia*, (i) flexibility of repayment periodicity on microfinance loans; (ii) assessment of household income; (iii) limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income; (iv) pricing of microfinance loans; (v) conduct of employees and system for recruitment, training and monitoring. The Microfinance Loans Directions also set out guidelines for recovery of loans, responsibilities in relation to outsourced activities and guidelines on conduct towards microfinance borrowers.

***Reserve Bank of India (Treatment of Wilful Defaulters and Large Defaulters) Directions, 2024 dated July 30, 2024 (the "Directions on Wilful Defaulters and Large Defaulters")***

The Directions on Wilful Defaulters and Large Defaulters specify, *inter alia*, the mechanism for identification and classification of wilful defaulters, review of accounts for identification of wilful defaulters, role of internal auditors and the liability of a guarantor. The Directions on Wilful Defaulters and Large Defaulters also prescribe the manner of reporting and dissemination of credit information on large defaulters, reporting and dissemination of credit information on wilful defaulters and the role of statutory auditors and other third parties.

The Directions on Wilful Defaulters and Large Defaulters will come into force after 90 days from July 30, 2024.

***Prevention of Money Laundering Act, 2002 ("PMLA")***

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from, or involved, in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA *inter alia* casts certain obligations on reporting entities (as defined under the PMLA) in relation to preservation of records and reporting of transactions.

***Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended (the "KYC Directions")***

The KYC Directions require regulated entities (as defined in such directions) to follow certain customer identification procedures while undertaking a transaction. These directions are applicable to every entity regulated by RBI, including scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder is required to adopt a 'know your customer' ("**KYC**") policy, duly approved by its board of directors, which has four elements, namely, customer acceptance policy; risk management; customer identification procedures; and monitoring of transactions. Regulated entities shall ensure that a group-wide policy is implemented for the purpose of discharging obligations under the provisions of PMLA.

Regulated entities are required to ensure compliance with the KYC policy through identifying 'senior management' for the purposes of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of compliance functions of regulated entities' policies and procedures, including legal and regulatory requirements; concurrent/internal audit system to verify compliance with KYC and anti-money laundering policies and procedures; and submission of quarterly audit notes and compliance to the audit committee of the board of directors of the regulated entity. Additionally, regulated entities are required to carry out 'Money Laundering and Terrorist Financing Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries, products, services etc. Further, regulated entities are required to ensure that decision making functions of determining compliance with KYC norms are not outsourced. The KYC Directions additionally require regulated entities to frame a customer acceptance policy.

Regulated entities are required to adopt a risk-based approach for periodic updates of KYC details which is to be carried out: (i) at least once in two years for high-risk customers, once in every eight years for medium risk customers and once in ten years for low-risk customers from the date of opening of account/last KYC update and a policy in this regard is required to be documented as part of regulated entities internal KYC policy duly approved by the board of directors of the regulated entity. The KYC Directions also prescribe detailed instructions in relation to, *inter alia*, record management, reporting requirements, and enhanced due diligence for non-face-to-face customer onboarding.

***Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies) dated July 15, 2024 ("Directions on Fraud Risk Management")***

The Directions on Fraud Risk Management provide a framework for prevention, early detection and timely reporting of incidents of fraud to law enforcement agencies, RBI and the National Housing Bank. The Directions on Fraud Risk Management require NBFCs to adopt a policy on fraud risk management, approved by the board of directors, that sets out the roles and responsibilities of the board of directors (including committees of the board of directors) and senior management. Such policy is required to be reviewed by the board of directors at least one in three years. Further, a special committee of the board of directors is required to be constituted for monitoring and following up on cases of frauds. The committee is required to review and monitor cases of frauds, including root cause analysis, and suggest mitigating measures for strengthening the internal controls, risk management framework and minimizing the incidence of frauds.

The Directions on Fraud Risk Management also specify the manner in which any incidents of fraud are required to be reported to law enforcement agencies and the RBI.

***Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024 (the "Directions on Filing of Supervisory Returns")***

The Directions on Filing of Supervisory Returns sets out the timelines and frequency for the filing of weekly, fortnightly, monthly, quarterly, half-yearly and yearly returns. The Directions on Filing of Supervisory Returns also prescribe the responsibilities of the board of directors and senior management, including identification, assessment, and management of data quality risks as part of its overall risk management framework and documentation of risk data aggregation capabilities and risk reporting practices.

***Master Direction – Information Technology Governance, Risk, Controls and Assurance Practices, dated November 7, 2023 ("IT Directions")***

The IT Directions require all regulated entities to establish an IT governance framework that inter alia (i) specifies the governance structure and processes necessary to meet its business / strategic objectives; (ii) specifies the roles (including authority) and responsibilities of the board of directors, board level committee and senior management; and (iii) includes adequate oversight mechanisms to ensure accountability and mitigation of IT and cyber / information security risks. Further, the IT Directions require all regulated entities to establish a board level IT Strategy Committee to ensure that the regulated entities have an effective IT strategic planning process and that the budgetary allocations for the IT functions (including for IT security), cyber security are commensurate with the regulated entities' IT maturity, digital depth, threat environment and industry standards and are utilized in a manner intended for meeting the stated objectives.

***Master Direction – Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Auditor's Report Directions")***

The Auditor's Report Directions set out disclosures that are to be included in every auditor's report on the accounts of an NBFC such as: (i) whether the NBFC is entitled to continue to hold its certificate of registration in terms of its principal business criteria as of March 31 of the applicable year; and (ii) compliance with net owned fund requirements as laid down in the Master Directions.

***Guidelines on Risk-based Internal Audit ("RBIA") System for Select NBFCs and Urban Co-operative Banks, 2021 dated February 3, 2021 (the "RBIA Guidelines")***

RBIA for non-deposit taking NBFCs with an asset size of ₹50 billion and above (the "**RBIA Applicable NBFCs**"), was mandated by the RBI through its notification dated February 3, 2021 bearing reference number DoS.CO.PPG./SEC.05/11.01.005/2020-21. Under the RBIA Guidelines, RBIA Applicable NBFCs were required to implement the RBIA framework by March 31, 2022. The RBIA Guidelines, *inter alia,* are intended to enhance the efficacy of internal audit systems and contribute to the overall improvement of governance, risk management and control processes followed by RBIA Applicable NBFCs. Under the RBIA Guidelines, the board of directors of the RBIA Applicable NBFC must approve a policy clearly documenting the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from risk management function and the RBIA function. It is also mandated that the policy be reviewed periodically, and that the internal audit function is not outsourced. Further, the RBIA Guidelines also require that the risk assessment of business and other functions of RBIA Applicable NBFCs should be conducted at least on an annual basis.

***Circular dated June 8, 2023 on Framework for Compromise Settlements and Technical Write-offs ("Framework for Compromise")***

The Framework for Compromise requires an NBFC to have a board approved policy for compromise settlements with the borrowers and technical write-offs. Such policy is required to comprehensively lay down processes to be followed for all compromise settlements and technical write-offs. The policy is required to include specific guidance on necessary conditions precedent such as minimum ageing and deterioration in collateral value. The policy is required to put in place a graded framework for examination of staff accountability with reasonable thresholds and timelines as decided by the board of the NBFC.

The Framework for Compromise also sets out the prudential treatment and reporting requirements for compromise settlements and technical write-offs. In terms of the Framework for Compromise, compromise settlements where the time for payment of the agreed settlement amount exceeds three months shall be treated as restructuring.

***Master Direction – Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 dated December 29, 2023 ("Master Directions on Internal Ombudsman")***

The Master Directions on Internal Ombudsman are applicable to non-deposit taking NBFCs with asset size of more than ₹50,000 million and above and that have a public customer interface. The Master Directions on Internal Ombudsman, *inter alia*, specify the roles and responsibilities of the internal ombudsman and require the internal ombudsman to provide periodic reports (including the analysis of complaints) to the committee of the board of directors handling customer service and protection. Such reports should be provided at least on a half-yearly basis. The Master Directions on Internal Ombudsman also require NBFCs put in place a mechanism for periodic reporting of information to Consumer Education and Protection Department, Central Office, RBI on a quarterly and annual basis in accordance with the specified formats.

***Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 ("Securitisation Directions")***

The Securitisation Directions permit specified financial institutions, including NBFCs, to undertake securitisation in respect of certain assets. Securitisation activities are specifically prohibited in respect of: (i) re-securitisation exposures; (ii) structures in which short term instruments such as commercial paper, which are periodically rolled over, are issued against long term assets; (iii) synthetic securitisation; and (iv) securitisation with specified underlying assets including revolving credit facilities, restructured loans and advances, exposures to other lending institutions, refinance exposure to all India financial institutions, loans with bullet payments of both principal and interest and loans with residual maturity of less than 365 days. The Securitisation Directions also specify minimum retention requirements (as a percentage of the book value of assets), seeking to ensure that the originators have a continuing stake in the performance of securitised assets so as to ensure that they carry out proper due diligence of loans to be securitised. The Securitisation Directions also set out certain accounting provisions that originators are required to comply with.

***Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 ("Transfer of Loan Exposures Directions")***

The Transfer of Loan Exposures Directions specify certain requirements to be complied with by specified financial institutions, including NBFCs, in relation to transfers of loan exposures including: (a) an obligation to adopt a board approved policy on transfer and acquisition of loan exposures; (b) reporting requirements; (c) matters to be specified in loan transfer agreements including distribution of the principal and interest income from the transferred loan between the transferor and the transferee. The Transfer of Loan Exposures Directions also specify that transferors can transfer loans only after a specified minimum holding period ("**MHP**") of three months for loans with a tenor of up to two years and six months for loans with a tenor of more than two years, which is counted from the date of registration of the underlying security interest with Central Registry of Securitisation Asset Reconstruction and Security Interest of India ("**CERSAI**"). However, in case of loans where security does not exist or security cannot be registered with CERSAI, the MHP shall be calculated from the date of repayment of the loan. Additionally, in case of transfer of project loans, the MHP shall be calculated from the date of commencement of commercial operations of the project being financed. Additional requirements are specified in relation to transfer of stressed assets.

***Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 ("Master Directions on IT Outsourcing")***

The Master Directions on IT Outsourcing, applicable to NBFC-MLs and certain other entities ("**Regulated Entities**"), require such Regulated Entities to take steps to ensure that service providers to which certain activities are outsourced to employ the same standards of care in performing services as would have been employed by the Regulated Entity itself, had such activity not been outsourced. Further, Regulated Entities are required to ensure that their service providers develop and establish a robust framework for documenting, maintaining, and testing their business continuity plans and disaster recovery plans.

Regulated Entities are permitted to outsource any information technology activity/information technology enabled service within its business group/conglomerate, subject to conditions specified in the Master Directions on IT Outsourcing. Any Regulated Entity intending to outsource any of its information technology activities is required to put in place a comprehensive board approved 'IT Outsourcing Policy' which is required to incorporate, *inter alia*, the roles and responsibilities of the board of directors, committees of the board of directors and senior management, information technology function, business function and oversight and assurance functions in respect of outsourcing of information technology services. The Master Directions on IT Outsourcing also require Regulated Entities to immediately notify the RBI in the event of breach of security and leakage of confidential customer related information.

***Circular on Outsourcing of Financial Services – Responsibilities of regulated entities employing Recovery Agents dated August 12, 2022 ("Outsourcing Circular")***

Pursuant to the Outsourcing Circular, the RBI has directed regulated entities to ensure that they or agents employed by them, do not resort to intimidation or harassment of any kind for recovery of overdue loans or make any false or misleading representations.

***Circular on Regulatory measures towards consumer credits and bank credit to NBFCs dated November 16, 2023 ("Circular on Consumer Credit")***

Pursuant to the Circular on Consumer Credit, consumer credit exposures of NBFCs categorized as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewelry and microfinance/self help group loans, will be assigned a risk weight of 125%. Further, the risk weights on credit card receivables have been increased to 125% for NBFCs. Previously, consumer credit exposures and credit card exposures were assigned a risk weight of 100%.

***Master Circular on Bank Finance to Non-Banking Financial Companies dated April 24, 2024 ("Circular on Bank Finance")***

The Circular on Bank Finance set out, *inter alia*, guidelines for bank finance to NBFCs registered with RBI and bank finance to NBFCs not requiring registration. It also sets out activities which are not eligible for bank credit and other prohibitions on bank finance to NBFCs. The Circular on Bank Finance prescribes prudential ceilings for exposure of banks to NBFCs.

***Fair Practice Code for Lenders – Charging of Interest dated April 29, 2024 (the "Code")***

The Code directs regulated entities to review their practices regarding mode of disbursal of loans, application of interest and other charges and take corrective action, including system level changes, as may be necessary to address unfair practices highlighted in the Code, including collection of one or more installments in advance but considering the full loan amount to charge interest and charging of interest from the date of sanction of the loan or the date of execution of the loan agreement and not from the actual date of disbursement of funds to the customer.

***Key Facts Statement (KFS) for Loans and Advances dated April 15, 2024 (the "KFS")***

The KFS aims to reduce information asymmetry on financial products being offered by different regulated entities. The KFS requires regulated entities to issue a key facts statement, in the format prescribed under the KFS, to all prospective borrowers to help them take an informed view before executing a loan contract. The key facts statement is required to be written in a language that is understood by the borrowers and the content of such statement is required to be explained to the borrower.

***Pension Fund Regulatory and Development Authority Act, 2013, as amended (the "PFRDA Act")***

The PFRDA Act establishes the Pension Fund Regulatory and Development Authority (the "**PFRDA**"). The PFRDA's functions include: (i) the promotion old age income security by establishing, developing and regulating pension funds; (ii) protecting the interests of subscribers to schemes of pension funds; and (iii) regulating other connected or incidental matters.

The PFRDA Act empowers the PFRDA to grant registrations and permit persons to act as a point of presence for the purpose of receiving contribution and instructions, transmitting them to a trustee bank or the central record keeping agency, as the case may be, and paying out benefits to subscribers. The PFDRA Act empowers the PFRDA to issue regulations, from time to time, to provide, *inter alia*, for: (a) the manner of receiving contributions and instructions and transmitting them to the trustee bank or central record keeping agency; (b) functioning of points of presence; and (c) the manner in which a pension fund may receive contributions, accumulate them and make payments to subscribers.

***Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 ("Corporate Agent Regulations")***

The Corporate Agent Regulations, *inter alia*, set out the eligibility criteria for registration as a corporate agent which include infrastructure, trained manpower, qualifications of the principal officer of the corporate agent and compliance with the code of conduct prescribed under the Corporate Agent Regulations.

Corporate agents are required to have a policy, approved by the board of directors, that sets out the manner of soliciting and servicing insurance products. If the principal business of a corporate agent is other than insurance, the entity is required to maintain an arm's length relationship in financial matters between its activities as a corporate agent and its other activities. Further, where insurance is sold as an ancillary product along with its principal business products, the corporate agent, its shareholders and associates, cannot compel the buyer of its principal business product to also buy insurance products. The Corporate Agent Regulations also set out requirements in relation to arrangements with insurers, servicing of policy holders and maintenance of records.

***The Digital Personal Data Protection Act, 2023 (the "DPDP Act")***

The DPDP Act received the assent of the President of India on August 11, 2023. However, the provisions of the DPDP Act have not been notified. The DPDP Act provides for the processing of digital personal data in a manner that recognizes both the rights of individuals to protect their personal data and the need to process such personal data for lawful and other incidental purposes. The salient features of the DPDP Act are:

(i) The DPDP Act will apply to the processing of digital personal data within India where such data is collected in digital form, or collected non-digital form and is digitised. It will also apply to such processing outside India, if such processing is in connection with any activity related to offering of goods or services to individuals, where such individuals include, a child, including the parents or lawful guardian of such a child and a person with disability, including her lawful guardian, acting on her behalf within the territory of India.
(ii) Personal data of a data principal may be processed only for a lawful purpose after obtaining the consent of the individual or for certain legitimate uses.
(iii) Data fiduciaries will be obligated to maintain the accuracy of data, keep data secure, and delete data once its purpose has been met.
(iv) The DPDP Act grants certain rights to individuals including the right to obtain information, seek correction and erasure, and grievance redressal.
(v) The central government may exempt government agencies from the application of provisions of the DPDP Act in the interest of specified grounds such as security of the state, public order, and prevention of offences.
(vi) The central government will establish the Data Protection Board of India to adjudicate on non-compliance with the provisions of the DPDP Act.

**2. Restrictions in Foreign Ownership applicable to our Company**

***The Consolidated FDI Policy Circular of 2020 (No. 5(2)/2020) dated October 15, 2020, as amended ("FDI Policy") issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India***

Foreign investment in NBFCs, carrying on activities approved for FDI, is subject to the conditions specified in Paragraph 3.8.3.1 of the FDI Policy. Pursuant to the FDI Policy, FDI of up to 100% is permitted under the automatic route in our Company.

Foreign investment in securities issued by Indian companies, such as us, is also regulated by the RBI, including through the FEMA.

**3. COVID-19 Regulatory Framework**

In view of the outbreak of the COVID-19 pandemic, the RBI issued various circulars and prescribed other regulatory frameworks and relaxations governing NBFCs to deal with the disruptions caused by the COVID-19 pandemic.

*Circular dated March 16, 2020*

Pursuant to its circular dated March 16, 2020 (Reference No. RBI/2019-20/172 DoS.CO.PPG.BC.01/11.01.005/2019-20), the RBI provided an indicative list of actions to be taken by NBFCs as part of their operations and business continuity plans. Among others, the actions included taking steps to share important instructions/strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities from time-to-time, taking stock of critical processes and revisiting business continuity plan in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

*Circulars dated March 27, 2020 and April 17, 2020*

The RBI, pursuant to its circular dated March 27, 2020 (Reference No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20), announced certain regulatory measures, including, *inter alia*, to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses. In furtherance of such circular, lending institutions were permitted to grant a moratorium of three months on payment of all instalments (including all (i) principal and/or interest components; (ii) bullet repayments; (iii) equated monthly instalments; and (iv) credit card dues) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) ("**Moratorium Period**"). Additional relaxations were granted in relation to the calculation of 'drawing power' in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**") to borrowers. Under the circular, such measures were not to be treated as a concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annexure to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 ("**Prudential Framework**") and availing of such measures, by itself, was not to result in asset classification downgrade. The rescheduling of payments, including interest, did not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies ("**CICs**") by the lending institutions. CICs were instructed to ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. The circular also stated that wherever the exposure of a lending institution to a borrower is ₹50 million or above as on March 1, 2020, the lending institution was required to develop an MIS on the reliefs provided to its borrowers which was required to, *inter alia,* include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted. Further, pursuant to its circular dated April 17, 2020 (Reference No. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20), the RBI provided detailed instructions in relation to (i) asset classification under the prudential norms on income recognition, asset classification and (ii) provisioning requirements.

*Circular dated May 23, 2020*

Pursuant to its circular dated May 23, 2020 (Reference No. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20), the RBI further permitted lending institutions (including NBFCs) to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months, *i.e.,* from June 1, 2020 to August 31, 2020. Such circular also permitted certain relaxations in respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions, subject to certain conditions.

The measures in relation to working capital facilities under the RBI circular dated May 23, 2020, were contingent on the lending institutions satisfying themselves that such measures are necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under this relaxation were subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions accordingly, could put in place a board approved policy to implement the above measures.

*Emergency Credit Line Guarantee Scheme dated May 23, 2020*

The Government of India, through the Ministry of Finance, Department of Financial Services introduced the emergency credit line guarantee scheme ("**ECLGS**"). Pursuant to the ECLGS, the National Credit Guarantee Trustee Company, a wholly-owned trustee company of the Government of India, provided a 100% credit guarantee with respect to eligible credit facilities extended by NBFCs in the form of additional term loans.

*Special Liquidity Scheme for NBFCs/HFCs dated July 1, 2020 and the Partial Credit Guarantee Scheme*

The Government of India approved the Special Liquidity Scheme for NBFCs and HFCs to improve the liquidity position of NBFCs through a special purpose vehicle to avoid potential systemic risks to the financial sector. In order to avail the scheme, NBFCs were required to, *inter alia,*: (a) have made a net profit in one of the two preceding financial years; and (b) be rated investment grade by a SEBI registered rating agency. In accordance with the circular, the scheme was managed by a special purpose vehicle set up by a subsidiary of the State Bank of India, SBI Capital Markets Limited

The Partial Credit Guarantee Scheme ("**PCGS**") was introduced on December 11, 2019 to offer a sovereign guarantee for "first loss" to public sector banks for the purchase of pooled assets, from financially sound NBFCs, subject to certain conditions. Pursuant to a press release dated May 20, 2020, the PCGS was amended to increase the coverage offered by the scheme and the window under the PCGS was extended up to March 31, 2021.

*Statement on Developmental and Regulatory Policies dated August 6, 2020*

The RBI, through its 'Statement on Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, provided a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions.

*Resolution Framework for COVID-19-related Stress dated August 6, 2020*

The RBI also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**COVID-19 Resolution Framework**", Reference No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21). Under the COVID-19 Resolution Framework, lending institutions were required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the COVID-19 Resolution Framework and ensure that the resolution plans under this facility were extended only to borrowers bearing stress on account of the COVID-19 pandemic. The resolution plan extended to eligible borrowers could be invoked anytime until December 31, 2020 and was to be implemented within 180 days from the date of invocation (within 90 days in case of personal loans).

*Restructuring of Advances to Micro, Small and Medium Enterprises*

The RBI, pursuant to its circular dated August 6, 2020 titled 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' ("**August 2020 Circular**", Reference No. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21), had permitted the classification of loans to MSMEs as 'standard' pursuant to their restructuring subject to certain conditions mentioned under such circular and the circular dated February 11, 2020 titled 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' (Reference No. RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20). The RBI, pursuant to its circular dated May 5, 2021 titled 'Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)' (Reference No. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22) extended the applicability of the August 2020 Circular, subject to certain conditions, including, that: (i) the borrower should be classified as a micro, small or medium enterprise as on March 31, 2021 in terms of the notification dated June 26, 2020 published by the Ministry of Micro, Small and Medium Enterprises; (ii) the aggregate exposure, including non-fund based facilities, of all lending institutions to such borrower should not exceed ₹250 million as on March 31, 2021l; (iii) the borrower's account should have been a 'standard asset' as of March 31, 2021; and (iv) restructuring of the borrower's account is invoked by September 30, 2021. All the measures under the circular are contingent on lending institutions satisfying themselves that this is necessitated on account of the economic fallout from COVID-19.

*Circular dated September 7, 2020*

The RBI, pursuant to its circular dated September 7, 2020 (Reference No. RBI/2020-21/34 DOR.No.BP.BC/13/21.04.048/2020-21) on "Resolution Framework for COVID-19-related Stress – Financial Parameters", set out key ratios to be mandatorily considered while finalizing the resolution plans in respect of COVID-19 Resolution Framework. Further, it also prescribed sector specific thresholds to be considered by the lending institutions, intended as floors or ceilings. The resolution plans were required to take into account the pre-COVID-19 operating and financial performance of the borrower and impact of COVID-19 on its operating and financial performance at the time of finalizing the resolution plan, to assess the cash flows in subsequent years, while stipulating appropriate ratios in each case. Lending institutions were free to consider other financial parameters as well while finalizing the resolution assumptions in respect of eligible borrowers apart from the above mandatory key ratios and the sector-specific thresholds that have been prescribed.

*TLTRO on Tap Scheme*

The targeted long-term repo operations on tap scheme of the RBI ("**TLTRO on Tap Scheme**"), announced on October 9, 2020 focuses on liquidity measures and revival of activity in specific sectors and, allows banks to avail liquidity to be deployed in corporate bonds, commercial paper and non-convertible debentures issued by entities in such specified sectors. The liquidity availed by banks could also be used to extend bank loans and advances to these sectors. The RBI through its 'Statement on Developmental and Regulatory Policies' and its press release dated February 5, 2021 stated that NBFCs are well recognized conduits for reaching out last mile credit and act as a force multiplier in expanding credit to various sectors and accordingly, permitted funds from banks under the TLTRO on Tap Scheme to be provided to NBFCs for incremental lending to these sectors until March 31, 2021. With a view to increasing the focus of liquidity measures on revival of activity in specified sectors, the TLTRO on Tap Scheme was further extended until December 31, 2021.

*Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts*

On October 23, 2020, the Ministry of Finance, Government of India announced a scheme for grant of ex-gratia payment of difference between compound interest and simple interest by way of reliefs for the six months period from March 1, 2020 to August 31, 2020, to borrowers in specified loan accounts ("**October 2020 Scheme**"), benefits of which would be routed through lending institutions. The October 2020 Scheme was applicable to all lending institutions, including, *inter alia*, banking companies, NBFCs and housing finance companies. Borrowers who had loan accounts with sanctioned limits and outstanding amounts not exceeding ₹20 million as on February 29, 2020 were eligible under the October 2020 Scheme, subject to certain conditions. Borrowers of the following classes of loans were eligible, namely (i) MSME loans; (ii) education loans; (iii) housing loans; (iv) consumer durable loans; (v) credit card dues; (vi) automobile loans; (vii) personal loans to professionals; and (viii) consumption loans.

*Circular dated April 7, 2021 on Asset Classification and Income Recognition*

The RBI, pursuant to the decision of the Supreme Court of India in Small Scale Industrial Manufactures Association v. Union of India, dated March 23, 2021, issued a circular dated April 7, 2021 (the "**April 2021 Circular**", Reference No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22). The April 2021 Circular required all lending institutions (including NBFCs) to implement a board-approved policy to refund/adjust the "interest on interest" charged to the borrowers during the moratorium period, *i.e.*, March 1, 2020 to August 31, 2020 in conformity with the above judgement. The above reliefs were applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed, in terms of the circulars dated March 27, 2020 and May 23, 2020.

Further, in relation to asset classification, the April 2021 Circular stipulated that, (i) in respect of accounts which were not granted any moratorium in terms of the COVID-19 regulatory relief provided, asset classification was to be undertaken in terms of the criteria laid out in the Master Circular – Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 (Reference No. RBI/2015-16/101DBR.No.BP.BC.2/21.04.048/2015-16) or other relevant instructions as applicable to the specific categories of lending institutions; and (ii) in respect of accounts in relation to which a moratorium was granted in terms of the COVID-19 regulatory relief, the asset classification for the period from March 1, 2020 to August 31, 2020 was governed in terms of the circular dated April 17, 2020 (Reference No. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20), read with circular dated May 23, 2020 (Reference No. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20). For the period commencing September 1, 2020, asset classification for all such accounts was required to be in accordance with applicable income recognition and asset classification norms.

*Circular dated May 5, 2021 on Resolution Framework for Advances to Individuals and Small Businesses*

Through its circular dated May 5, 2021 titled 'Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses' (Reference No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22), the RBI permitted lending institutions to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying such credit exposures as 'standard' upon implementation of the resolution plan, subject to certain conditions specified under the circular. Lending institutions were required to frame policies, approved by the board of directors, pertaining to the implementation of viable resolution plans for eligible borrowers ensuring that the resolution under this facility was provided only to stressed borrowers on account of COVID-19. The last date for invocation of resolutions under the window provided was September 30, 2021. The resolution plans implemented under this window could, *inter alia*, include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, and granting of moratorium, based on income streams of the borrower.

## 4. Regulations Applicable to our Subsidiaries

***Securities and Exchange Board of India Act, 1992 (the "SEBI Act")***

The SEBI Act was enacted to provide for the establishment of SEBI whose function is to protect the interests of investors and to promote the development of, and to regulate, the securities market. SEBI also issues various regulations, circulars and guidelines from time to time in accordance with the powers vested with it under the SEBI Act. Further, under the SEBI Act, the SEBI has the power to conduct inspection of all intermediaries in the securities market, including, stock brokers, sub-brokers, investment advisers, merchant bankers, underwriters and research analysts.

***Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, as amended ("SEBI Investment Advisers Regulations")***

The SEBI Investment Advisers Regulations, provides that no person is permitted to act as an investment adviser without a certificate granted by SEBI under the regulations. The SEBI Investment Advisers Regulations, lay down, *inter alia*, the eligibility criteria, qualifications and certification requirements an investment adviser, a net worth criteria of not less than ₹5 million, manner of grant/refusal of certificate of registration, and general obligations and responsibilities of investment advisers.

The general obligations include, *inter alia*, (i) to act in a fiduciary capacity towards clients and disclose conflicts of interest as and when they arise; (ii) maintaining an arms-length relationship between its activities as an investment adviser and its other activities; (iii) ensuring segregation of its other activities from its investment advisory services; (iv) disclosing conflicts of interests to clients; (v) maintaining confidentiality of client information; and (vi) not entering into transactions contrary to its own advice.

Responsibilities of investment advisers include, *inter alia*, (i) risk profiling of clients; (ii) ensuring appropriate disclosures regarding, *inter alia*, the terms and conditions on which advisory services are offered, disciplinary history of the investment adviser, the investment advisers holdings or positions in financial products that are the subject matter of advice; (iii) maintaining appropriate records; (iv) redressal of client grievances; and (v) client level segregation between investment advisory and distribution activities etc.

Further, investment advisers are required to adhere to a code of conduct provided under the SEBI Investment Advisers Regulations.

***Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended ("SEBI AIF Regulations")***

The SEBI AIF Regulations specify, *inter alia*, criteria for registration, information requirements, procedure for the grant/refusal of certificate of registration. A certificate of registration is mandatory for a person or an entity to act as an AIF and such certificate shall be granted, subject to compliance with the requisite conditions under the SEBI AIF regulations. The registration of the AIF is, *inter alia*, also dependent on the ability of the manager or sponsor to effectively discharge its activities by having the necessary infrastructure and manpower. The AIF sponsor and manager are each required to be a 'fit and proper person', based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008. The obligations of the manager include maintenance of records, addressing complaints of investors, taking steps to address conflicts of interest, ensuring transparency and providing all information sought by SEBI. The manager is also required to establish and implement written policies and procedures to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business. Further, AIFs, key management personnel of the AIF, trustee, trustee company, directors of the trustee company, designated partners or directors of the AIF, as the case may be, managers and key management personnel of managers are required to abide by the code of conduct specified under the Fourth Schedule to the SEBI AIF Regulations.

Under the SEBI AIF Regulations, a 'manager' is a person or an entity who has been appointed by the AIF to manage its investments. The manager of the AIF can also be the sponsor of the AIF. For Category I and II AIFs, the manager or the sponsor of the AIF is required to maintain a continuing interest in the AIF of not less than 2.5% of the corpus or ₹ 50 million, whichever is lower, in the form of investment in the AIF. For Category III AIFs, the manager or the sponsor of the AIF is required to maintain a continuing interest in the AIF of not less than 5% of the corpus or ₹ 100 million, whichever is lower. If the corpus of an AIF is more than ₹5 billion, the manager, sponsor or AIF is required to appoint a custodian registered with SEBI for safekeeping of securities. However, irrespective of the size of the corpus of the AIF, the sponsor or manager of category III AIF shall appoint a custodian. Funds of Category I AIFs are allowed to invest in units of Category I AIFs of the same sub-category. Funds of Category II AIFs are allowed to invest in units of Category I or Category II AIFs as may be disclosed in the placement memorandum, and funds of Category III AIFs are allowed to invest in units of other AIFs. Further, AIFs which are authorized under the fund documents to invest in units of AIFs are prohibited from offering their units for subscription to other AIFs.

***Master Circular for Alternative Investment Funds dated May 7, 2024 ("Master Circular for AIFs")***

The Master Circular for AIFs prescribes, *inter alia*, the format of private placement memorandum, operational and prudential norms for Category III AIFs, guidelines for overseas investments by AIF and related reporting requirements, obligations of manager, sponsors, and trustee of AIFs, reporting requirements for AIFs and the framework for accredited investors.

***Securities and Exchange Board of India circular dated November 14, 2022 (Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154) on Registration and Regulatory Framework for Online Bond Platform Providers ("SEBI Bond Platform Circular")***

The SEBI Bond Platform Circular sets out a framework for entities currently operating or that intend to operate as an online bond platform provider ("**OBPPs**"). Such entities are required to be a company incorporated in India and registered as a stock broker, with the SEBI, in the debt segment of the stock exchanges. The SEBI Bond Platform Circular also sets out the roles and obligations of OBPPs, requirements in relation to the technology infrastructure of OBPPs, minimum disclosures, investor grievance redressal mechanism and risk management framework for OBPPs.

The SEBI Bond Platform Circular also requires OBPPs to have an objective, fair and transparent criteria for registration of users or investors, undertake due diligence of such users and investors as part of the registration process, ensure data governance by making information such as the price, yield, face value, quantity, coupon, date of maturity, put/call option, copies of the prospectus, offer documents or any other related literature available to its investors in a fair and non-discriminatory manner.

***Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, as amended ("SEBI Stock Brokers Regulations")***

The SEBI Stock Brokers Regulations provide that no person shall act as stock broker unless such person holds a certificate of registration granted by the SEBI. The SEBI Stock Brokers Regulations also set out, *inter alia*, the eligibility criteria, the conditions for grant of a certificate of registration and general obligations and responsibilities of a stock broker. These obligations include maintenance of proper books of accounts and records, and appointment of a compliance officer.

The conditions of registration as stock broker include, membership of a stock exchange, compliance with the rules, regulations and bye-laws of the stock exchanges, redressal of investor grievances within the time period set out under the SEBI Stock Brokers Regulations and minimum net worth requirements. Stock brokers are required to adhere to a code of conduct set out under the SEBI Stock Brokers Regulations.

***Securities and Exchange Board of India (Intermediaries) Regulations, 2008, as amended ("SEBI Intermediaries Regulations")***

The SEBI Intermediaries Regulations specify, *inter alia*, the procedure for the grant/ refusal of the certificate of registration to intermediaries by the SEBI. Further, they set out certain general obligation of intermediaries, including: (i) disclosure requirements; (ii) redressal of investor grievances; and (iii) requirement to appointment of a compliance officer. The intermediary, its directors, officers and key management personnel are required to abide by the code of conduct prescribed under the SEBI Intermediaries Regulations.

The SEBI Intermediaries Regulations also provide the SEBI the right to inspect books, accounts and records of an intermediary. Further, the SEBI Intermediaries Regulations permit the SEBI to cancel or suspend an intermediary's registration or take other action if an intermediary fails to comply with any conditions subject to which a certificate of registration has been granted to such intermediary or contravenes provisions of securities laws or directions, instructions or circulars issued thereunder.

***Securities and Exchange Board of India circular dated December 15, 2011 (Circular No. CIR/MIRSD/24/2011) on Guidelines on Outsourcing of Activities by Intermediaries ("SEBI Outsourcing Guidelines")***

The SEBI Outsourcing Guidelines specify principles that are to be adhered to by an intermediary that seeks to outsource its activities including: (i) adopting a comprehensive policy to guide the assessment of whether and how certain activities can be appropriately outsourced; (ii) implementing a comprehensive outsourcing risk management program to address the outsourced activities and the relationship with the third party; (iii) ensuring that outsourcing arrangements neither diminish its ability to fulfill its obligations to customers and regulators, nor impede effective supervision by the regulators; (iv) conducting appropriate due diligence in selecting the third party and monitoring of its performance; (v) ensuring outsourcing relationships are governed by written contracts / agreements / terms and conditions that clearly describe all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of the parties to the contract, client confidentiality issues and termination procedures; (vi) establishing and maintaining contingency plans, including a plan for disaster recovery and periodic testing of backup facilities; and (vii) taking appropriate steps to require that third parties protect confidential information of both the intermediary and its customers from intentional or inadvertent disclosure to unauthorized persons.

The SEBI Outsourcing Guidelines prohibit the outsourcing of the intermediary's core business activities and compliance functions. In this regard, the SEBI Outsourcing Guidelines provides an illustrative list of core business activities.

***Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended ("SEBI Portfolio Manager Regulations")***

The SEBI Portfolio Manager Regulations govern the functioning of portfolio managers. Under the regulations, a 'portfolio manager' is defined as "*a body corporate which pursuant to a contract with a client, advises or directs* *or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise), the management or administration of a portfolio of securities or goods or the funds of the client, as the case may be*."

Any applicant proposing to act as portfolio manager is required to be registered with SEBI. Prior to grant of a certificate of registration, the SEBI will, *inter alia*, consider whether the applicant has the necessary infrastructure, qualifications of the principal officer and the compliance officer of the applicant, disciplinary action taken by the SEBI against a person directly or indirectly connected with the applicant and whether the applicant is fit and proper in terms of the criteria specified under Schedule II of Securities and Exchange Board of India (Intermediaries) Regulations, 2008. Additionally, any applicant proposing to act as a portfolio manager is required to have a net worth of not less than ₹50 million.

Portfolio managers are required to enter into an agreement containing certain details prescribed under Schedule IV of the SEBI Portfolio Manager Regulations before taking up any assignment for the management of funds or a portfolio of securities on behalf of clients. Prior to entering into such an agreement, portfolio managers are required provide a disclosure document to their clients, as specified in the SEBI Portfolio Manager Regulations.

As a condition of registration, portfolio managers are required to seek the prior approval of the SEBI in case of any change in control.

The Master Circular for Portfolio Managers dated June 7, 2024, sets out certain guidelines in relation to, *inter alia*, (i) fees and charges which can be levied by portfolio managers; (ii) direct on-boarding of clients; (iii) periodic reporting and reporting of performance by portfolio managers; and (iv) supervision of distributors.

***Cybersecurity and Cyber Resilience Framework for SEBI Regulated Entities dated August 20, 2024 ("CSCRF Circular")***

The CSCRF Circular prescribes standards and guidelines for strengthening cyber resilience and maintaining robust cybersecurity of SEBI regulated entities. The CSCRF Circular follows a graded approach and classifies the regulated entities in five categories based on their span of operations and certain thresholds like number of clients, trade volume, asset under management, etc. The CRCRF Circular, *inter alia*, sets out guidelines for implementation of the relevant standard, sets out the formats for submission of CSCRF compliance reports and requires certain regulated entities to undertake periodic cyber audits.

**5. Other Regulations**

In addition to the above, our Company is required to comply with the provisions of the Companies Act, labor laws, various tax related legislations and other applicable statutes for its day-to-day operations.

# HISTORY AND CERTAIN CORPORATE MATTERS

## Brief History of Our Company

Our Company was incorporated on March 9, 1989 at Madras, India as 'Highland Leasing & Finance Private Limited', a private limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the RoC. After the acquisition of our Company by the IFMR Trust in 2008, the name of our Company was changed to 'IFMR Capital Finance Private Limited' and a fresh certificate of incorporation dated June 19, 2009 was issued by the RoC. Our Company was converted into a public limited company under the Companies Act, 2013, and consequently, the name of our Company was changed to 'IFMR Capital Finance Limited' and a fresh certificate of incorporation dated December 12, 2017 was issued by the RoC. Subsequently, pursuant to a rebranding exercise, the name of our Company was changed to 'Northern Arc Capital Limited' and a fresh certificate of incorporation dated February 20, 2018 was issued by the RoC.

For details on our Company's registration with the RBI as an NBFC (not accepting public deposits), see "*Government and Other Approvals*" beginning on page 522.

Our Company has 41 Equity Shareholders as of the date of filing of this Red Herring Prospectus. See "*Capital Structure*" beginning on page 118.

## Changes in Registered Office

The Registered and Corporate Office of our Company is currently situated at No. 1, Kanagam Village, 10th Floor, IITM Research Park, Taramani, Chennai 600 013, Tamil Nadu, India.

There has been no change in the registered office of our Company since its incorporation other than as disclosed below.

| Date of change of registered office | Address of registered office | Reasons for change |
|---|---|---|
| March 1, 2010 | Changed from No.1, Cenatoph Road, Teynampet, Chennai 600 018, Tamil Nadu, India to No. 1, Kanagam Village, 10th Floor, IITM Research Park, Taramani, Chennai 600 113, Tamil Nadu, India | Administrative efficiency |

## Main Objects of Our Company

The main objects of our Company contained in its Memorandum of Association are as disclosed below.

1. "*To provide efficient and reliable access to debt finance for institutions that impact low-income households.*"

2. *To devise various schemes for raising funds and mobilize funds for institutions that impact low-income households in any manner including but not limited to issue of debentures, debentures stock, bonds, Pass Through Certificates or other securities and to offer or otherwise issue or deal in such instruments of any nature and tenor to Qualified Institutional Buyers or any other persons, natural or juristic (as may be permitted under the various applicable laws), either by itself or through trusts and/or other special purpose vehicles.*

3. *To administer, claim, collect, demand, direct, manage, monitor, conduct surveillance visits, recover, retrieve, repossess, realize, restructure, reconstruct or service financial assets, property, security assets, or appoint agent or manager for such purposes, enforcement of security interest, settlement of dues and/or taking possession of secured assets and provide investor reports.*

4. *To carry on and undertake the business of finance, investment, loan company to provide financial and other guarantees and to invest in acquire, subscribe, purchase, hold, sell, divest or otherwise deal in securities, Pass Through Certificates, shares, stocks, equity linked securities, debentures, debenture stock, bonds, commercial papers, acknowledgements, deposits notes, obligations, futures, calls, derivatives, currencies and securities of any kind whatsoever, whether issued or guaranteed by any person, company, firm, body, trust, entity, government, state, dominion sovereign, ruler, commissioner, public body or authority, supreme, municipal, local or otherwise, whether in India or abroad.*

5. *To carry on and undertake the business of financial services like financial restructuring/reorganization, investment counselling, portfolio management and all activities and facilities of every description including all those capable of being provided by bankers, stockbrokers, merchant-bankers, investment*

*bankers, portfolio managers, trustees, agents, advisors, consultants, providing other financial or related services as permitted by law*

6. *To obtain corporate agency license and represent insurance companies and sell their policies and to engage in a particular business of corporate insurance agency and sell insurance policies and transact in India or elsewhere in any manner whatsoever, the business to establish, organize, manage, distribute, promote, encourage, provide, solicit, service, conduct, sponsor, subsidize, operate, develop and commercialize all or any kinds of insurance including but not limited to indemnity or guarantee business of all kinds and insurances of all kinds covering any liability under any law or convention or agreement and to act as agent, representative, surveyor, sub insurance agent, franchiser, consultant, adviser, collaborator, or otherwise to deal in all incidental and allied activities related to insurance business."*

The objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

**Amendments to the Memorandum of Association**

The amendments to the Memorandum of Association of our Company in the 10 years immediately preceding the date of this Red Herring Prospectus are as detailed below.

| Date of Shareholders' Resolution | Nature of Amendment |
|---|---|
| January 18, 2024 | Clause V of the Memorandum of Association was amended to reflect to reclassification of the authorized share capital ₹2,770 million divided into 137 million Equity Shares of ₹10 each, 60.1 million CCPS of ₹20 each and 19.8 million redeemable preference shares of ₹10 each to ₹2,770 million divided into 160 million Equity Shares of ₹10 each and 58.5 million CCPS of ₹20 each |
| June 30, 2023 | Alteration of the objects clause of the Memorandum of Association to include the following:<br><br>"*6. To obtain corporate agency license and represent insurance companies and sell their policies and to engage in a particular business of corporate insurance agency and sell insurance policies and transact in India or elsewhere in any manner whatsoever, the business to establish, organize, manage, distribute, promote, encourage, provide, solicit, service, conduct, sponsor, subsidize, operate, develop and commercialize all or any kinds of insurance including but not limited to indemnity or guarantee business of all kinds and insurances of all kinds covering any liability under any law or convention or agreement and to act as agent, representative, surveyor, sub insurance agent, franchiser, consultant, adviser, collaborator, or otherwise to deal in all incidental and allied activities related to insurance business.*" |
| October 8, 2021 | Clause V of the Memorandum of Association was amended to reflect an increase in the authorized share capital from ₹2,650 million divided into 125 million Equity Shares of ₹10 each, 60.1 million CCPS of ₹20 each and 19.8 million redeemable preference shares of ₹10 each to ₹2,770 million divided into 137 million Equity Shares of ₹10 each, 60.1 million CCPS of ₹20 each and 19.8 million redeemable preference shares of ₹10 each |
| September 27, 2019 | Alteration of the objects clause of the Memorandum of Association to replace Clause B titled "Objects incidental or ancillary to the attainment of main objects" with a clause titled "Matters which are necessary for furtherance of the main objects" and deletion of Clause C titled "Other objects of the company not included in (A) and (B)" |
| March 21, 2019 | Clause V of the Memorandum of Association was amended to reflect to reclassification of the authorized share capital from ₹2,650 million divided into 165 million Equity Shares of ₹10 each, 17.5 million CCPS of ₹20 each and 65 million CCNRPS of ₹10 each to ₹2,650 million of 125 million Equity Shares of ₹10 each, 60.1 million CCPS of ₹20 each and 19.8 million redeemable preference shares of ₹10 each |
| September 24, 2018 | Clause V of the Memorandum of Association was amended to amended to reflect an increase in the authorized share capital from ₹2,200 million divided into 165 million Equity Shares of ₹10 each, 17.5 million CCPS of ₹20 each and 20 million CCNRPS of ₹10 each. to ₹2,650 million divided into 165 million Equity Shares of ₹10 each, 17.5 million CCPS of ₹20 each and 65 million CCNRPS of ₹10 each |
| February 9, 2018 | Change of name from IFMR Capital Finance Limited to Northern Arc Capital Limited |
| December 6, 2017 | Conversion to public limited company. |
| October 7, 2016 | Clause V of the MoA was amended to reflect a reclassification of the authorized share capital from ₹2,200 million divided into 200 million Equity Shares of ₹10 each and 20 million CCNRPS of ₹10 each to ₹2,200 million divided into 165 million Equity Shares of ₹10 each, 17.5 million CCPS of ₹20 each and 20 million CCNRPS of ₹10 each. |
| July 27, 2016 | Clause V of the Memorandum of Association was amended to reflect an increase in the authorized share capital from ₹1,200 million divided into 100 million Equity Shares of ₹10 each and 20 million redeemable preference shares of ₹10 each. to ₹2,200 million divided into 200 million Equity Shares of ₹10 each and 20 million redeemable preference shares of ₹10 each |
| December 21, 2015 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorized share capital from ₹1,000 million divided into 100 million Equity Shares of ₹10 each to ₹1,200 million divided into 100 million Equity Shares of ₹10 each and 20 million redeemable preference shares of ₹10 each |

### Major Events

The table below sets forth some of the major events in the history of our Company:

| Calendar Year | Event |
|---|---|
| 2008 | • Acquisition of 100% shareholding in our Company by IFMR Trust |
| 2009 | • Commenced our operations as a platform catering to diverse credit requirements<br>• Entered the microfinance sector<br>• Undertook the country's first microfinance securitization transaction to enable funding to a microfinance institution. |
| 2010 | • Arranged and structured India's first pooled multi-originator securitisation transaction (MOSEC[R]) which enabled funding to four Originator Partners operating in the microfinance sector.<br>• Completed our first placement of a microfinance securitisation with private individual investor |
| 2011 | • Entered the MSME finance sector<br>• Approved as a partner- financial institution by the Asian Development Bank to enable partial-guarantee backed lending to Indian MFIs. Through the partnership, total loans of ₹8.93 billion under this program have been facilitated to ADB-approved MFIs |
| 2013 | • Entered the vehicle finance and affordable housing finance sectors<br>• Completed India's first listed securitisation of microfinance loans, which enabled funding to eight Originator Partners operating in the microfinance sector. |
| 2014 | • Credit Rating of commercial paper programme upgraded to A1+ and credit rating of long term bank facilities, non-convertible debentures, and subordinated debt upgraded to A+<br>• Raised equity from LeapFrog Financial Inclusion India Holdings Ltd, which was a subsidiary of LeapFrog II Holdings, Ltd. and a step down subsidiary of LeapFrog Financial Inclusion Fund II, LP and LeapFrog Financial Inclusion Fund II-B, LP, which are funds focused on financial inclusion in emerging markets<br>• Structured and arranged our first pooled bond issuance, which enabled funding to 10 Originator Partners operating in the microfinance sector and one Originator Partner operating in education finance sector.<br>• Obtained SEBI registration for NAIM's first alternative investment fund, a Category I – Social Venture Fund. Subsequently, we launched a long-term microfinance debt fund as a scheme of the fund. |
| 2015 | • Arranged our first ECB transaction for an Originator Partner in the microfinance sector |
| 2016 | • Entered the agricultural supply chain finance sector<br>• Obtained a trademark registration for "MOSEC[R]"<br>• Raised equity from Standard Chartered Bank (entire shareholding of Standard Chartered Bank was transferred to Augusta in December, 2019) and Eight Roads<br>• Expanded our platform with commencement of retail business<br>• Expanded our platform with commencement of business with mid-market companies |
| 2017 | • Structured and arranged the country's first pooled loan issuance product which enabled funding to eight Originator Partners operating across microfinance, vehicle finance and MSME finance sectors<br>• Structured and arranged the country's first single issuer partial credit enhanced (SPiCE) bond which enabled funding to an Originator Partner operating in the vehicle finance sector<br>• Structured the country's first collateralised loan obligation transaction which enabled us to securitise receivables from a select pool of term loans advanced by us to four Originator Partners operating in the microfinance and MSME finance sectors.<br>• Accorded 'Impact Business Models Rating - Platinum' rating by GIIRS Ratings for our socially and environmentally focussed products on a scale of bronze to platinum where platinum is the highest possible rating. |
| 2018 | • Name changed to Northern Arc Capital Limited<br>• Undertook our first persistent securitization transaction which was also India's first vehicle loan backed securitisation transaction with replenishing structure. This transaction enabled funding to an Originator Partner operating in the vehicle finance sector.<br>• Accorded 'Impact Business Models Rating - Platinum' rating by GIIRS Ratings for our socially and environmentally focussed products for a second time |
| 2019 | • Underwent reorganization pursuant to the Scheme and became a company without any identifiable promoters<br>• Entered the consumer finance sector<br>• Facilitated the first successful exit for investors of an AIF managed by NAIM.<br>• Structured and arranged the country's first issuance of dual-recourse debentures which enabled funding to an Originator Partner operating in the vehicle finance sector.<br>• Completed equity raise from IIFL Funds and strategic investment by SMBC, a global systemically important bank<br>• NAIM's was accorded 'Impact Business Models Rating – Platinum' rating by GIIRS Ratings for its socially and environmentally focussed products |
| 2020 | • Commenced disbursement of microfinance loans under our retail business through Nimbus<br>• Completed disbursement of 100,000 retail loans in the financial year ended March 31, 2020<br>• Arranged and structured India's first securitisation transaction involving trade receivables which enabled funding to 10 vendors<br>• Shortlisted by NABARD to act as co-guarantor under the "Structured Finance and Partial Credit Guarantee Program to NBFC-MFIs"<br>• Case study on the Company included in the report on 'Social Stock Exchanges' published by a working group constituted by SEBI<br>• Company's role in funding MFIs during the 2019 liquidity crunch mentioned in RBI bulletin<br>• Publication of an article by our former managing director and chief executive officer in relation to microfinance recovery analysis on the blog of World Bank |

| Calendar Year | Event |
|---|---|
| 2021 | • Completed disbursement of retail loans of an aggregate amount of ₹10 billion through Nimbus in the financial year ended March 31, 2021<br>• Obtained debt funding from USDFC and Asian Development Bank<br>• Entered into a project services agreement with a global development institution for collaboration on gender advisory programme<br>• Incorporation of Pragati with the aim of offering small ticket loans to underserved rural and semi-urban areas of the country<br>• Launched AltiFi, a retail investment platform that democratizes debt securities for investment opportunities to retail individuals and corporates<br>• Registration of NAIM with the SEBI as a portfolio manager<br>• Executed the first offshore pool bond issuance with an international DFI under their COVID-19 response program (*Source: CRISIL Report*) |
| 2022 | • Acquisition of identified assets and liabilities of S.M.I.L.E. Microfinance Limited, along with its loan portfolio of ₹3,180.00 million and 144 branches<br>• Registration of Northern Arc Emerging Corporates Bond Trust<br>• Launch of supply chain financing, education loan and MSME loan against property business<br>• Partnership with a public sector bank in relation to access to our Company's nPOS platform<br>• Appointment of Ashish Mehrotra as the Managing Director and Chief Executive Officer |
| 2023 | • Achieved ₹100,000 million assets under management<br>• Launch of NuScore<br>• ICRA Rating upgrade to AA-(Stable) for non-convertible debentures, market linked debentures, long-term fund based limits, long-term loans, long term-non fund based credit exposure limits and subordinated debt<br>• Launched subscription to public issuances of bonds on Altifi<br>• Expanded our direct presence to 10 of 28 states with approximately 250 branches across India<br>• Collaboration with a private sector bank for nPOS platform utilization<br>• Raised over ₹1.50 trillion in funding for our clients through our platform |
| 2024 | • Completed equity raise from IFC, RJ Corp Limited and Varun Jaipuria<br>• Impacted over 100 million lives<br>• Received certificate of registration from the IRDAI to act as a corporate agent (composite)<br>• Expanded our direct presence to 13 of 28 states with approximately 300 branches across India<br>• Obtained debt funding of USD 75 million from an entrepreneurial development bank<br>• Registration of 'Northern Arc Finserv Fund' and 'Northern Arc Fintech NBFC Fund I' with the SEBI |

**Key awards, accreditations, certifications and recognitions received by our Company and Subsidiaries**

The table below sets forth certain key awards, accreditations, certifications and recognitions received by our Company:

| Calendar Year | Event |
|---|---|
| 2018 | • Best Arranger of the Year at the Indian Securitisation Awards, 2018 |
| 2019 | • Most Innovative Deal of the Year for our Persistent Securitization (PerSec) product at the Indian Securitisation Awards, 2019<br>• Best Arranger of the Year at the Indian Securitisation Awards, 2019 |
| 2020 | • Best Digital NBFC of the Year at the ETBFSI Excellence Awards 2020<br>• Certification as a great workplace by the Great Place to Work Institute, India under the category of small and mid-sized organizations |
| 2021 | • Excellence in Digital Execution for Process Innovation award at the MINT \| TechCircle Business Transformation Awards 2021 |
| 2022 | • Award under the category 'Competitive Edge for Process Innovation' at the MINT \| TechCircle Business Transformation Awards 2022 |
| 2023 | • Best BFSI Brands-2023 award by The Economic Times<br>• Jury's Choice Award under the category 'Outstanding Name in Digital Transformation' at the Elets 2nd NBFC 100 Leader of Excellence Awards<br>• Most Innovative Deal of the Year 2023 at the Indian Securitisation Awards, 2023 by the Indian Securitisation Foundation<br>• Certification as a great workplace by the Great Place to Work Institute, India under the category of mid-sized organizations from January, 2023 to January 2024<br>• Winner under the category 'Best Product / Service Innovation (NBFC/HFC/MFI)' for the initiative 'Altifi-Wealth Management Platform' at the ETBFSI Excellence Awards<br>• Runner-up under the class of mid-layer NBFCs and category of 'best product / service innovation' at the Associated Chambers of Commerce and Industry of India's (ASSOCHAM) 18th Annual Summit and Awards for – Banking & Financial Sector Lending<br>• Award of appreciation under the category 'Entity using technology to enhance bond market' at the ASSOCHAM's 6th National Summit and Awards – Corporate Bond Market |
| 2024 | • Awarded the 'Best Lending Fintech Platform of the Year', 'Preferred NBFC of the Year' and our platform, Altifi was awarded the 'Best Wealth Tech Platform of the Year' at the 4th edition of the Smart CX Summit & Awards, 2024<br>• Awarded the 'Best Brands 2024' at the ET Now BSFI Best Brands<br>• Awarded the - Preferred Wealth Tech Provider / Platform award at the Fintech Festival India 2024 |

The table below sets forth certain key awards, accreditations, certifications and recognitions received by one of our Subsidiaries, NAIM:

| Calendar Year | Event |
|---|---|
| 2014 | • Awarded Most Innovative Product by Asia Asset Management, Best of Best Award, 2014. This award was awarded to our Subsidiary under its prior name, IFMR Investment Managers Private Limited. |
| 2018 | • Awarded Asian Fund Launch of the Year by Asia Asset Management, Best of Best Award, 2018 |
| 2019 | • Excellence in Finance – Companies Award at the FiNext Awards and Conference, Singapore, 2019<br>• Best Investment Management NBFC of the Year at the India NBFC Summit & Awards, 2019 |
| 2020 | • Included in ImpactAssets50 - a global showcase of 50 experienced private debt and equity impact investment fund managers |
| 2021 | • ImpactAssets 50: Featured in the IA50 Fund Managers list |
| 2022 | • Featured as one of the "Most Consistent Top Performing Private Debt Fund Managers" by Preqin in the 2022 Preqin Global Alternatives Reports<br>• ImpactAssets 50: Featured in the IA50 Fund Managers list<br>• Best Investment Management NBFC of the Year award at the India NBFC Summit and Awards-2022 |
| 2023 | • Featured as one of the "Most Consistent Top Performing Private Debt Fund Managers" by Preqin in the Preqin League Tables: Private Debt<br>• ImpactAssets 50: Featured in the IA50 Fund Managers list<br>• Recognized as the "Best House for Alternatives" in the 2023 Best of the Best Awards by Asia Asset Management, The Journal of Investments & Pensions<br>• Social Impact – Outstanding Achievement of the Year at IVCA Conclave 2023 issued by the Indian Venture and Alternate Capital Association |
| 2024 | • Awarded the 'Best Investment Management Company' at the 4th Edition of the Smart CX Summit & Awards 2024<br>• One of the winners of the Ethical Finance Awards at Wealth & Finance International |

**Other Details Regarding Our Company**

*Significant Financial and Strategic Partners*

Our Company does not have any significant financial and strategic partners as of the date of this Red Herring Prospectus.

*Defaults or Rescheduling / Restructuring of Borrowings from Financial Institutions/Banks*

No payment defaults or rescheduling have occurred in relation to any borrowings availed by our Company from any financial institutions or banks, nor have any such borrowings or loans been converted into Equity Shares.

In response to the COVID-19 pandemic, the RBI had permitted banks and lending institutions to offer moratoriums to their customers to defer their payment obligations under eligible financing frameworks and arrangements. In accordance with such moratorium framework permitted by the RBI, our Company had availed the moratorium facility offered by some of our lenders with respect to our payment obligations under certain of our then outstanding financing arrangements.

In the past, our Company has not been in compliance with certain covenants in certain financing documents. For details see "*Risk Factors–We are subject to certain conditions and restrictions in terms of our financing arrangements and we have not been in compliance with certain of these covenants in the past. An inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and results of operations.*" on page 44.

*Time and Cost Overruns*

Our Company has not implemented any projects since its incorporation and has, accordingly, not experienced any time or cost overrun in relation thereto.

*Accumulated Profits or Losses*

There are no accumulated profits or losses of any of our Subsidiaries that are not accounted for by our Company in the Restated Consolidated Summary Statements.

*Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants*

For the details of key products or services launched by our Company, entry into new geographies or exit from existing markets, capacity/facility creation and location of our branches, to the extent applicable, see "*Our Business*" beginning on page 264.

**Our Subsidiaries**

As of the date of this Red Herring Prospectus, our Company has the following five Subsidiaries in accordance with the Companies Act and SEBI ICDR Regulations:

1. Northern Arc Investment Managers Private Limited
2. Northern Arc Investment Adviser Services Private Limited
3. Pragati Finserv Private Limited
4. Northern Arc Foundation
5. Northern Arc Securities Private Limited

***Northern Arc Investment Managers Private Limited ("NAIM")***

NAIM was incorporated as IFMR Investment Managers Private Limited on February 17, 2014 as a private limited company under the Companies Act, 1956. Subsequently, its name was changed to Northern Arc Investment Managers Private Limited, pursuant to a fresh certificate of incorporation dated February 20, 2018 being issued upon change of name. Its CIN is U74120TN2014PTC095064 and its registered office is located at IITM Research Park, Phase I, 10th Floor, No.1, Kanagam Village (Behind Tidel Park), Taramani, Chennai 600 113, Tamil Nadu, India.

NAIM manages alternative investment funds, which are privately pooled investment vehicles registered with SEBI. Further, it also provides portfolio management services and is registered with the SEBI as a portfolio manager (Registration No. INP200007265).

*Capital Structure*

The authorized share capital of NAIM is ₹300 million divided into 1,500,000 equity shares of ₹100 each and 1,500,000 redeemable preference shares of ₹100 each.

*Shareholding*

Our Company, together with its nominees, holds 361,000 equity shares of face value of ₹100 each of NAIM aggregating to 100% of the equity share capital of NAIM.

*Financial Information*

The financial information derived from the standalone financial information of NAIM for the Fiscals 2024, 2023 and 2022 is set out below:

| Particulars | As at and for the Financial Year ended March 31 | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ million, except per share data) | | |
| Equity share capital(1) | 36.10 | 36.10 | 36.10 |
| Net worth(2) | 538.63 | 465.86 | 375.68 |
| Total revenue from operations(3) | 454.64 | 391.34 | 308.89 |
| Profit for the year (4) | 71.80 | 91.28 | 89.08 |
| Earnings per equity share of ₹100 each – Basic (in rupees)(5) | 198.89 | 252.86 | 246.76 |
| Earnings per equity share of ₹100 each – Diluted (in rupees)(5) | 198.89 | 252.86 | 246.76 |
| Net asset value per equity share(6) | 1,492.05 | 1,290.48 | 1,040.66 |
| Total Borrowings(7) | 1,009.83 | 16.94 | 138.99 |

*(1) Equity share capital for the relevant Fiscal Year.*
*(2) Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
*(3) Total revenue from operations for the relevant Fiscal Year*
*(4) Profit for the relevant Fiscal Year*
*(5) Earnings per equity share of ₹100 each – Basic earnings per equity share of ₹100 each – Diluted are calculated in accordance with Ind AS 33 (Earnings per share) prescribed under the Companies (Indian Accounting Standard) Rules, 2015*
*(6) Net asset value per equity share is calculated as net worth as of the end of relevant year divided by the aggregate of total number of equity shares and instruments entirely equity in nature outstanding at the end of such year.*

(7) *Total borrowings represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) as of the last day of the relevant Fiscal.*

***Northern Arc Investment Adviser Services Private Limited ("NAIA")***

NAIA was incorporated as IFMR Advisory Services Private Limited on September 27, 2012 as a private limited company under the Companies Act, 1956. Its name was changed to IFMR Investment Adviser Services Private Limited, pursuant to a fresh certificate of incorporation received upon change of name dated June 20, 2013. Subsequently, its name was changed to Northern Arc Investment Adviser Services Private Limited, pursuant to a fresh certificate of incorporation consequent upon change of name dated February 20, 2018. Its CIN is U74900TN2012PTC087839 and its registered office is located at 10th Floor, Phase I, IITM Research Park, Kanagam Village (Behind Tidel Park), Taramani, Chennai 600 113, Tamil Nadu, India.

NAIA is authorized under its constitutional documents to engage in the business of: (a) acting as an advisor to issuers and investors; (b) acting as an investment consultant and advisor to corporate bodies; (c) acting as a sub-advisor to existing advisors and providing financial/investment advice to both Indian and foreign investors; (d) providing reports on monitoring and risk management of investments; and (e) providing consulting and advisory services with respect to financial products and services, including advice on distribution and marketing of financial, savings, loan, investments and insurance products. NAIA is also registered with the SEBI as an investment adviser (Registration No. INA200000019).

*Capital Structure*

The authorized share capital of NAIA is ₹75 million divided into 500,000 equity shares of ₹100 each and 250,000 redeemable preference shares of ₹100 each.

*Shareholding*

Our Company, together with its nominees, holds 125,000 equity shares of face value of ₹100 each of NAIA aggregating to 100% of the equity share capital of NAIA.

***Pragati Finserv Private Limited ("Pragati")***

Pragati was incorporated on February 25, 2021 as a private limited company under the Companies Act, 2013. Its CIN is U65990TG2021PTC148992 and its registered office is located at 4B MLA Colony Road No. 12, Banjara Hills, Hyderabad 500 034, Telangana, India.

Pragati is primarily engaged in the business of acting as a business correspondent (BC)/loan service provider (LSP) to banks(s), NBFCs and other regulated institutions, to provide to disadvantaged and low-income sections of society services ancillary to regulated financial services for their overall upliftment and to enhance their economic status.

*Capital Structure*

The authorized share capital of Pragati is ₹251 million divided into 25,100,000 equity shares of ₹10 each.

*Shareholding*

The current shareholding pattern of Pragati is set out below:

| S. No. | Shareholders | Number of equity shares of face value of ₹10 each | Shareholding (in %) |
|---|---|---|---|
| 1. | Northern Arc Capital Limited | 22,534,010 | 90.10 |
| 2. | Jagadish Babu Ramadugu | 2,475,990 | 9.90 |
| | **Total** | **25,010,000** | **100.00** |

***Northern Arc Foundation ("NAF")***

NAF is a company established under Section 8 of the Companies Act, 2013 and was incorporated on February 12, 2019. Its CIN is U80904TN2019NPL127426 and its registered office is located at No.1, Kanagam Village, 10th Floor, IITM Research Park, Taramani, Chennai 600 113, Tamil Nadu, India.

NAF is primarily engaged in the business of, *inter alia*, providing vocational training and skill training and development for members of marginalized communities, conducting workshops, seminars and symposiums, carrying out educational programs for social upliftment, and undertaking research to identify areas for improving standards of living.

*Capital Structure*

The authorized share capital of NAF is ₹0.1 million divided into 10,000 equity shares of ₹10 each.

*Shareholding*

Our Company, together with its nominee, holds 10,000 equity shares of face value of ₹10 each of NAF aggregating to 100% of the equity share capital of NAF.

***Northern Arc Securities Private Limited ("NAS")***

NAS was incorporated on February 23, 2023 as a private limited company under the Companies Act, 2013. Its CIN is U66120TN2023PTC158583 and its registered office is located at IIT-M Research Park, 10th Floor, No.1, Kanagam Village, Taramani, TTTI Taramani, Mambalam, Chennai 600 113, Tamil Nadu, India.

NAS is authorized under its memorandum of association to engage in the business *inter alia*, as stock-brokers, sub-brokers, dealers, agents, of operating platforms, websites and applications for the sale and purchase of securities, of dealing in shares, securities, commodities, currencies and their derivatives and to act as a member of a recognized stock exchange in India. NAS proposes to operate as an online bond platform provider.

NAS is registered with the SEBI as a stock broker (Registration No. INZ000318831) and has received the approval of the NSE pursuant to its letter dated July 18, 2024 to operate as an online bond platform provider.

*Capital Structure*

The authorized share capital of NAS is ₹100 million divided into 10,000,000 equity shares of ₹10 each.

*Shareholding*

Our Company, together with its nominee, holds 1,500,000 equity shares of face value of ₹10 each of NAS aggregating to 100% of the equity share capital of NAS.

**Associate Company**

***Finreach Solutions Private Limited ("Finreach")***

Finreach was incorporated on December 15, 2020 as a private limited company under the Companies Act, 2013. Its CIN is U74999TN2020PTC140106 and its registered office is located at A1, 10th Floor, IITM Research Park, Kanagam Village, Taramani, Chennai 600 113, Tamil Nadu, India.

Finreach is primarily engaged in the business of, *inter alia* business consultancy services, providing facilitation services to various entities including companies, body corporates, trusts, special purpose vehicles, banks, financial institutions (whether incorporated in India or not) which are engaged in offering credit enhancement, credit default protection and guarantees (fund and non-fund based) solutions to lenders of Micro, Small & Medium Enterprises and similar unserved or underserved entities.

*Capital Structure*

The authorized share capital of Finreach is ₹10 million divided into 400,000 equity shares of ₹1 each and 9,600,000 preference shares of ₹1 each.

*Shareholding*

Our Company holds 2,550 equity shares of face value of ₹1 each and 1,207,159 preference shares of face value of ₹1 each of Finreach aggregating to 24.55% of the share capital of Finreach. For further details, see "*Our Group Company – Details of our Group Company*" on page 351.

The current shareholding pattern of Finreach is set out below:

| S. No. | Shareholders | Number of equity shares | Equity shareholding (in %) | Number of compulsorily convertible preference shares | Compulsorily convertible preference shareholding (in %) | Shareholding on a fully diluted basis (in %) |
|---|---|---|---|---|---|---|
| 1. | Dvara Holdings | 100,000 | 94.38 | 100,000 | 2.07 | 4.06 |
| 2. | Suvalaxmi Chakraborty | - | - | 100,000 | 2.07 | 2.03 |
| 3. | Caspian SME Impact Fund IV | 1,200 | 1.13 | 1,081,717 | 22.43 | 21.98 |
| 4. | Omidyar Network Fund INC | - | - | 1,209,662 | 25.09 | 24.55 |
| 5. | Northern Arc Capital Limited | 2,550 | 2.41 | 1,207,159 | 25.04 | 24.55 |
| 6. | Michael & Susan Dell Foundation | 2,200 | 2.08 | 1,123,100 | 23.29 | 22.84 |
| | **Total** | **105,950** | **100** | **4,821,638** | **100** | **100** |

**Holding Company and Joint Ventures**

As of the date of this Red Herring Prospectus, our Company does not have any holding company or joint ventures.

**Confirmations**

There are no conflict of interests between the third party service providers of our Company (crucial for operations of the Company) and our Subsidiaries or their respective directors.

There are no conflict of interests between the lessors of immovable properties of our Company (crucial for operations of the Company) and our Subsidiaries or their respective directors.

**Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets**

Except as disclosed below, our Company has not acquired or divested any business or undertaking, and undertaken any merger, amalgamation or revaluation of assets in the 10 years immediately preceding the date of this Red Herring Prospectus.

***Scheme of arrangement with IFMR Holdings Private Limited and Dvara Investments Private Limited***

Pursuant to a scheme of arrangement (demerger) and amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, among our Company, IFMR Holdings Private Limited ("**IFMR Holdings**"), Dvara Investments Private Limited ("**Dvara Investments**") and their respective shareholders and creditors, the national pension scheme distribution business of IFMR Holdings was transferred to Dvara Investments (a transient company which was incorporated before the filing of the Scheme in order to effect the re-organization under the Scheme) by way of a demerger following which Dvara Investments was amalgamated with and into the Company. Our Company had obtained the approval of the RBI dated July 6, 2018 for undertaking the Scheme. Further, pursuant to the Scheme, 45,887,686 Equity Shares of face value ₹10 each held by IFMR Holdings Private Limited were cancelled and extinguished. For further details on allotment of Equity Shares pursuant to the Scheme. See "*Capital Structure – Share Capital History of our Company*" and "*Capital Structure – Issue of Equity Shares pursuant to schemes of arrangement*" beginning on pages 119 and 143.

The rationale of the Scheme was to: (i) facilitate focused growth, operational efficiencies, business synergies and increased operational and customer focus in relation to the businesses performed by our Company and IFMR Holdings; (ii) enable streamlining of businesses carried on, and enabling our Company and IFMR Holdings to enhance core activities; (iii) enable shareholders to have direct control of their investments and the business of our Company; (iv) enhance value for shareholders and allow a focussed strategy in operations. The Scheme resulted in our Company becoming a board-led, management-run company with no identifiable promoter.

The Scheme was sanctioned by the National Company Law Tribunal, Single Bench, Chennai through its order dated February 20, 2019 read with the corrigendum dated February 26, 2019. The effective date of the Scheme was March 7, 2019.

The valuation report for the Scheme issued by Jagadeesh Keerthy and Sarayu, Chartered Accountants ("**Valuation Report**") attributed an aggregate book value of ₹685.66 million to the national pension scheme distribution business of IFMR Holdings and the investments of IFMR Holdings in the Company. As consideration under the Scheme, among others, the shareholders of Dvara Investments were allotted Equity Shares of face value ₹10 each of the Company. Based on the Valuation Report, the equity shareholders of Dvara Investments received 0.67 Equity Shares of face value ₹10 each of the Company for every 1 equity share of face value ₹10 each of Dvara Investments and the preference shareholders received 0.67 Equity Shares of face value ₹10 each of the Company for every 1 compulsorily convertible preference share of face value ₹10 of Dvara Investments. Accordingly, pursuant to the Scheme, 16,685,402 Equity Shares of face value ₹10 each were allotted to Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*), corporate trustee of Dvara Trust; 14,430,553 Equity Shares of face value ₹10 each were allotted to Accion; and 14,771,731 Equity Shares of face value ₹10 each were allotted to LeapFrog.

***Acquisition of IFMR Investment Managers Private Limited***

Our Company, along with its nominee, acquired 1,000 equity shares of face value of ₹100 each, comprising 100% of the share capital, of IFMR Investment Managers Private Limited at ₹100 per share for a total consideration of ₹0.1 million on March 27, 2015.

***Acquisition of IFMR Investment Adviser Services Private Limited***

Our Company acquired 95,000 equity shares of face value of ₹100 each, comprising 100% of the share capital of IFMR Investment Adviser Services Private Limited from IFMR Holdings Private Limited and an individual shareholder for a total consideration of ₹9.78 million on March 25, 2015.

***Investment in Finreach Solutions Private Limited***

Our Company has entered into a share subscription agreement dated September 24, 2021 (along with amendment agreement to the share subscription agreement dated November 19, 2021, second amendment agreement to the share subscription agreement dated March 2, 2022 and third amendment to the share subscription agreement dated November 24, 2023) with Finreach Solutions Private Limited ("**Finreach**") and certain other persons pursuant to which our Company proposed to invest an aggregate amount of ₹156.39 million in multiple tranches to subscribe to equity shares and compulsorily convertible preference shares comprising an aggregate of 27.40% of the share capital of Finreach on a fully-diluted basis.

In connection with such investment, our Company has also entered into a framework agreement dated September 24, 2021 (read with the first amendment agreement dated March 2, 2022, the second amendment agreement dated November 24, 2023 and the letter agreement dated March 29, 2023, collectively, the "**Framework Agreement**"). The Framework Agreement sets out, *inter alia* (i) the terms and conditions governing the relationship among the shareholders of Finreach in relation to the management, operations and functioning of Finreach; and (ii) matters relating to the setting up and implementation of the credit guarantee business of Finreach including commitments by Finreach's investors (including the Company) to provide guarantees to other lenders and subsequently assign such guarantees to Finreach.

Pursuant to the second amendment agreement to the Framework Agreement dated November 24, 2023, the investment commitments by our Company in Finreach was agreed as set forth below:

| **Tranche 1 + Tranche 2** | **Tranche 3** | **Tranche 4** | **Further tranches** | **Total** |
|---|---|---|---|---|
| *(₹ million)* | | | | |
| ₹39,439,989 | ₹17,500,266 | ₹27,413,694 | ₹72,039,713 | ₹156,393,662 |

Accordingly, our Company has invested in Finreach as set forth below:

| **Tranche No** | **Number of shares** | **Amount of investment (*₹ million*)** | **Date of investment** |
|---|---|---|---|
| Tranche 1 | 2,550 equity shares of face value of ₹1 each | 169,983 | April 30, 2022 |
| | 515,100 compulsorily convertible preference shares of face value of ₹1 each | 34,336,566 | April 30, 2022 |
| Tranche 2 | 74,009 compulsorily convertible preference shares of face value of ₹1 each | 4,933,440 | April 30, 2022 |

| Tranche No | Number of shares | Amount of investment (₹ *million*) | Date of investment |
|---|---|---|---|
| Tranche 3 | 241,850 compulsorily convertible preference shares of face value of ₹1 each | 17,500,266 | April 11, 2023 |
| Tranche 4 | 376,200 compulsorily convertible preference shares of face value of ₹1 each | 27,413,694 | December 7, 2023 |

Pursuant to the terms of the Framework Agreement, the shareholders including our Company have been granted certain rights, including: (i) right to appoint directors and observers on the board of directors of Finreach and the committees thereof; (ii) right of first offer; (iii) right of first refusal; (iv) tag along rights; (v) drag along rights (vi) pre-emption rights; (vii) the right to exit pursuant to an initial public offering, a strategic sale or third party sale; (viii) liquidation preference rights; and (ix) information rights, in relation to Finreach.

The Framework Agreement may be terminated with respect to each party when such party ceases to hold any securities in Finreach or by mutual written consent of the parties.

***Acquisition of identified assets and liabilities of S.M.I.L.E. Microfinance Limited***

Our Company acquired from S.M.I.L.E. Microfinance Limited its business of offering loans under the joint liability group model, to women from low-income households, along with, *inter alia*, related undertakings, activities, operations, properties, related obligations and liabilities, assets, employees brand, domain name and copyright, information technology systems, business contracts, and insurance policies, as a going concern, on a slump sale basis, pursuant to a business transfer agreement dated February 21, 2022 for a total consideration of ₹1,116.29 million. The consideration for the transaction was determined by our Company based on the net asset value of S.M.I.L.E. Microfinance Limited as of September 2021.

Our Company and Directors were not related to the promoters or directors of S.M.I.L.E. Microfinance Limited.

**Common Pursuits**

Except as disclosed below, there are no common pursuits between our Company, our Subsidiaries, our Group Company and our Associate Company:

Our Company and one of our Subsidiaries, Pragati are engaged in similar and/or synergistic lines of business, as disclosed in "*Our Business*" on page 264.

**Business Interest in our Company**

Except as disclosed below, as on the date of this Red Herring Prospectus, our Subsidiaries and Associate Company do not have nor do they propose to have any business interest in our Company:

***Pragati***

Our Company has entered into an assistance and service agreement dated April 12, 2022 with Pragati pursuant to which our Company has appointed Pragati to perform certain services including collections, coordination with vendors and management of branch operations. The fee payable by our Company to Pragati under the agreement is 38.25% of the interest collected by Pragati and transferred to our Company in a given month (less any reimbursements claimed by Pragati in accordance with the terms of the Agreement).

Further, our Company has also entered into a servicer agreement dated April 30, 2022 with Pragati, pursuant to which Pragati provides certain services to our Company, including origination, documentation, disbursement, collection, recovery and marketing. The fee payable by our Company to Pragati under the agreement is the sum of: (i) 38.25% of the interest collected by Pragati and transferred to our Company in a given month; and (ii) 50% of the processing fee collected for such loan originated by Pragati, under this agreement.

*Finreach*

Our Company executed a services agreement dated March 29, 2021 ("**Finreach Services Agreement**") with Finreach to facilitate a credit guarantee programme proposed by Finreach ("**Pilot Project**"). In connection with the Pilot Project, our Company is required to, among others: (i) assist FinReach in developing the risk framework and credit policy to provide guarantee to the MSME lenders; (ii) reach out to prospective lenders and assist in onboarding four lenders partners; (iii) assist in conducting due-diligence on lenders and pool; and (iv) assist in negotiating documentation with lenders/ originators. Finreach is required to pay the Company a fee for the services provided as set out under the Finreach Services Agreement.

Further, our Company has executed a services agreement dated March 2, 2022 ("**Finreach Second Services Agreement**") with Finreach to avail certain guarantee management services, including facilitation and support services in connection with the issuance of guarantees. The Company is required to pay Finreach a fee for the services provided as set out under the Finreach Second Services Agreement.

**Shareholders' Agreements and Other Agreements**

Except as set out below, there are no other agreements, arrangements, deeds of assignment, acquisition agreements, shareholders' agreements, inter-se agreements, any agreements between the Company and the Shareholders, agreements of like nature and clauses/ covenants which are material to the Company and are required to be disclosed or non-disclosure of which may have bearing on the investment decision of the investors. Further, there are no other clauses/ covenants which are adverse or prejudicial to the interest of the public shareholders of the Company.

***Subscription agreement dated February 2, 2024 entered into between our Company and IFC as amended by the first amendment to the subscription agreement dated April 18, 2024 ("IFC SSA")***

Our Company executed the IFC SSA with IFC on February 2, 2024, pursuant to which IFC subscribed 8,491,048 CCPS. The IFC SSA specified the conditions of subscription and the conversion process of the CCPS, including conversion of the CCPS prior to filing of this red herring prospectus or such later date as may be permitted under applicable law at the relevant time. The IFC Private Placement was subject to fulfilment of certain conditions, including obtaining the requisite regulatory approval, which was received from the Competition Commission of India on April 2, 2024.

Pursuant to the first amendment to the subscription agreement dated April 18, 2024, the conversion price of the CCPS was revised such that each CCPS allotted to IFC were convertible into 'N' number of Equity Shares, where N = (₹391.00)/(₹338.25). Accordingly, 8,491,048 CCPS allotted to IFC were converted into 9,815,224 Equity Shares.

***Commitment letter dated January 31, 2024 issued by Augusta ("Affirma Commitment Letter") and binding commitment letter dated April 12, 2024***

Our Company received a commitment letter dated January 31, 2024, pursuant to which one or more members of the Affirma Group (as defined in the Affirma Commitment Letter) had proposed to subscribe up to 1,355,498 CCPS convertible into up to 1,656,250 Equity Shares. The investment was subject to certain conditions, including completion of the IFC Private Placement and receipt of relevant approvals. Any CCPS issued pursuant to the Affirma Commitment Letter were required to be on terms no better than the terms of the CCPS issued to IFC pursuant to the IFC Private Placement. This investment by the Affirma Group (as defined in the Affirma Commitment Letter) was proposed to occur contemporaneously with the completion of the IFC Private Placement.

Further to the Affirma Commitment Letter, our Company received a binding commitment letter dated April 12, 2024 pursuant to which our Company allotted 639,386 CCPS to Mr. Varun Jaipuria and 639,386 CCPS to RJ Corp Limited (together with Mr. Varun Jaipuria, "**Affirma Group Allottees**"). Under the binding commitment letter dated April 12, 2024, the CCPS allotted to the Affirma Group Allottees were convertible into 'N' number of Equity Shares, where N = (₹391.00)/(₹338.25). Further, in the event a Strategic Sale (as defined in the SHA) is proposed to be undertaken and the Offer has failed or is withdrawn, our Company and the Shareholders were required to mutually discuss and agree to the revised conversion price for the CCPS allotted to the Affirma Group Allottees. As on the date of this Red Herring Prospectus, 1,278,772 CCPS allotted to Mr. Varun Jaipuria and RJ Corp Limited, in aggregate, have been converted into 1,478,196 Equity Shares of face value ₹10 each (*i.e.*, 739,098 Equity Shares of face value ₹10 each were allotted to each of Mr. Varun Jaipuria and RJ Corp Limited).

The further issue of securities pursuant to the IFC Private Placement and the Affirma Commitment Letter read with the binding commitment letter dated April 12, 2024 was undertaken by the Company in addition to and separate from the Offer, in accordance with Regulation 56 of the SEBI ICDR Regulations. For further details, see "*Capital Structure–Notes to Capital Structure*" on page 119.

***Shareholders' Agreements***

***Amended and restated shareholders agreement dated February 2, 2024 entered into by and among our Company, Dvara Trust, Accion, LeapFrog, Eight Roads, the 360 ONE Funds, Augusta, SMBC and IFC (collectively referred to as "Parties to the SHA"), as amended by the first amendment agreement dated April 18, 2024 entered into by and among the Parties to the SHA ("SHA")***

Our Company has entered into the SHA which set out the terms and conditions governing the *inter-se* relationship among Dvara Trust, Accion, LeapFrog, Eight Roads, the 360 ONE Funds, Augusta, SMBC and IFC.

Under the SHA, the investors (comprising Dvara Trust, Accion, LeapFrog, Eight Roads, the 360 ONE Funds, SMBC and IFC) ("**Investors**") had been granted certain rights including certain customary rights to protect their economic interest in the Company as also set out in Part II of the articles of association which include (i) board and observer nomination rights, which are based on specified shareholding thresholds in the Company; (ii) quorum rights; (iii) reserved matter and super majority rights; (iv) pre-emptive and anti-dilution rights; (v) tag-along rights; (vi) specific lock-in obligations on certain Investors; (vii) access and information rights; and (viii) certain exit rights.

In addition, the SHA provides certain reserved matters of IFC and SMBC which require the prior written approval of IFC and SMBC, respectively.

Under the SHA, the CCPS held by Eight Roads, the 360 ONE Funds and Augusta, subject to the terms of the SHA, were convertible into Equity Shares in the ratio 1:1. The CCPS held by IFC, subject to the terms of the SHA, were convertible into 'N' number of Equity Shares, where N = (₹391.00)/(₹338.25). Further, in the event a Strategic Sale (as defined in the SHA) is proposed to be undertaken and the Offer has failed or is withdrawn, our Company and the Shareholders were required to mutually discuss and agree to the revised conversion price for the CCPS allotted to IFC. As on the date of this Red Herring Prospectus, all CCPS have been converted into Equity Shares and there are no outstanding CCPS. For further details, see "*Capital Structure–Notes to Capital Structure*" on page 119.

***Amendment and termination agreement dated February 2, 2024 entered into by and among the Parties to the SHA ("Amendment and Termination Agreement")***

Pursuant to the Amendment and Termination Agreement, the Parties to the SHA have consented to certain matters relating to the Offer and waived their respective special rights that may be triggered under the SHA, as a result of the Company undertaking the Offer. The Parties to the SHA have agreed that except as stated in the Amendment and Termination Agreement, the SHA shall stand terminated with effect from the date of listing of the Equity Shares on the Stock Exchanges pursuant to the Offer, subject to the survival of certain provisions such as definitions, confidentiality, notices and governing law and arbitration.

Upon consummation of the Offer, subject to applicable laws and the approval of the Shareholders in the first general meeting held after the date of listing of the Equity Shares pursuant to the Offer, the Parties to the SHA have agreed to take steps to amend our Company's Articles of Association such that the Shareholders shall have the following right:

(a) Subject to paragraphs (b) and (c) below, each Shareholder of our Company is permitted to nominate Director(s) to the Board in accordance with the threshold set out below:

| Shareholding* threshold for acquiring a Board Seat | Shareholding* threshold for losing an existing Board Seat |
|---|---|
| 12% or more - acquires 1 (one) board seat | less than 10% - board seat drops |

**Shareholding in the share capital of our Company, held together with a Shareholder's Affiliates, on a fully diluted basis excluding any unvested and vested employee stock options which have not been exercised.*

In the event that any Shareholder's shareholding falls below 10% of the share capital of the Company (on a fully diluted basis excluding any unvested and vested employee stock options which have not been exercised), such Shareholder's nominee Director(s) shall immediately resign from the Board. It is clarified that if a Shareholder ceases to hold 10% of the share capital of the Company (on a fully diluted basis excluding any unvested and vested employee stock options which have not been exercised), then such Shareholder may nominate a Director only after an increase in such Shareholder's shareholding to 12% or more in accordance with this paragraph (a).

Further, notwithstanding the above, IFC shall be entitled to nominate one Director so long as IFC is amongst the top three Shareholders with the highest shareholding in the Company on a fully diluted basis. If IFC is not amongst the top three Shareholders with the highest shareholding in the Company on a fully diluted basis excluding any unvested and vested employee stock options which have not been exercised, at any time, IFC shall not have the right to nominate a Director.

(b) The appointment of Directors to the Board shall be made in compliance with applicable law, including the Companies Act and applicable directions of the RBI. The appointment of Directors to the Board shall be subject to the approval of Shareholders at a general meeting as required under applicable law. It has been further clarified that the composition of the Board (including in particular, the number of independent directors) shall at all times comply with applicable law, including the SEBI Listing Regulations.

(c) Any Shareholder that seeks to exercise its rights under paragraph (a) shall provide a written notice to the Company, which notice shall also set out the shareholding in the Company of such Shareholder and its affiliate(s), if any, including the relationship between such Shareholder and such affiliate(s).

(d) Each Shareholder is required to promptly inform the Company of any change in the shareholding in the Company of the relevant Shareholder, if such change results in a change in the nomination right available to such Shareholder in terms of paragraph (a).

(e) The chairperson of the Board and of all committees of the Board shall be an Independent Director. However, if no independent director is able to attend a particular meeting, the members of the Board or the relevant committee, as the case may be, shall, subject to Applicable Law, choose one among them to act as the chairperson for that meeting. The chairperson shall not have a casting vote. Nothing in this paragraph (e) shall apply to any committee of the Board that does not include an Independent Director in its composition.

The Amendment and Termination Agreement, shall *ipso facto* terminate, without any further acts of the parties and without any liabilities or obligations whatsoever, (i) if the listing of the Equity Shares pursuant to the Offer is not completed on or before 12 months from, the date of receipt of final observations from the SEBI ("**SEBI Final Observations**"); or (ii) if the SEBI Final Observations are not received on or before 12 months from the date of execution of the Amendment and Termination Agreement; or (iii) such other date as mutually agreed between the Parties in writing.

See also "*Our Principal Shareholders*" and "*Risk Factors – Certain of our existing and future Shareholders together may be able to exert significant influence over our Company after completion of the Offer, which may limit your ability to influence the outcome of matters submitted for approval of our Shareholders*" on pages 350 and 88, respectively.

***IFC Policy Agreement***

Our Company and IFC have entered into a policy agreement dated February 2, 2024 ("**IFC Policy Agreement**"), pursuant to which IFC will have information rights in relation to, *inter alia*, financial statements of the Company, accounts, operations, correspondence from our Company's regulators and also sets out certain insurance, anti-corruption, environmental and social obligations of our Company. Further, the nominee director appointed by IFC, under the SHA, will be provided all information that is provided to other Directors and subject to applicable law, the Company and the nominee director are also required to provide such information to IFC. Our Company is also required to authorize its auditors to liaise directly with IFC, in case of any information requests from IFC. Our Company is also required to promptly notify IFC upon becoming aware of, amongst other things, litigation, investigation or proceedings that have or could have a material adverse effect (as defined in the IFC Policy Agreement). The IFC Policy Agreement shall continue in force until IFC no longer holds any Equity Shares in our Company.

After listing of Equity Shares on the Stock Exchanges, IFC may, by notice to the Company, elect to not receive the information under the IFC Policy Agreement. In this case, our Company shall provide IFC with copies of all information publicly disclosed and/or filed. Notwithstanding anything in the IFC Policy Agreement, the Company shall be required to make material information available to other shareholders of the Company as required under applicable law or as may be requested by such other shareholders from time to time.

***SMBC Policy Agreement***

Our Company and SMBC have entered into a policy agreement dated February 2, 2024 ("**SMBC Policy Agreement**"), pursuant to which SMBC will have information rights in relation to, *inter alia*, financial statements of the Company, accounts, operations, correspondence from the Company's regulators and also sets out insurance, environmental and social obligations of our Company. Our Company is also required to authorize its auditors to liaise directly with SMBC, in case of any information requests from SMBC. Our Company is also required to promptly notify SMBC upon becoming aware of among other things, litigation, investigation or proceedings that have or could have a material adverse effect (as defined in the SMBC Policy Agreement). The SMBC Policy Agreement shall continue in force including until the earlier of SMBC ceasing to hold any Equity Shares in our Company, termination of the IFC Policy Agreement or if SMBC's rights fall away in accordance with the requirements of SEBI.

Under the SMBC Policy Agreement, our Company shall provide SMBC with such information as SMBC from time-to-time may reasonably request with regard to our Company and our Subsidiaries. After listing of Equity Shares on the Stock Exchanges, SMBC may, by notice to our Company, elect not to receive information under the SMBC Policy Agreement. In this case, our Company shall provide SMBC with copies of all information publicly disclosed and/or filed. Notwithstanding anything in the SMBC Policy Agreement, the Company shall be required to make material information available to other shareholders of the Company as required under applicable law or as may be requested by such other shareholders from time to time.

***Other Agreements***

*ESG Framework Letter dated July 10, 2021 between our Company and LeapFrog ("**ESG Framework Letter**")*

Our Company has entered into the ESG Framework Letter with LeapFrog to benefit from LeapFrog's expertise and knowledge, including in global best practices, in ESG matters. In order for LeapFrog to understand and provide feedback on compliance by our Company and our Subsidiaries with the LeapFrog group's ESG policies and standards, our Company has agreed to share information with LeapFrog including in relation to (A) the number, gender and cost of employees of our Company and our Subsidiaries; and (B) payments to government(s) by our Company and our Subsidiaries. The ESG Letter also grants LeapFrog and certain other persons access to our Company's and our Subsidiaries' premises and the ability to inspect our books and records to ascertain compliance with the LeapFrog group's ESG policies, including the LeapFrog group's 'Responsible Investment Code'. Any information and access provided to LeapFrog or any other persons pursuant to the ESG Framework Letter and dissemination thereof by LeapFrog is required to be in accordance with, and subject to, applicable laws, including compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

***Agreements with Key Managerial Personnel, Senior Management, Director, Promoter or any other employee***

There are no agreements entered into by a Key Managerial Personnel, members of Senior Management or Director or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company. Our Company does not have an identifiable promoter.

## OUR MANAGEMENT

### Board of Directors

In accordance with our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As of the date of this Red Herring Prospectus, our Board comprises 9 Directors.

The following table sets forth details regarding our Board as of the date of this Red Herring Prospectus:

| S. No. | Name, DIN, Designation, Address, Occupation, Date of Birth, Period of Directorship and Term | Age (Years) | Other Directorships |
|---|---|---|---|
| 1. | P.S. Jayakumar<br><br>***DIN***: 01173236<br><br>***Designation***: Chairman and Non-Executive Independent Director<br><br>***Address***: Flat No. B-803, 8th Floor, B - Wing, Vivarea, Near Jacob Circle, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011, Maharashtra, India<br><br>***Occupation***: Service<br><br>***Term***: Five years (from October 15, 2023). Re-appointed as Chairman with effect from October 15, 2023.<br><br>***Period of directorship:*** Director since October 15, 2020<br><br>***Date of birth:*** April 8, 1962 | 62 | *Indian Companies:*<br><br>• Adani Logistics Limited<br>• Adani Ports and Special Economic Zone Limited<br>• CG Power and Industrial Solutions Limited<br>• Emcure Pharmaceuticals Limited<br>• Future Generali India Life Insurance Company Limited<br>• HT Media Limited<br>• JM Financial Limited<br>• Progrow Farm and Rural Mission Private Limited<br>• Tata Motors Finance Limited<br>• TVS Industrial & Logistics Parks Private Limited<br>• TVS Infrastructure Investment Manager Private Limited<br>• VBHC Private Limited<br>• Zuventus Healthcare Limited<br><br>*Foreign Companies*:<br><br>Nil |
| 2. | Ashish Mehrotra<br><br>***DIN***: 07277318<br><br>***Designation***: Managing Director and Chief Executive Officer<br><br>***Address***: 401 Ann Abode, St. Martin Road, Opposite Raheja College, Bandra (West), Mumbai 400 050, Maharashtra, India<br><br>***Occupation***: Service<br><br>***Term***: Five years (from April 1, 2022 until March 31, 2027)<br><br>***Period of directorship:*** Director since February 14, 2022<br><br>***Date of birth:*** February 11, 1969 | 55 | *Indian Companies:*<br><br>• AAPT Fintech Private Limited<br>• AAPT Holdings Private Limited<br>• AAPT Insurance Brokers Private Limited<br>• AAPT Investment Advisors Private Limited<br>• Finreach Solutions Private Limited<br>• Northern Arc Foundation<br>• Northern Arc Investment Adviser Services Private Limited<br>• Northern Arc Investment Managers Private Limited<br>• Northern Arc Securities Private Limited<br>• Pragati Finserv Private Limited<br><br>*Foreign Companies*:<br><br>Nil |
| 3. | Dr. Kshama Fernandes<br><br>***DIN***: 02539429<br><br>***Designation***: Non-Executive Non-Independent Director and Vice-Chairperson<br><br>***Address***: Flat no B2-2, Florida Gardens, Goa - 403708, India<br><br>***Occupation***: Service<br><br>***Term***: Liable to retire by rotation and for a period | 55 | *Indian Companies*:<br><br>• Northern Arc Foundation<br>• Northern Arc Investment Adviser Services Private Limited<br>• Northern Arc Investment Managers Private Limited<br>• NSE Investments Limited<br>• Sahyadri Farms Post Harvest Care Limited<br>• Sundaram Finance Limited<br><br>*Foreign Companies*: |

| S. No. | Name, DIN, Designation, Address, Occupation, Date of Birth, Period of Directorship and Term | Age (Years) | Other Directorships |
|---|---|---|---|
| | of one year as the Vice-Chairperson (from April 1, 2024 until March 31, 2025)<br><br>***Period of directorship:*** Director since August 1, 2012<br><br>***Date of birth:*** November 13, 1968 | | • Gojo & Company |
| 4. | Michael Jude Fernandes*<br><br>***DIN*:** 00064088<br><br>***Designation*:** Non-Executive Nominee Director<br><br>***Address*:** 31st Floor, 3101, Omkar 1973, Tower T II, Pandurang Budkhar Marg, Near Shani Mandir, Worli, Mumbai 400 018, Maharashtra, India<br><br>***Occupation*:** Service<br><br>***Term*:** Liable to retire by rotation<br><br>***Period of directorship:*** Director since March 28, 2014<br><br>***Date of birth:*** October 24, 1969 | 54 | *Indian Companies*:<br><br>• Neogrowth Credit Private Limited<br><br>*Foreign Companies*:<br><br>• PT Reliance Capital Management<br>• MJF Inclusion Advisors - FZCO |
| 5. | Vijay Nallan Chakravarthi**<br><br>***DIN*:** 08020248<br><br>***Designation*:** Non-Executive Nominee Director<br><br>***Address*:** 3001, Tower 4, Planet Godrej, KK Marg, Mahalaxmi, Mumbai 400 011, Maharashtra, India<br><br>***Occupation*:** Service<br><br>***Term*:** Liable to retire by rotation<br><br>***Period of directorship:*** Director since January 19, 2018<br><br>***Date of birth:*** September 10, 1975 | 48 | *Indian Companies:*<br><br>• Affirma Capital Investment Adviser India Private Limited<br>• Belstar Microfinance Limited<br>• Pragati Finserv Private Limited<br><br>*Foreign Companies*:<br><br>Nil |
| 6. | Trikkur Seetharaman Anantharaman***<br><br>***DIN*:** 00480136<br><br>***Designation*:** Non-Executive Nominee-Director<br><br>***Address*:** No. 1121, Sobha Topaz, Sobha City, Trichur, Puzhakkal, Thrissur 680 553, Kerala, India<br><br>***Occupation*:** Service<br><br>***Term*:** Liable to retire by rotation<br><br>***Period of directorship:*** Director since February 9, 2023<br><br>***Date of birth:*** June 26, 1948 | 76 | *Indian Companies:*<br><br>• Enovate Lifestyles Private Limited<br>• Gosree Finance Limited<br>• Inbot Properties Private Limited<br>• Kalyan Jewellers India Limited<br>• Leo Pharma Distributors Private Limited<br>• Trichur Heart Hospital Limited<br>• Polyclinic Private Limited<br><br>*Foreign Companies*:<br><br>• Kalyan Jewellers FZE<br>• Kalyan Jewellers LLC |
| 7. | Anuradha Rao<br><br>***DIN*:** 07597195<br><br>***Designation*:** Non-Executive Independent Director | 64 | *Indian Companies*:<br><br>• Protium Finance Limited<br>• Sundaram Finance Limited<br><br>*Foreign Companies*: |

| S. No. | Name, DIN, Designation, Address, Occupation, Date of Birth, Period of Directorship and Term | Age (Years) | Other Directorships |
|---|---|---|---|
| | ***Address*:** Flat no. 301, Edina Hiranandani Upscale, Egattur, Chengalpattu 600 130, Tamil Nadu, India<br><br>***Occupation*:** Service<br><br>***Term*:** Three years (from October 31, 2022 until October 20, 2025)<br><br>***Period of directorship:*** Director since October 31, 2019<br><br>***Date of birth:*** September 28, 1959 | | Nil |
| 8. | Ashutosh Arvind Pednekar<br><br>***DIN*:** 00026049<br><br>***Designation*:** Non-Executive Independent Director<br><br>***Address*:** A/7, Sneh Kunj, 38, Linking Road Extension, Santacruz West, Mumbai 400 054, Maharashtra, India<br><br>***Occupation*:** Practicing chartered accountant<br><br>***Term*:** Five years (from September 14, 2023 until September 13, 2028)<br><br>***Period of directorship:*** Director since September 14, 2020<br><br>***Date of birth:*** January 3, 1966 | 58 | *Indian Companies:*<br><br>• Investor Services of India Limited*<br>• DFK Consulting Services (India) Private Limited<br>• Elecon Engineering Company Limited<br>• St. Jude India Childcare Centres<br>• Star Union Dai-Ichi Life Insurance Company Limited<br><br>* *Company is under voluntary liquidation*<br><br>*Foreign Companies*:<br><br>Nil |
| 9. | Arunkumar N.T.<br><br>***DIN*:** 02407722<br><br>***Designation*:** Non-Executive Independent Director<br><br>***Address*:** R-301 Atrium Apartments, 22 Kalakshetra Road, Behind S2 Thiagaraja Theatre, Thiruvanmiyur, Chennai 600 041, Tamil Nadu, India<br><br>***Occupation*:** Independent director<br><br>***Term*:** Three years (from February 14, 2022 until February 13, 2025)<br><br>***Period of directorship:*** Director since February 14, 2022<br><br>***Date of birth:*** September 24, 1969 | 54 | *Indian Companies:*<br><br>• Agrosperity Tech Solutions Private Limited<br>• Angel One Limited<br>• CIEL HR Services Private Limited<br>• Dvara Solutions Private Limited<br>• Ghodawat Consumer Limited<br><br>*Foreign Companies*:<br><br>Nil |

* *Michael Jude Fernandes is a nominee of LeapFrog Financial Inclusion India (II) Ltd on our Board.*
***Vijay Nallan Chakravarthi is a nominee of Augusta Investments II Pte. Ltd on our Board.*
*** *Trikkur Seetharaman Anantharaman is a nominee of the 360 ONE Funds on our Board.*

**Relationship between our Directors**

None of our Directors are related to each other.

**Brief Biographies of our Directors**

**P.S. Jayakumar** is a Non-Executive Independent Director and the Chairman of the Board. He was appointed to the Board on October 15, 2020. He has approximately 30 years of work experience, covering both the financial sector and real estate sector. He is a chartered accountant and holds a master's degree in commerce from the University of Madras and a postgraduate diploma in business management from Xavier Labour Relations Institute, Jamshedpur. Previously, he worked at Citibank N. A. and has also served as the managing director and chief executive officer of VBHC Value Home Private Limited and Bank of Baroda.

**Ashish Mehrotra** is the Managing Director and the Chief Executive Officer of our Company and oversees the overall management of our Company. He has been associated with our Company since July 1, 2021 and was appointed to the Board with effect from February 14, 2022 and designated as a Managing Director and Chief Executive Officer with effect from April 1, 2022. He has a masters in business administration from the Institute of Management Studies, DAVV, Indore, Madhya Pradesh, India and has also successfully completed the senior executive leadership program offered by the Harvard Business School. Previously, he was the managing director and chief executive officer of Max Bupa Health Insurance Company Limited and has held various positions at Citibank N.A. including managing director and retail bank head, in India.

**Dr. Kshama Fernandes** is a Non-Executive Non-Independent Director and Vice-Chairperson of our Company and the executive, non-independent chairperson of our Subsidiary, NAIM since April 1, 2022 for a period of three years. She was appointed to the Board with effect from August 1, 2012 and was redesignated as a Non-Executive Director with effect from April 1, 2022. She holds a bachelor's degree in science from Goa University, and a master's degree as a well as a PhD in management studies from Goa University. She has over 25 years of experience spanning across management, risk advisory and academia. Dr. Fernandes is a financial risk manager certified by the Global Association of Risk Professionals (GARP). Prior to joining us, she was a professor at the Goa Institute of Management. She has also served as our chief risk officer and our managing director. For details of the compensation paid during Financial Year 2024 by our Subsidiary, NAIM, see "*–Remuneration paid to our Directors by our Subsidiaries*".

**Michael Jude Fernandes** is a Non-Executive Nominee Director of our Company and was appointed to the Board on March 28, 2014. He holds a bachelor's degree in science from the University of Calcutta and a post-graduate diploma from the Indian Institute of Management, Calcutta, West Bengal. He co-leads the LeapFrog group's investments in South and Southeast Asia, with approximately 20 years of experience in consulting and investing. He was formerly an executive director at Khazanah India Advisors Private Limited, an entity under the Khazanah Nasional group, the sovereign fund of Malaysia and served on the boards of IDFC Limited and Apollo Hospitals Enterprise Limited in India. He has been an executive director at Piramal Enterprises Limited. Previously, Mr. Fernandes was a partner with McKinsey & Co, focusing on healthcare and consumer sectors across South and Southeast Asia.

**Vijay Nallan Chakravarthi** is a Non-Executive Nominee Director of our Company and was appointed to the Board on January 19, 2018. He holds a master of business administration degree from the J. L. Kellogg School of Management, Northwestern University, a master's degree in science from the Ohio State University and bachelor of engineering degree from the University of Madras. He is currently a managing director at Affirma Capital India and formerly was an executive director, private equity at Standard Chartered Bank. He is involved with Affirma's investments in certain portfolio companies.

**Trikkur Seetharaman Anantharaman** is a Non-Executive Nominee Director of our Company and was appointed to the Board with effect from February 9, 2023. He holds a bachelor's degree in commerce from the University of Kerala (Faculty of Commerce) and is a member of the Institute of Chartered Accountants of India. Previously, he was associated with CSB Bank Limited (formerly known as The Catholic Syrian Bank Limited), Motilal Oswal Financial Services Limited, St. Thomas College, Thrissur and the International Labour Office (United Nations). He was awarded the Lifetime Achievement Award by Businessonlive, Kerala Business Summit 2019, the TMA-Manappuram Group Lifetime Achievement Award 2016 by the Thrissur Management Association and the Life Time Achievement Award by JEMECE (School of Management Studies, University of Calicut, Dr. John Matthai Centre, Thrissur, Kerala) in 2014.

**Anuradha Rao** is a Non-Executive Independent Director of our Company and was re-appointed to the Board on October 31, 2022. She holds a bachelor's degree in science from Osmania University and master of science degree in physics from the University of Hyderabad. She has approximately 36 years of experience in banking and finance and has worked at the State Bank of India, where she contributed significantly towards the bank's progress and growth. She also served as the managing director and chief executive officer of SBI Funds Management Private Limited.

**Ashutosh Arvind Pednekar** is a Non-Executive Independent Director of our Company and was appointed to the Board on September 14, 2020. He holds a bachelor's degree in commerce from H.R. College of Commerce and Economics, University of Bombay. He has been a practising chartered accountant for over 30 years.

**Arunkumar N.T.** is a Non-Executive Independent Director of our Company and was appointed to the Board with effect from February 14, 2022. He holds a bachelor's degree in science from St. Joseph's College, Bharathidasan University, Tiruchirapalli, Tamil Nadu and a post-graduate honours diploma in personnel management and industrial relations from XLRI Jamshedpur, Jharkhand. He was previously associated with ITC Limited, Pepsico India Holdings Limited, Bahwan Cyber Technologies LLC., Polaris Software Limited, OrbiTech Solutions Limited, Citibank N.A., D&B TransUnion Analytic and Decision Services Private Limited and Dun & Bradstreet Predictive Sciences and Analytics Private Limited.

**Terms of Appointment of our Executive Director**

***Terms of Appointment of our Managing Director and Chief Executive Officer***

Pursuant to a resolution dated February 14, 2022 passed by our Board of Directors and a resolution dated March 26, 2022 passed by our Shareholders, Ashish Mehrotra was appointed as a Whole-time Director designated as an Executive Director of our Company for a period effective from February 14, 2022 to March 31, 2022. Further, pursuant to a resolution dated March 26, 2022, he was re-designated as a Managing Director and Chief Executive Officer of the Company for a period of five consecutive years from April 1, 2022 to March 31, 2027. The remuneration payable to our Managing Director and Chief Executive Officer pursuant to the resolutions dated February 14, 2022, and March 26, 2022, was follows:

| S. No. | Particulars | Amount/Units |
|---|---|---|
| 1. | Salary (₹ million) | 20.00 |
| 2. | Perquisites (₹ million) | Nil |
| 3. | Others (₹ million) | Nil |
| 4. | ESOPs (In units) | 700,000 |

Pursuant to a compensation letter dated May 30, 2022, the remuneration payable to our Managing Director and Chief Executive Officer was revised as follows (with effect from April 1, 2022):

| S. No. | Particulars | Amount/Units |
|---|---|---|
| 1. | Fixed cost to company (₹ million) | 25.00 |
| 2. | Annual performance bonus, including a special additional bonus of ₹3.00 million (₹ million) | 15.00 |

Pursuant to a compensation letter dated June 8, 2023, the remuneration payable to our Managing Director and Chief Executive Officer was revised as follows (with effect from April 1, 2023):

| S. No. | Particulars | Amount/Units |
|---|---|---|
| 1. | Fixed cost to company (₹ million) | 35.00 |
| 2. | Variable pay (annual performance bonus) (₹ million)* | 22.60* |
| 3. | ESOPs (In units) | 340,000# |

** 15% (aggregating to ₹3.39 million) of such bonus was deferred and payable in May 2024*
*# Includes 100,000 ESOPs granted pursuant to a grant letter dated January 29, 2024*

Pursuant to a compensation letter dated June 12, 2024, the remuneration payable to our Managing Director and Chief Executive Officer was revised as follows (with effect from April 1, 2024):

| S. No. | Particulars | Amount/Units |
|---|---|---|
| 1. | Fixed cost to company (₹ million) | 50.00 |
| 2. | Variable pay (annual performance bonus) (₹ million)* | 29.70 |

| S. No. | Particulars | Amount/Units |
|---|---|---|
| 3. | ESOPs (In units)** | 440,000 |

* *20% (aggregating to ₹5.94 million) of such bonus is deferred and payable in May 2025.*
** *Includes 110,000 ESOPs to be granted in Fiscal 2026*

Further, pursuant to the compensation letter dated June 12, 2024 and a resolution dated August 6, 2024 passed by our Board of Directors, our Managing Director and Chief Executive Officer is entitled to the following special discretionary bonus payable by November 2024:

| S. No. | Particulars | Amount/Units |
|---|---|---|
| 1. | Cash compensation (₹ million) | 10 |
| 2. | ESOPs (In units) | 50,000 |

**Payment or Benefit to Directors**

Details of the remuneration paid to the Directors by our Company are disclosed below:

1. *Compensation to our Executive Director*

   The remuneration paid by our Company to our Managing Director and Chief Executive Officer, Ashish Mehrotra, during Financial Year 2024 was ₹54.91 million (which includes value of perquisites including stock options).

2. *Compensation to our Independent Directors*

   Pursuant to a Board resolution dated May 11, 2018, each Non-Executive Independent Director is entitled to receive sitting fees of ₹0.10 million for attending each meeting of our Board, and pursuant to a resolution dated February 5, 2019, each Non-Executive Independent Director is entitled to receive sitting fees of ₹0.05 million for attending each meeting of any duly constituted committee of our Board.

   In addition to the sitting fees set out above, pursuant to special resolutions passed by our Shareholders dated June 27, 2022 and September 30, 2022, P.S. Jayakumar was entitled to receive such managerial remuneration which is in excess of (a) 1% of the net profits of the Company; (b) 50% of the remuneration payable to all Non-Executive Directors, in Fiscal Year 2023 and a profit-based commission of ₹7.00 million per annum as a percentage of net profits of the Company.

   Pursuant to special resolutions passed by our Shareholders dated June 15, 2023 and September 13, 2023, P.S. Jayakumar is eligible to receive a profit-based commission of up to ₹9.00 million and remuneration in excess of 50% of remuneration payable to all non-executive directors of our Company during the Financial Year 2024.

   Further, pursuant to a Board resolution dated August 6, 2024 and subject to the approval of the Shareholders, P.S. Jayakumar is entitled to receive a commission of ₹15.40 million in addition to the sitting fees set out above, in Fiscal Year 2025.

   The details of the total remuneration (comprising sitting fees and commission) paid to the Non-Executive Independent Directors during Financial Year 2024 are as disclosed below:

| S. No. | Name of Non-Executive Independent Director | Total Payment (₹ million) |
|---|---|---|
| 1. | P.S. Jayakumar | 10.90 |
| 2. | Ashutosh Arvind Pednekar | 1.65 |
| 3. | Anuradha Rao | 2.25 |
| 4. | Arunkumar N.T. | 1.75 |

3. *Compensation to our Non-Executive Nominee Directors*

   No compensation is payable to our Non-Executive Nominee Directors.

4. *Compensation to our Non-Executive Non-Independent Director and Vice-Chairperson*

   Pursuant to an offer letter dated March 31, 2022, a Board resolution dated February 14, 2022 and resolutions passed by our Shareholders dated March 26, 2022 and June 27, 2022, Dr. Kshama Fernandes is entitled to receive sitting fees of ₹0.10 million for attending each meeting of our Board and ₹0.05 million for attending each meeting of any duly constituted committee of our Board. Pursuant to a resolution passed by our

Shareholders dated September 30, 2023, she was also entitled to a profit-based compensation aggregating to ₹6.50 million, a one-time bonus of ₹15.00 million and such managerial remuneration which is in excess of (a) 1% of the net profits of the Company; and (b) 50% of the remuneration payable to all Non-Executive Directors in Fiscal 2023.

Further, pursuant to a Board resolution dated May 29, 2024, Dr. Kshama Fernandes' tenure as a Vice-Chairperson of our Company has been extended for period of one year (from April 1, 2024 until March 31, 2025). She will continue to be entitled to the sitting fees set out above.

During Financial Year 2024, she was paid a compensation of ₹8.05 million by our Company.

Except as disclosed in " – *Interest of Key Managerial Personnel and Senior Management*" on page 348, no deferred or contingent compensation is payable to any of our Directors as on the date of this Red Herring Prospectus.

**Remuneration paid to our Directors by our Subsidiaries**

Except for Dr. Kshama Fernandes (Non-Executive Non-Independent Director and Vice-Chairperson), who is also currently the executive, non-independent chairperson of NAIM and was paid ₹13.50 million in Financial Year 2024, our Directors have not been paid any remuneration in Financial Year 2024 by the respective Subsidiaries.

**Shareholding of our Directors in our Company**

None of our Directors hold or are required to hold any qualification shares. For details of the shareholding of our Directors in our Company, see "*Capital Structure – Details of the Shareholding of our Directors, Key Managerial Personnel and Senior Management"* on page 148.

**Arrangement or Understanding with Major Shareholders, Customers, Suppliers or Others**

Except for Michael Jude Fernandes, Vijay Nallan Chakravarthi, and Trikkur Seetharaman Anantharaman who are Non-Executive Nominee Directors and have been appointed pursuant to the SHA by LeapFrog Financial Inclusion India (II) Ltd, Augusta Investments II Pte. Ltd and the 360 ONE Funds, respectively, none of our Directors have been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others. For details of the SHA, see "*History and Certain Corporate Matters*" beginning on page 318.

There are no contracts appointing or fixing the remuneration of the Directors of our Company entered into within, or prior to the two years immediately preceding the date of this Red Herring Prospectus other than as disclosed in "*Our Management - Terms of Appointment of our Executive Director*" on page 337.

**Interest of Directors**

1. All Directors may be deemed to be interested to the extent of (i) sitting fees, if any, payable to them for attending meetings of our Board and Committees and other remuneration or commission, if any, payable or reimbursement of expenses to them, (ii) Equity Shares and stock options, if any, already held by them or their relatives or any firms, companies and trusts in which our Directors are interested as a director, member, partner or trustee, in our Company, or that may be Allotted to them in the Offer in terms of this Red Herring Prospectus and any dividend payable to them and other benefits arising out of such shareholding, (iii) transactions entered into in the ordinary course of business with companies in which our Directors hold directorship, and (iv) their directorship on the board of directors of, and/or their shareholding in our Company, Subsidiaries and our Group Company (being our Associate Company), as applicable.

2. Other than statutory benefits upon termination of employment of our Managing Director and Chief Executive Officer, our Company has not entered into any service contracts with our Directors providing for benefits upon termination of their employment. However, our Managing Director and Chief Executive Officer is entitled to privilege pay, which allows for encashment of up to 45 days of unutilized paid leave accumulated over the course of his employment, subject to completion of one year of service.

3. None of our Directors have any interest in the promotion or formation of our Company.

4. None of our Directors are a party to any bonus or profit-sharing plan by our Company. However, our Managing Director and Chief Executive Officer is entitled to a discretionary bonus that is linked to both his individual performance as well as the Company's performance and a bonus linked to our Company's fund raising activities, including the Offer.

5. Our Directors have no interest in any property acquired by our Company or proposed to be acquired of our Company or by our Company, as of the date of this Red Herring Prospectus.

6. Our Directors are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Directors or to such firm or company in cash or shares or otherwise by any person either to induce them to become, or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

7. None of our Directors have any interest in our business other than as disclosed in this section and in "*Our Principal Shareholders*", "*Our Group Companies*", *"Capital Structure"* and "*Other Financial Information – Related Party Transactions*", beginning on pages 350, 351, 118 and 443, respectively.

8. None of our Directors have any interest in any property acquired in the three years immediately preceding the date of this Red Herring Prospectus or proposed to be acquired by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery, etc.

**Confirmations**

None of our Directors is or was a director of any listed company during the five years immediately preceding the date of this Red Herring Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company.

There are no conflict of interests between the third party service providers of our Company (crucial for operations of the Company) and our Directors and Key Managerial Personnel.

There are no conflict of interests between the lessors of immovable properties of our Company (crucial for operations of the Company) and our Directors and Key Managerial Personnel.

**Changes in the Board during the Last Three Years**

| S. No. | Name | Effective Date of Appointment/Change in designation/Cessation/ Regularization | Reason |
|---|---|---|---|
| 1. | Bama Balakrishnan | November 13, 2023 | Cessation as Executive Director |
| 2. | Ashutosh Arvind Pednekar | September 14, 2023 | Re-appointed as Non-Executive Independent Director |
| 3. | P.S. Jayakumar | October 15, 2023 | Re-appointment as Non-Executive Independent Director |
| 4. | Trikkur Seetharaman Anantharaman | February 9, 2023 | Appointed as Non-Executive Nominee Director |
| 5. | Samir Shah | December 28, 2022 | Cessation as Non-Executive Nominee Director |
| 6. | Anuradha Rao | October 31, 2022 | Re-appointed as Non-Executive Independent Director |
| 7. | Amit Mehta | May 2, 2022 | Cessation as Non-Executive Nominee Director |
| 8. | Ashish Mehrotra | April 1, 2022 | Appointed as the Managing Director and Chief Executive Officer |
| 9. | Dr. Kshama Fernandes | April 1, 2022 | Re-designation as Non-Executive Director |
| 10. | Arunkumar N.T. | February 14, 2022 | Appointed as Non-Executive Independent Director |
| 11. | Bama Balakrishnan | February 14, 2022 | Appointed as Executive Director |
| 12. | Ashish Mehrotra | February 14, 2022 | Appointed as Executive Director |

**Borrowing Powers of our Board**

In accordance with our Articles of Association and pursuant to a resolution of the Board dated May 29, 2024 and a resolution of the Shareholders dated June 21, 2024, the Board of Directors or any committee constituted by the Board of Directors has been authorized to raise or borrow any sums of money from time to time, which together with the money already borrowed by the Company, may exceed aggregate of its paid-up capital, free reserves and securities premium, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, provided however, the total amount so borrowed shall not exceed ₹130,000 million.

**Corporate Governance**

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations (as applicable to equity listed companies), the Companies Act and the SEBI ICDR Regulations, as well as the applicable requirements prescribed by the RBI, in respect of corporate governance, including in relation to the constitution of our Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of committees of our Board, as required under applicable law. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides our Board with detailed reports on its performance periodically.

As of the date of this Red Herring Prospectus, our Board comprises 9 Directors including four Non-Executive Independent Directors (including one Non-Executive Independent woman Director, Anuradha Rao and one Chairman and Non-Executive Independent Director, P.S. Jayakumar), one Executive Director, one Non-Executive Director and three Non-Executive Nominee Directors.

**Committees of the Board**

In addition to the committees of our Board described below, our Board may constitute committees for various functions from time to time.

*Audit Committee*

The members of our Audit Committee are:

1. Ashutosh Arvind Pednekar (*Non-Executive Independent Director*) (*Chairperson*);
2. P.S. Jayakumar (*Non-Executive Independent Director*);
3. Arunkumar N.T. (*Non-Executive Independent Director*);
4. Trikkur Seetharaman Anantharaman (*Non-Executive Nominee Director*);
5. Anuradha Rao (*Non-Executive Independent Director*); and
6. Vijay Nallan Chakravarthi (*Non-Executive Nominee Director*)

Our Audit Committee was constituted by our Board pursuant to a resolution dated March 23, 2010 and was last reconstituted by our Board pursuant to a resolution dated February 9, 2023. The terms of reference of the Audit Committee were last revised by our Board pursuant to a resolution dated January 30, 2024.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending to the Board, the appointment, re-appointment, and replacement, remuneration and terms of appointment of the auditors of the Company;
- reviewing and monitor the statutory auditors' independence and performance and the effectiveness of audit process;
- approval of payments to the statutory auditors for any other services rendered by statutory auditors;
- reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (a) matters required to be stated in the Directors' responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, as amended;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions; and
  - (g) qualifications and modified opinions in the draft audit report.
- reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- approval or any subsequent modification of transactions of the Company with related parties;
- reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the Board to take up steps in this matter;
- approving or subsequently modifying transactions of the Company with related parties;
- establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors on any significant findings and follow up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- approval of appointment of the chief financial officer, or any other person heading the finance function or discharging that function, after assessing the qualifications, experience and background, etc. of the candidate;
- reviewing the functioning of the whistle blower mechanism;
- ensuring that an information system audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Company;
- reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiaries exceeding ₹1000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its Shareholders; and
- performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Companies Act, the Master Directions or other applicable law

The Audit Committee is required to meet at least four times in a year with a maximum interval of 120 days between two meetings in accordance with the SEBI Listing Regulations. The Audit Committee has the authority to investigate into any matter in relation to the items specified under the terms of reference or such other matter as may be referred to it by the Board for such purpose.

*Nomination and Remuneration Committee*

The members of the Nomination and Remuneration Committee are:

1. Anuradha Rao (*Non-Executive Independent Director*) (*Chairperson*);
2. P.S. Jayakumar (*Non-Executive Independent Director*); and
3. Michael Jude Fernandes (*Non-Executive Nominee Director*)

The Nomination and Remuneration Committee was constituted by our Board pursuant to a resolution dated January 17, 2011 as the Nomination Committee and was last reconstituted by our Board pursuant to a resolution dated July 28, 2022. The terms of reference of the Nomination and Remuneration Committee were last revised by our Board pursuant to a resolution dated January 30, 2024.

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, Regulation 19 of the SEBI Listing Regulations and Regulation 5 of the SEBI SBEB Regulations as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to Board a policy relating to the remuneration of the directors, key managerial personnel and

other employees;
- formulation of criteria for evaluation of the performance of independent directors and the Board;
- devising a policy on diversity of the Board;
- identifying persons, who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance;
- determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- recommend remuneration of executive directors and any increase therein from time to time within the limit approved by the members of the Company;
- recommending remuneration to non-executive directors in the form of sitting fees for attending meetings of the Board and its committees, remuneration for other services, commission on profits;
- recommend to the Board, all remuneration, in whatever form, payable to senior management;
- performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity Regulations), 2021, as amended;
- engaging the services of any consultant/professional or other agency for the purpose of recommending compensation structure/policy;
- ensuring 'fit and proper' status of proposed and existing directors in terms of the Master Directions;
- analysing, monitoring and reviewing various human resource and compensation matters;
- reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  (a) The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended; or
  (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; and
- performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Master Directions, Companies Act, each as amended or other applicable law.

The Nomination and Remuneration Committee is required to meet at least once every year in accordance with the SEBI Listing Regulations.

*Stakeholders' Relationship Committee*

The members of the Stakeholders' Relationship Committee are:

1. Anuradha Rao (*Non-Executive Independent Director*) (*Chairperson*);
2. Ashish Mehrotra (*Managing Director and the Chief Executive Officer*);
3. Dr. Kshama Fernandes (*Non-Executive Non-Independent Director and Vice-Chairperson*); and
4. Michael Jude Fernandes (*Non-Executive Nominee Director*)

The Stakeholders' Relationship Committee was constituted by our Board pursuant to a resolution dated July 7, 2021 and was last reconstituted by our Board pursuant to a resolution dated May 10, 2022. The terms of reference of the Stakeholders' Relationship Committee were last revised by our Board pursuant to a resolution dated July 7, 2021.

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- redressal of grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
- review measures taken for effective exercise of voting rights by shareholders;
- review adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agent;
- review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
- formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

- to approve, register, refuse to register transfer or transmission of shares and other securities;
- to sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
- to issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company; and
- performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations and the Companies Act or other applicable law.

The Stakeholders' Relationship Committee is required to meet at least once in a year in accordance with the SEBI Listing Regulations.

*Risk Management Committee*

The members of the Risk Management Committee are:

1. Anuradha Rao (*Non-Executive Independent Director*) (*Chairperson*);
2. Dr. Kshama Fernandes (*Non-Executive Non-Independent Director and Vice-Chairperson*);
3. Michael Jude Fernandes (*Non-Executive Nominee Director*);
4. Vijay Nallan Chakravarthi (*Non-Executive Nominee Director*);
5. Trikkur Seetharaman Ananthraman (*Non-Executive Nominee Director*);
6. Ashish Mehrotra (*Managing Director and the Chief Executive Officer*); and
7. P S Jayakumar (*Non-Executive Independent Director*).

The Risk Management Committee was constituted by our Board pursuant to a resolution dated October 18, 2010 and was last reconstituted by our Board pursuant to a resolution dated February 9, 2023. The terms of reference of the Risk Management Committee were last revised by our Board pursuant to a resolution dated January 30, 2024.

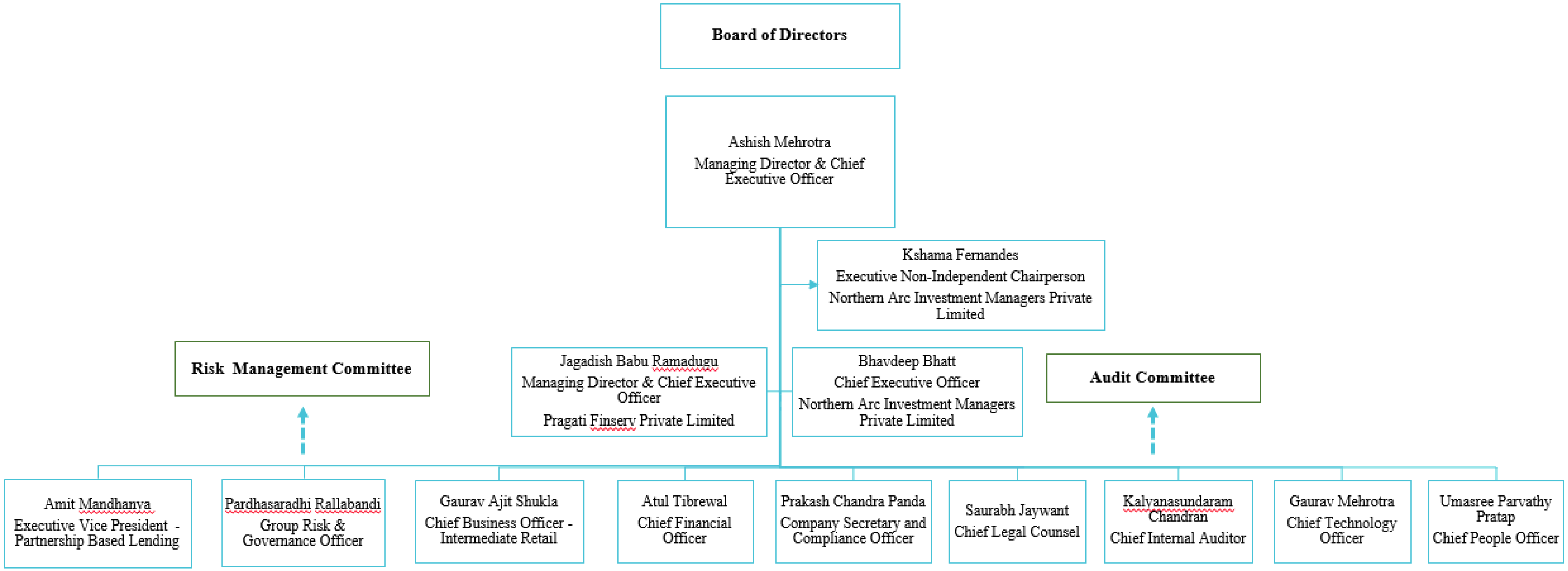
The scope and functions of the Risk Management Committee are in accordance with Regulation 21 of the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- formulation of a detailed risk management policy which shall include:
  (a) a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;
  (b) measures for risk mitigation including systems and processes for internal control of identified risks;
  (c) business continuity plan.
- ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- monitoring and overseeing the implementation of the risk management policy, including evaluation of the adequacy of risk management systems;
- periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- the appointment, removal and terms of remuneration of the chief risk officer shall be subject to review by the Risk Management Committee; and
- to carry out any other function as may be required / mandated by the Board from time to time and/ or mandated as per the provisions of the Listing Regulations, the Master Directions, the listing agreements to be entered into between the Company and the respective stock exchanges on which the Equity Shares of the Company are proposed to be listed and/or any other applicable laws.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, in accordance with the framework set out by the Board.

In addition to the above, our Company has also constituted committees such as the Asset Liability Committee as required under the Master Directions, a corporate social responsibility committee, an IT Strategy Committee, a Credit Committee, an ESG Committee, Finance Committee and an IPO Committee.

## Management Organization Structure



**Key Managerial Personnel of our Company**

In addition to Ashish Mehrotra, who is the Managing Director and Chief Executive Officer, whose details are provided in " –*Brief Biographies of our Directors*" on page 336, the details of our Key Managerial Personnel as of the date of this Red Herring Prospectus are set out below:

**Atul Tibrewal** is the chief financial officer of our Company and joined our Company on May 18, 2021. He oversees the financial activities and performance of our Company. He has completed the bachelor's in commerce degree course from the University of Calcutta. He is also an associate member of the Institute of Chartered Accountants of India. He has over 16 years of experience in financial roles. He has worked as an officer (marketing accounts) at Durgapur Cement Works, a unit of Birla Corporation Limited, and as an assistant manager at Magma Leasing Limited. Prior to joining our Company, he was a senior vice president and head-treasury at Magma Fincorp Limited. During Financial Year 2024, he was paid a compensation of ₹19.03 million by our Company (which includes value of perquisites including stock options).

**Prakash Chandra Panda** is the Company Secretary and Compliance Officer of our Company. He initially joined our Company on April 1, 2024 and was subsequently appointed as the Company Secretary and Compliance Officer on April 22, 2024. He holds a bachelor's degree in commerce from Utkal University, Bhubaneswar, Odisha and a bachelor's degree in law from Fakir Mohan University. He is an associate member of Institute of Company Secretaries of India (membership number ACS 22585) since November 28, 2008 and is a junior associate member of the Indian Institute of Bankers. He has 15 years of experience in secretarial and legal matters in listed companies. Prior to joining our Company, he was associated with Tamilnad Mercantile Bank Limited, Apollo Sindoori Hotel Limited, ETL Power Services Limited and Binani Industries Limited. Since he joined our Company in April 2024, he did not receive any compensation from our Company during Financial Year 2024.

**Senior Management of our Company**

In addition to Dr. Kshama Fernandes, Non-Executive Non-Independent Director and Vice-Chairperson of our Company in her capacity as the executive, non-independent chairperson of our Subsidiary, NAIM, whose details are provided in "—*Brief Biographies of our Directors*", Atul Tibrewal, the Chief Financial Officer of our Company, Prakash Chandra Panda, the Company Secretary and Compliance Officer of our Company whose details are provided in "—*Key Managerial Personnel of our Company*" on page 346, the details of other members of our Senior Management in terms of SEBI ICDR Regulations, as on the date of this Red Herring Prospectus are set out below.

**Pardhasaradhi Rallabandi** is the group risk officer and governance head of our Company and oversees risk, operations, credit and compliance in relation to our Company's operations. He joined our Company on July 2, 2018. He was initially appointed as the chief risk officer of our Company and was subsequently appointed as the group risk officer and governance head with effect from January 1, 2024. His current tenure is for a period of three years with effect from February 14, 2022. He holds a bachelor of technology degree in mechanical engineering from Nagarjuna University and has obtained a post-graduate diploma in management from the Indian Institute of Management, Calcutta. He has been a banker for 21 years, with over 13 years at Standard Chartered Bank. He has also worked at Allahabad Bank, Globsyn Technologies Limited, Global Trust Bank Limited and IDBI Bank. Prior to joining our Company, he was engaged as a senior credit officer (commodities) at Standard Chartered Bank. During Financial Year 2024, he was paid a compensation of ₹22.47 million by our Company (which includes value of perquisites including stock options).

**Gaurav Mehrotra** is the chief technology officer of our Company. He joined our Company on July 18, 2022. He holds a bachelor of technology degree in chemical engineering from the Indian Institute of Technology, Delhi. He has approximately 23 years of experience in technology roles at financial and asset/ wealth management firms. Prior to joining our Company, he was the vice president, engineering in the Information Technology Department at Dhani Stocks Limited. He has also worked at Innoviti Payment Solutions Private Limited, J.P. Morgan Services India Private Limited and at Goldman Sachs Services Private Limited. During Financial Year 2024, he was paid a compensation of ₹19.18 million by our Company (which includes value of perquisites including stock options).

**Saurabh Jaywant** is the chief legal counsel of our Company and oversees the legal affairs of our Company. He joined our Company on August 13, 2012. Prior to joining us, he worked at ICICI Bank Limited. He has over 19 years of experience in companies in the financial services sector. He holds a bachelor's degree in arts and law from the National Law School of India University. During Financial Year 2024, he was paid a compensation of ₹18.49 million by our Company (which includes value of perquisites including stock options).

**Kalyanasundaram Chandran** is the chief internal auditor of our Company. He has over 18 years of experience. He joined our Company on October 1, 2009. Prior to joining us, he worked with Bharani Engineering Industries (P) Ltd., Cholamandalam Investment and Finance Company Limited, Standard Chartered Scope International Private Limited, and IFMR Trust. Within the Company, he oversees financial reporting, functional consulting related to data warehousing, material accounting and cost structure development. He has completed the chartered accountant (intermediate) examination and has a bachelor's degree in law from the Vivekananda College of Law, Bangalore University and bachelor's degree in commerce from the University of Madras. During Financial Year 2024, he was paid a compensation of ₹17.92 million by our Company (which includes value of perquisites including stock options).

**Umasree Parvathy Pratap** is the chief people officer of our Company and joined our Company on September 27, 2016. She has over 20 years of experience in human resources and oversees all human resource functions at our Company. She has a bachelor's degree in commerce and a master of arts degree in personnel management & industrial relations from Mahatma Gandhi University. Previously, she has worked with Hindustan Motors Limited, Caterpillar India Private Limited, Food World Supermarkets Limited, RPG Guardian Private Limited, Great Wholesale Club Limited, Spencer's Retail Limited, Invensys India Private Limited and Matrimony.com Limited. She was awarded the 100 HR Super Achievers (India) by Times Ascent and World HRD Congress in 2018. During Financial Year 2024, she was paid a compensation of ₹9.14 million by our Company (which includes value of perquisites including stock options).

**Bhavdeep Bhatt** is the chief executive officer of NAIM and joined NAIM on May 7, 2024. He has over 25 years of experience in the asset management industry. He was appointed as the chief executive officer of NAIM on June 12, 2024. Prior to joining NAIM, he was associated with Aditya Birla Sunlife AMC Limited as 'Head - Alternate and PMS Sales'. He holds a master's degree in business administration degree from Bhavnagar University, Gujarat. Since he joined NAIM in May 2024, he did not receive any compensation from NAIM during Financial Year 2024.

**Jagadish Babu Ramadugu** is the managing director & chief executive officer of Pragati. He joined our Company on December 1, 2020. His role involves the building of a rural focused and technology enabled retail financial services business. He holds a bachelor's degree in technology (electronics and communications) from Nagarjuna University (Faculty of Engineering) and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad, Gujarat. Prior to joining our Company, he was the managing director and chief executive officer of Vaya Finserv Private Limited from 2015 to 2020. He has also worked in management and executive roles with Satyam Infoway Limited, Hindustan Coca-Cola Beverages Private Limited, Spencer's Retail Limited and Asian Paints (India) Limited. He has over 20 years of professional experience. Previously, he was elected as a member on the board of the Microfinance Institutions Network (MFIN), an industry body where he also served as the chair of the credit bureau task force and was member of its self-regulatory organisation committee and the fintech committee. During Financial Year 2024, he was paid a compensation of ₹14.00 million by our Subsidiary, Pragati (which includes value of perquisites including stock options).

**Amit Mandhanya** is the executive vice-president – partnership based lending of our Company. He joined our Company on February 04, 2013. He oversees the partnership based lending business of our Company. He completed the bachelor's degree in management science course from Devi Ahilya Vishwavidyalaya, Indore, Madhya Pradesh. He has completed the Post Graduate Programme in Rural Management course from the Institute of Rural Management, Anand, Gujarat. He was previously associated with Micro-Credit Ratings International Limited and with Indian Oil Corporation Limited. He has over 11 years of experience. During Financial Year 2024, he was paid a compensation of ₹13.89 million by our Company (which includes value of perquisites including stock options).

**Gaurav Ajit Shukla** is the chief business officer – intermediate retail of our Company. He oversees the intermediate retail lending business of our Company. He joined our Company on March 6, 2024. He holds a bachelor's degree in commerce from the University of Pune, Maharashtra and has completed the post graduate programme in management from the Indian School of Business, Hyderabad, India. He is an associate member of the Institute of Chartered Accountants of India. He has more than 23 years of experience in the Indian financial services market. He was previously associated with Credit Suisse, Standard Chartered Bank, ICICI Bank Limited and Kotak Mahindra Capital Company Limited. During Financial Year 2024, he was paid a compensation of ₹1.21 million by our Company (which includes value of perquisites including stock options).

**Our Company proposes to appoint members of Senior Management to head the strategy and retail divisions of our Company.*

**Status of Key Managerial Personnel and Senior Management**

Except for Dr. Kshama Fernandes and Bhavdeep Bhatt who are permanent employees of our Subsidiary, NAIM and Jagdish Ramadugu who is a permanent employee of our subsidiary, Pragati, all Key Managerial Personnel and Senior Management are permanent employees of our Company.

**Relationship between our Key Managerial Personnel, Senior Management and Directors**

None of our Key Managerial Personnel and Senior Management are related to each other or to the Directors of our Company.

**Shareholding of Key Managerial Personnel and Senior Management in our Company**

For details of the shareholding of our Key Managerial Personnel and Senior Management, see "*Capital Structure – Details of the Shareholding of our Directors, Key Managerial Personnel and Senior Management"* on page 148.

For details of employee stock options held by our Key Managerial Personnel and Senior Management, see "*Capital Structure – Employee Stock Option Schemes*" on page 148.

**Bonus or Profit-Sharing Plan of our Key Managerial Personnel and Senior Management**

None of our Key Managerial Personnel or Senior Management is a party to any profit-sharing plan by our Company. However, our Key Managerial Personnel or Senior Management may be entitled to discretionary bonuses that are linked to both their individual performance as well as the Company's performance.

**Arrangement or Understanding with Major Shareholders, Customers, Suppliers or Others**

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel or Senior Management were selected as members of our management.

**Interest of Key Managerial Personnel and Senior Management**

Except as disclosed in "- *Interest of Directors*" on page 339 with respect to Ashish Mehrotra, who is the Managing Director and Chief Executive Officer, our Key Managerial Personnel and Senior Management do not have any interests in our Company, other than to the extent of (i) the remuneration or benefits to which they are entitled in accordance with the terms of their appointment or reimbursement of expenses incurred by them during the ordinary course of business by our Company and our Subsidiaries, (ii) the Equity Shares and employee stock options held by them, if any, and any dividend payable to them and other benefits arising out of such shareholding, and (iii) their directorships on the board of directors of our Subsidiaries.

None of our Key Managerial Personnel or Senior Management have been paid any consideration of any nature by our Company other than remuneration in the ordinary course of their employment. Except as disclosed below, no deferred or contingent compensation was paid to any of our Key Managerial Personnel or Senior Management:

| S. No. | Name | Deferred bonus paid (₹ million)* |
|---|---|---|
| 1. | Ashish Mehrotra | 3.39 |
| 2. | Atul Tibrewal | 0.96 |
| 3. | Kalyanasundaram Chandran | 0.17 |
| 4. | Gaurav Mehrotra | 0.50 |
| 5. | Pardhasaradhi Rallabandi | 1.13 |
| 6. | Saurabh Jaywant | 0.68 |
| 7. | Umasree Parvathy Pratap | 0.37 |
| 8. | Amit Mandhanya | 0.75 |
| 9. | Jagadish Babu Ramadugu | 30.00# |

**Paid in May 2024*
*#80% was paid in July 2024 and 20% is payable in June 2025 by one of the Subsidiaries, Pragati*

**Changes in the Key Managerial Personnel and Senior Management during the Last Three Years**

Other than as disclosed in "-*Changes in the Board in the last three years*" on page 340, the changes in the Key Managerial Personnel and Senior Management in the preceding three years are as follows:

| Name | Date of Change | Reason for Change |
|---|---|---|
| Bhavdeep Bhatt | June 12, 2024 | Appointed as chief executive officer of NAIM |
| Ravi Vukkadala | June 11, 2024 | Resignation as chief executive officer of NAIM |
| Prakash Chandra Panda | April 22, 2024 | Appointment as Company Secretary and Compliance Officer |
| Monika Gurung | April 22, 2024 | Resignation as company secretary and compliance officer |
| Bama Balakrishnan | March 31, 2024 | Resignation as chief operating officer |

| Name | Date of Change | Reason for Change |
|---|---|---|
| Gaurav Ajit Shukla | March 6, 2024 | Appointed as chief business officer – intermediate retail |
| Monika Gurung | January 18, 2024 | Appointment as Company Secretary and Compliance Officer |
| Pardhasaradhi Rallabandi | January 1, 2024 | Re-designated as group risk officer and governance head |
| Amit Mandhanya | June 7, 2023 | Appointment as executive vice president – partnership based lending |
| Srividhya Ramaswamy | November 20, 2023 | Resignation as company secretary and compliance officer |
| Gaurav Mehrotra | July 18, 2022 | Appointment as chief technology officer |
| Salil G Nair | July 8, 2022 | Resignation as chief technology and information officer |
| Dr. Kshama Fernandes | April 1, 2022 | Appointed as executive non-independent chairperson of our Subsidiary, NAIM |
| Bama Balakrishnan | April 1, 2022 | Re-designated as executive director and chief operating officer |
| Ashish Mehrotra | April 1, 2022 | Re-designated as managing director and chief executive officer |
| Kalyanasundaram Chandran | April 1, 2022 | Re-designated as chief internal auditor |

**Payment or Benefit to Key Managerial Personnel and Senior Management**

No amount or benefit has been paid or given within two years preceding the date of this Red Herring Prospectus or is intended to be paid or given to any officers of our Company, including our Key Managerial Personnel and Senior Management, other than normal remuneration, any employee stock options, for services rendered as officers of our Company, dividend that may be payable in their capacity as Shareholders, and as disclosed in "*Other Financial Information – Related Party Transactions*", on page 443.

Other than statutory benefits upon termination of their employment in our Company, and privilege pay, which allows for encashment of up to 45 days of unutilized paid leave accumulated by the Key Managerial Personnel / Senior Management over the course of their respective employment, subject to completion of one year of service, none of our Key Managerial Personnel / Senior Management has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

**Employee Stock Option/Purchase Schemes**

For details on the ESOP Plan 2016, see "*Capital Structure – Employee Stock Option Schemes"* on page 148.

## OUR PRINCIPAL SHAREHOLDERS

Our Company does not have an identifiable promoter in terms of SEBI ICDR Regulations and the Companies Act, 2013. Consequently, there are no members forming part of the 'promoter group' in terms of the SEBI ICDR Regulations.

**Principal Shareholders**

1. *Shareholders who control 15% or more of the voting rights in our Company*

Except for LeapFrog Financial Inclusion India (II) Ltd and Augusta Investments II Pte. Ltd that hold 20.67% and 17.87% of the paid up Equity Share capital of our Company, respectively on a fully diluted basis, and the 360 ONE Funds that collectively hold 21.69% of the paid up Equity Share capital of our Company on a fully-diluted basis as of the date of this Red Herring Prospectus, no shareholder controls 15% or more of the voting rights in our Company. For further details, see "*Capital Structure – Notes to Capital Structure - Details of the Shareholding of the major Shareholders of our Company*" and "*History and Certain Corporate Matters– Shareholders' Agreements and Other Agreements – Shareholders' Agreements*" on pages 146 and 330, respectively.

2. *Persons who have the right to appoint director(s) on our Board of Directors*

a) In accordance with the terms of the SHA, all Parties to the SHA will have board nomination rights, which are based on specified shareholding thresholds in the Company, as set out below:

| Shareholding threshold* for acquiring a Board Seat | Shareholding threshold* for losing an existing Board Seat |
|---|---|
| more than 14% but less than or equal to 28% - Acquires 1 (one) Board Seat | less than 9.9% - Last Board Seat drops |
| more than 28% but less than or equal to 42% - Acquires 2 (two) Board Seats | less than 20% - 1 (one) Board Seat drops |
| more than 42% but less than or equal to 56% - Acquires 3 (three) Board Seats | less than 30% - 1 (one) Board Seat drops |
| more than 56% - Acquires 4 (four) Board Seats | less than 40% - 1 (one) Board Seat drops |

**Shareholding in the share capital of our Company on a fully diluted basis excluding securities issued pursuant to the ESOP Plan 2016 or any other securities issued to key management personnel of our Company or its Subsidiaries or any investee companies of the Company other than such issuances to key management personnel specifically agreed to be included for this purpose in terms of the SHA*

Notwithstanding the above, and subject to certain conditions under the SHA, the constitution of the Board currently is required to be as follows: (i) one-third of the total Directors (or such higher number as required under applicable law, whichever is higher) on the Board are required to be Non-Executive Independent Directors, (ii) up to two Directors are required to be Executive Directors recommended by the Nomination and Remuneration Committee and shall not be nominated by, or be otherwise associated with, any Shareholder, (iii) one Director each nominated by Dvara Trust, Eight Roads, Augusta and 360 ONE Funds, and (iv) two directors nominated by LeapFrog. Further, IFC will have the right to nominate one Director, if IFC is among the top three shareholders with the highest shareholding in the Company on a fully diluted basis. If IFC is not amongst the top three Shareholders with the highest shareholding in the Company on a fully diluted basis excluding any unvested and vested employee stock options which have not been exercised, at any time, IFC shall not have the right to nominate a Director.

As of the date of this Red Herring Prospectus, except for Michael Jude Fernandes, Vijay Nallan Chakravarthi, and Trikkur Seetharaman Anantharaman who are Non-Executive Nominee Directors and have been appointed pursuant to the SHA by LeapFrog Financial Inclusion India (II) Ltd, Augusta Investments II Pte. Ltd and the 360 ONE Funds, respectively, none of the Shareholders have appointed Non-Executive Nominee Directors on the Board.

Further, in terms of the Amendment and Termination Agreement, upon consummation of the Offer, subject to applicable laws and the approval of the Shareholders in the first general meeting held after the date of listing of the Equity Shares pursuant to the Offer, the Parties to the SHA have agreed to take steps to amend our Company's Articles of Association such that the Shareholders have the right to nominate Director(s) subject to certain shareholding thresholds and other conditions. For further details, see "*History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements – Shareholders' Agreements – Amendment and termination agreement dated February 2, 2024 entered into by and among the Parties to the SHA*" on page 330.

For details, see "*History and Certain Corporate Matters – Shareholders' Agreements and Other Agreements*", *and "Description of Equity Shares and Terms of Articles of Association*" on pages 330 and 567, respectively.

# OUR GROUP COMPANY

In terms of the SEBI ICDR Regulations and pursuant to the resolution passed by our Board at its meeting held on January 18, 2024 and August 6, 2024, group companies of our Company include (i) companies (other than our Subsidiaries) with which there were related party transactions as per Ind AS 24 – Related Party Disclosures, read with the SEBI ICDR Regulations, included in this Red Herring Prospectus and (ii) such other companies as considered material by the Board.

In relation to (ii) above, in accordance with our Materiality Policy, for the purpose of disclosure in this Red Herring Prospectus, our Company has considered material, such companies (other than our Subsidiaries) with which there were related party transactions beginning after the period in respect of which the Restated Consolidated Summary Statements has been included in this Red Herring Prospectus until the date of the filing of this Red Herring Prospectus.

Based on the above, Finreach Solutions Private Limited has been identified as our Group Company.

## A. Details of our Group Company

Finreach Solutions Private Limited was incorporated on December 15, 2020 as a private limited company under the Companies Act, 2013. Its CIN is U74999TN2020PTC140106.

Finreach Solutions Private Limited is engaged in the business of, *inter alia*, business consultancy services, providing facilitation services to various entities including companies, body corporates, trusts, special purpose vehicles, banks, financial institutions (whether incorporated in India or not) which are engaged in offering credit enhancement, credit default protection and guarantees (fund and non-fund based) solutions to lenders of Micro, Small & Medium Enterprises and similar unserved or underserved entities.

*Registered Office*

A1, 10th Floor, IITM Research Park, Kanagam Village, Taramani, Chennai 600 113, Tamil Nadu, India.

*Financial Information*

Finreach Solutions Private Limited does not have its own website. Accordingly, details of financial information with respect to: (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value in relation to Finreach, based on its audited standalone financial statements, for the preceding three financial years as prescribed under the SEBI ICDR Regulations will be available on the website of our Company at www.northernarc.com/assets/uploads/Finreach_Audited_Financial_statement_FY_24.pdf.

**Nature and extent of interest of our Group Company**

*In the promotion of our Company*

Our Group Company does not have any interest in the promotion of our Company.

*In the properties acquired by our Company in the three years preceding the date of filing of this Red Herring Prospectus or proposed to be acquired by our Company*

Our Group Company is not interested in the properties (i) acquired by our Company in the three years preceding the date of filing of this Red Herring Prospectus or (ii) proposed to be acquired by our Company as on the date of this Red Herring Prospectus.

*In the transactions for acquisition of land, construction of building and supply of machinery, etc.*

Our Group Company is not interested in the transactions for acquisition of land, construction of building and supply of machinery, etc. entered into by our Company.

**Related business transactions with our Group Company and significance on the financial performance of our Company**

There are no related business transactions amongst our Company, our Subsidiaries and our Group Company (*also being our Associate Company*), except as otherwise disclosed in "*Offer Document Summary – Summary of Related Party Transactions" and* "*Other Financial Information – Related Party Transactions*", beginning on pages 26 and 443 respectively.

**Common pursuits**

There are no common pursuits between our Company and our Group Company.

**Business interests**

Our Group Company does not have any business interest in our Company except as otherwise disclosed in the "*History and Certain Corporate Matters – Business Interest in our Company*", "*Offer Document Summary – Summary of Related Party Transactions"* and "*Other Financial Information – Related Party Transactions*", beginning on pages 328, 26 and 443 respectively.

**Litigation**

Our Group Company is not a party to any pending litigation which has a material impact on our Company.

**Certain other confirmations**

Our Group Company does not have any listed debt securities.

There are no conflict of interests between the third party service providers of our Company (crucial for operations of the Company) and our Group Company or its directors.

There are no conflict of interests between the lessors of immovable properties of our Company (crucial for operations of the Company) and our Group Company or its directors.

# DIVIDEND POLICY

The declaration and payment of dividends on the Equity Shares will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of our Articles of Association and the Companies Act. Our Company may pay dividend including by cheque or any electronic mode, as may be approved by our Board in the future.

The declaration of dividends, if any, in the future will depend on a number of factors that our Board deems relevant, including but not limited to our Company's profits, capital requirements, rate of dividend distribution tax, contractual obligations, applicable legal restrictions, overall financial condition and restrictive covenants under loan or financing arrangements of our Company. See "*Financial Indebtedness*" beginning on page 445.

A dividend distribution policy was adopted by our Company pursuant to a resolution of our Board dated July 7, 2021 (the "**Dividend Policy**"). In terms of the Dividend Policy, the declaration of dividend, if any, will depend on a number of internal and external factors which, *inter alia*, include (i) availability of profit during the financial year for distribution as dividend, (ii) the position of accumulated reserves of the Company, (iii) Company's liquidation position and future cash flow needs, (iv) stipulations in agreements with lenders of the Company, (v) long term growth strategy requiring the Company to plough back profits, (vi) capital expenditure requirements, and any other relevant factors that our Board may deem fit to consider before declaring dividend. Further, our Company is also required to comply with regulations prescribed by the RBI prior to declaring any dividend, including minimum prudential norms, maximum permissible dividend and other factors prescribed by the RBI through its circular dated June 24, 2021 titled 'Declaration of Dividend by NBFCs'. For further details, see "*Key Regulations and Policies*" beginning on page 297.

Our Company has not declared or paid any dividend on Equity Shares or CCPS during the three immediately preceding Financial Years, and from April 1, 2024 until the date of filing of this Red Herring Prospectus.

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or the dividend amount thereof will be increased in the future. See "*Risk Factors – Our ability to pay dividends in the future will depend on our compliance with certain conditions prescribed by the RBI, earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants of our financing arrangements*" on page 86.

## SECTION V: FINANCIAL INFORMATION

## RESTATED CONSOLIDATED SUMMARY STATEMENTS

(*The remainder of this page has intentionally been left blank*)

**Independent Auditors' Examination Report on the restated consolidated summary statement of assets and liabilities as at March 31, 2024, 2023 and 2022, restated consolidated summary statements of profit and loss (including other comprehensive income), restated consolidated summary statements of cash flows and restated consolidated summary statements of changes in equity for each of the years ended March 31, 2024, 2023 and 2022, the consolidated summary statements of material accounting policies and other explanatory notes of Northern Arc Capital Limited (the "Company"), its subsidiaries and its associate (together referred to as the "Group") (collectively, the "Restated Consolidated Summary Statements")**

To

The Board of Directors,
Northern Arc Capital Limited
No. 1, Kanagam Village,
10th Floor, IITM Research Park,
Taramani, Chennai – 600 113

Dear Sirs /Madams,

1. We, S.R. Batliboi & Associates LLP ("**we**" or "**us**" or "**SRBA**") have examined the attached Restated Consolidated Summary Statements of the Group.

   The Restated Consolidated Summary Statements have been approved by the board of directors of the Company ("**Board of Directors**") at their meeting held on [date], for the purpose of inclusion in the red herring prospectus and prospectus (collectively referred to as "**Offer Documents**"), in connection with its proposed initial public offering of equity shares of face value of Rs 10 each by way of fresh issue of equity shares and offer for sale by the selling shareholders of the Company ("**Proposed IPO**"), and have been prepared by the Company in accordance with the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "**Act**");

   b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (the "**ICDR Regulations**"); and

   c) The Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "**Guidance Note**")

**Management's Responsibility for the Restated Consolidated Summary Statements**

2. The preparation of Restated Consolidated Summary Statements is the responsibility of the management of the Company. The Restated Consolidated Summary Statements have been prepared by the management of the Company on the basis of preparation stated in Note 2.1 of Annexure V to the Restated Consolidated Summary Statements. The responsibility of the management of the Company, its subsidiaries and its associate includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Consolidated Summary Statements. The management of the Company, its subsidiaries and its associate are also responsible for identifying and ensuing that the Group complies with the Act, ICDR Regulations and the Guidance Note.

**Auditors' Responsibilities**

3. We have examined such Restated Consolidated Summary Statements taking into consideration:

   a) the terms of reference and our engagement agreed with you vide our engagement letter dated October 25, 2023, requesting us to carry out the work on such Restated Consolidated Summary Statements, proposed to be included in the Offer Documents in connection with the Proposed IPO;

b) the Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Summary Statements; and

d) the requirements of Section 26 of the Act and the applicable provisions of the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Proposed IPO.

**Restated Consolidated Summary Statements as per audited consolidated financial statements**

4. These Restated Consolidated Summary Statements have been compiled by the management of the Company from the audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2024, 2023 and 2022 (together the "**Audited Consolidated Financial Statements**"), which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on May 29, 2024, May 11, 2023 and May 10, 2022, respectively.

5. For the purpose of our examination, we have relied on:

   i. Independent Auditor's Reports issued by us dated May 29, 2024, May 11, 2023 and May 10, 2022, on the audited consolidated financial statements of the Group as at and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, respectively, as referred in paragraph 4 above; and

   ii. the Examination reports issued by other auditors of certain subsidiaries and associate (listed in Annexure 1) included in these Restated Consolidated Summary Statements.

6. The audit reports on the consolidated financial statements as at and for the years ended March 31, 2024, 2023 and 2022 issued by us, as referred in paragraph 5 above, which does not require any adjustment in the Restated Consolidated Summary Statements, contains the following:

   (a) Report on Other Legal and Regulatory Requirements included in the Auditor's Reports on the Audited Consolidated Financial Statements included the following modification relating to the maintenance of books of accounts and other matters connected therewith:

      (i) As at and for the year ended March 31, 2024

      Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company, subsidiaries and associate have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except for the instances mentioned below. Further, for the applications and periods for which audit trail feature is enabled and operated, we and respective auditors of the subsidiaries and associate did not come across any instance of audit trail feature being tampered with:

      A. As regards the Holding Company:

      (a) In respect of application relating to general ledger, the audit trail feature at the database level could not be commented in the absence of service organisation report from the third party service provider;

(b) In respect of Loan Management systems, such applications either have limitation in those applications in obtaining relevant information with regard to audit trail due to which we are unable to perform testing of audit trail feature, or for third party managed loan management systems, the service organization controls (SOC) report covering the audit trail feature was not available;

B. As regards subsidiary companies incorporated in India:

(a) In respect of two subsidiaries, in the absence of service organisation report from the third party service provider, the audit trail feature at the database level could not be commented upon;

(b) In respect of one subsidiary, the audit trail feature, was enabled for only part of the year for all relevant transactions recorded in the software used;

(ii) As at and for the year ended March 31, 2023:

In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors, except that the Company does not have server physically located in India for the daily backup of certain books of account and other books and paper maintained in electronic mode on daily basis, as stated in note 50 to the consolidated financial statements;

(b) The auditors' report on the consolidated financial statements of the Group included qualifications in the report on the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act which did not require any corrections (included in Annexure VI in the attached Restated Consolidated Summary Statements).

7. As indicated in our auditor's reports referred to in paragraph 5 above, we did not audit the financial statements of certain subsidiaries and associate as at for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 whose share of total assets, total revenues, net cash inflows / (outflows) and share of profit from associate in the consolidated financial statements, for the relevant years are tabulated below, which have been audited by other auditors and whose reports have been furnished to us by the Company's management and our opinion on the historical consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, was based solely on the reports of the other auditors:

| **Particulars** | **For the year ended March 31, 2024 (In Rs million)** | **For the year ended March 31, 2023 (In Rs million)** | **For the year ended March 31, 2022 (In Rs million)** |
|---|---|---|---|
| Number of Subsidiaries | 4 | 3 | 3 |
| Total assets | Rs 710.72 million | Rs 539.95 million | Rs 431.7 million |
| Total revenue | Rs 1102.77 million | Rs 449.74 million | Rs 19.3 million |
| Net cash inflow | Rs 115.85 million | Rs 16.7 million | Rs 0.20 million |
| Number of associates | 1 | 1 | Nil |
| Share of loss from associate | Rs 21.61 million | Rs 16.94 million | NA |

Our audit opinions on the consolidated financial statements of the group as at and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, were not qualified for the above matter.

8. The other auditors as mentioned above, have examined the restated summary statements of certain subsidiaries and associate (listed in Annexure 1) included in these Restated Consolidated Summary Statements and has confirmed that the restated summary statements of the components:

    (i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended March 31, 2023 and 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed for the year ended March 31, 2024;

    (ii) does not contain any qualifications requiring adjustments; and

    (iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note, and according to the information and explanations given to us and also as per the reliance placed on the examination reports of the subsidiaries and associate submitted by the other auditors as stated in paragraph 5 ii above, we report that:

    a) the Restated Consolidated Summary Statements of the Group, have been prepared after making adjustments and regroupings / reclassifications more fully described in Note 51 of Annexure VI to the Restated Consolidated Summary Statements included in the Restated Consolidated Summary Statements is in our opinion were appropriate;

    b) there are no qualifications in the auditors' reports on the audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2024, 2023 and 2022 which require any adjustments to the Restated Consolidated Summary Statements. There are items relating to modification, adverse remark on other legal and regulatory reporting and qualification in the Companies (Auditor's Report) Oder, 2020 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any adjustment to the Restated Consolidated Summary Statements, have been disclosed in Note 52 of Annexure VI to the Restated Consolidated Summary Statements; and

    c) the Restated Consolidated Summary Statements have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

10. We have not audited any financial statements of the Group as of any date or for any period subsequent to March 31, 2024. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to March 31, 2024.

11. The Restated Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.

12. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with the Registrar of Companies, Tamil Nadu at Chennai, the Securities and Exchange Board of India, National Stock Exchange of India Limited, and BSE Limited, in connection with the Proposed IPO. Our report should not be used, referred to or distributed for any other purpose.

**For S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

**per Bharath N S**
Partner
Membership Number: 210934
UDIN: 24210934BKFUOG9797
Place of Signature: Chennai
Date: August 6, 2024

**Annexure 1 – Details of entities examined by other auditors'**

| Sl No | Name of the entity | Relationship | Independent auditor | Periods examined |
|---|---|---|---|---|
| 1 | Northern Arc Foundation | Subsidiary | Brahmayya & Co. | As at and for the years ended March 31, 2024, 2023 and 2022 |
| 2 | Pragati Finserv Private Limited | Subsidiary | Vaithisvaran & Co. LLP | As at and for the years ended March 31, 2024, 2023 and 2022 |
| 3 | Northern Arc Capital Employee Welfare Trust | Subsidiary | Vairav and Associates | As at and for the years ended March 31, 2024, 2023 and 2022 |
| 4 | Northern Arc Securities Private Limited | Subsidiary | Poonam Ankit & Associates | As at and for the year ended March 31, 2024 and for the period ended March 31, 2023 |
| 5 | Finreach Solutions Private Limited | Associate | PKF Sridhar & Santhanam LLP | As at and for the year ended March 31, 2024 and for the period ended March 31, 2023 |

**Northern Arc Capital Limited**
**Restated Consolidated Summary Statements**
**Annexure I - Restated Consolidated Summary Statement of Assets and Liabilities**
(All amounts are in Indian Rupees in millions unless otherwise stated)

| Particulars | Note | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 4 | 1,794.01 | 2,323.40 | 7,151.74 |
| Bank balances other than cash and cash equivalents | 5 | 2,283.43 | 1,902.59 | 873.44 |
| Derivative financial instruments | 6 | 548.19 | 610.48 | 15.19 |
| Trade receivables | 7 | 253.49 | 286.14 | 191.84 |
| Loans | 8 | 92,095.89 | 68,886.06 | 52,087.56 |
| Investments | 9 | 17,807.05 | 17,627.34 | 17,657.51 |
| Other financial assets | 10 | 839.15 | 505.90 | 696.52 |
| **Total financial assets** | | **1,15,621.21** | **92,141.91** | **78,673.80** |
| **Non-financial assets** | | | | |
| Current tax assets (net) | 33 | 240.43 | 291.16 | 420.87 |
| Deferred tax assets (net) | 33 | 347.59 | 351.79 | 136.91 |
| Property, plant and equipment | 11.1 | 66.62 | 38.13 | 19.55 |
| Intangible assets under development | 11.2 | 23.12 | 9.89 | 2.84 |
| Goodwill | 11.3 | 234.77 | 240.70 | 17.46 |
| Other intangible assets | 11.4 | 117.93 | 133.71 | 94.29 |
| Right of use asset | 11.5 | 147.23 | 96.66 | 112.17 |
| Investment in associates | 23 | 38.86 | 272.66 | - |
| Other non- financial assets | 12 | 238.83 | 139.11 | 263.27 |
| **Total Non-financial assets** | | **1,455.38** | **1,573.81** | **1,067.36** |
| **Total assets** | | **1,17,076.59** | **93,715.72** | **79,741.16** |
| **LIABILITIES AND EQUITY** | | | | |
| **LIABILITIES** | | | | |
| **Financial liabilities** | | | | |
| Derivative financial instruments | 13 | 29.87 | 22.76 | 64.38 |
| Trade payables | 14 | | | |
| Total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,284.83 | 1,096.12 | 558.17 |
| Debt securities | 15 | 14,137.25 | 12,243.16 | 13,435.97 |
| Borrowings (Other than debt securities) | 16 | 76,340.31 | 57,702.99 | 45,994.26 |
| Subordinated liabilities | 17 | - | 399.51 | 399.35 |
| Other financial liabilities (including lease liabilities) | 18 | 1,550.58 | 1,101.93 | 669.44 |
| **Total financial liabilities** | | **93,342.84** | **72,566.47** | **61,121.57** |
| **Non-financial liabilities** | | | | |
| Provisions | 19 | 320.66 | 333.54 | 224.57 |
| Current tax liabilities (net) | | 46.15 | - | - |
| Deferred tax liabilities (net) | 33 | 7.19 | 2.00 | 7.23 |
| Other non-financial liabilities | 20 | 155.64 | 136.41 | 66.67 |
| **Total Non-financial liabilities** | | **529.64** | **471.95** | **298.47** |
| **EQUITY** | | | | |
| Equity share capital | 21 | 893.85 | 890.31 | 889.08 |
| Instruments entirely equity in nature | 21 | 826.46 | 826.46 | 826.46 |
| Other equity | 22 | 21,423.54 | 17,837.49 | 15,675.24 |
| **Equity attributable to the equity holder of the holding company** | | **23,143.85** | **19,554.26** | **17,390.78** |
| Non-controlling interest (NCI) | 23 | 60.26 | 1,123.04 | 930.34 |
| **Total equity** | | **23,204.11** | **20,677.30** | **18,321.12** |
| **Total liabilities and equity** | | **1,17,076.59** | **93,715.72** | **79,741.16** |

Summary of material accounting policies 2
The accompanying notes form an integral part of the Restated Consolidated Summary Statements (Annexure V)
As per our report of even date attached

**for S.R. Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm Registration no.: 101049W/E300004

**per Bharath N S**
*Partner*
ICAI Membership No. 210934

Place : Chennai
Date : August 6, 2024

For and on behalf of the board of directors of
**Northern Arc Capital Limited**
CIN: U65910TN1989PLC017021

**P.S.Jayakumar**
Chairman
DIN : 01173236

**Ashish Mehrotra**
Managing Director
and Chief Executive Officer
DIN: 07277318

**Atul Tibrewal**
Chief Financial Officer

**Prakash Chandra Panda**
Company Secretary
Membership No: A22585

Place : Mumbai
Date : August 6, 2024

**Northern Arc Capital Limited**
**Restated Consolidated Summary Statements**
**Annexure II - Restated Consolidated Summary Statement of Profit and Loss (including other comprehensive income)**
(All amounts are in Indian Rupees in millions unless otherwise stated)

| Particulars | Note | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **Revenue from operations** | | | | |
| Interest income | 24 | 17,121.12 | 11,483.88 | 7,808.45 |
| Fee and Commission income | 25 | 849.28 | 856.16 | 860.45 |
| Net gain on fair value changes | 26 | 456.19 | 506.25 | 426.49 |
| Net gain on derecognition of financial instruments | | 474.25 | 203.42 | - |
| **Total revenue from operations** | | **18,900.84** | **13,049.71** | **9,095.39** |
| Other income | 27 | 159.49 | 62.29 | 70.06 |
| **Total income** | | **19,060.33** | **13,112.00** | **9,165.45** |
| **Expenses** | | | | |
| Finance costs | 28 | 7,263.85 | 5,574.49 | 4,106.72 |
| Fees and commission expense | | 2,208.19 | 1,214.20 | 527.32 |
| Employee benefits expenses | 29 | 2,416.08 | 1,489.25 | 979.42 |
| Impairment on financial instruments | 30 | 1,224.38 | 392.14 | 365.09 |
| Depreciation and amortisation | 31 | 169.44 | 120.44 | 95.76 |
| Other expenses | 32 | 1,566.31 | 1,090.50 | 607.25 |
| **Total expenses** | | **14,848.25** | **9,881.02** | **6,681.56** |
| **Restated profit before share of profit/loss of associate and taxes** | | **4,212.08** | **3,230.98** | **2,483.89** |
| Share of loss from Associates | 23 | (9.72) | (18.73) | - |
| **Restated Profit before tax** | | **4,202.36** | **3,212.25** | **2,483.89** |
| **Tax expense** | 33 | | | |
| Current tax | | 1,088.11 | 970.23 | 505.02 |
| Adjustment of tax relating to earlier periods | | 4.69 | - | - |
| Deferred tax charge / (benefit) | | (67.37) | (180.12) | 159.49 |
| **Total Tax expense** | | **1,025.43** | **790.11** | **664.51** |
| **Restated Profit for the year** | **(A)** | **3,176.93** | **2,422.14** | **1,819.38** |
| **Other Comprehensive Income** | | | | |
| **Items that will not be reclassified to profit or loss in subsequent periods** | | | | |
| Remeasurement gain / (loss) on defined benefit plans | | 11.65 | 8.07 | (19.53) |
| Income tax relating to items that will not be reclassified to profit or loss | | (2.93) | (2.66) | 4.91 |
| | | **8.72** | **5.41** | **(14.62)** |
| **Items that will be reclassified to profit or loss in subsequent periods** | | | | |
| Net gain/ (loss) on Financial Instruments through other comprehensive income | | 122.90 | (90.00) | (198.17) |
| Income tax relating to items that will be reclassified to profit or loss | | (30.93) | 14.07 | 34.66 |
| | | **91.97** | **(75.93)** | **(163.51)** |
| Net gain/ (loss) on effective portion of cash flow hedges | | 136.22 | (101.08) | (209.24) |
| Income tax relating to items that will be reclassified to profit or loss | | (34.29) | 25.44 | 52.67 |
| | | **101.93** | **(75.64)** | **(156.57)** |
| Share of other comprehensive income from associates | | (0.08) | - | - |
| Income tax relating to items that will be reclassified to profit or loss | | - | - | - |
| | | **(0.08)** | **-** | **-** |
| **Restated other comprehensive income for the year (net of income taxes)** | **(B)** | **202.54** | **(146.16)** | **(334.70)** |
| **Restated total comprehensive income for the year (net of income taxes)** | **(A+B)** | **3,379.47** | **2,275.98** | **1,484.68** |
| **Restated Profit for the year attributable to** | | | | |
| Owners of the holding company | | 3,083.34 | 2,300.11 | 1,725.00 |
| Non-controlling Interest | 23 | 93.59 | 124.23 | 94.38 |
| **Restated other comprehensive income for the year (net of income taxes)** | | | | |
| Owners of the holding company | | 201.71 | (126.88) | (308.00) |
| Non-controlling Interest | 23 | 0.83 | (19.28) | (26.70) |
| **Restated total comprehensive income for the year (net of income taxes)** | | | | |
| Owners of the holding company | | 3,285.05 | 2,173.23 | 1,417.00 |
| Non-controlling Interest | 23 | 94.42 | 104.95 | 67.68 |
| **Restated earnings per equity share of INR 10 each [Equity shares, par value of Rs.10 each]** | 34 | | | |
| Basic (in rupees) | | 34.61 | 25.85 | 19.52 |
| Diluted (in rupees) | | 23.40 | 17.38 | 13.09 |

Summary of material accounting policies 2
The accompanying notes form an integral part of the Restated Consolidated Summary Statements (Annexure V)
As per our report of even date attached

**for S.R. Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm Registration no.: 101049W/E300004

**per Bharath N S**
*Partner*
ICAI Membership No. 210934

Place : Chennai
Date : August 6, 2024

For and on behalf of the board of directors of
**Northern Arc Capital Limited**
CIN: U65910TN1989PLC017021

**P.S.Jayakumar**
Chairman
DIN : 01173236

**Ashish Mehrotra**
Managing Director
and Chief Executive Officer
DIN: 07277318

**Atul Tibrewal**
Chief Financial Officer

**Prakash Chandra Panda**
Company Secretary
Membership No: 50149

Place : Mumbai
Date : August 6, 2024

**Northern Arc Capital Limited**
**Restated Consolidated Summary Statements**
**Annexure III - Restated Consolidated Summary Statement of Cash Flows**
(All amounts are in Indian Rupees in millions unless otherwise stated)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **A Cash flow from operating activities** | | | |
| Restated Profit before tax | 4,202.36 | 3,212.25 | 2,483.89 |
| **Adjustment to reconcile restated profit before tax to net cash flows:** | | | |
| Depreciation and amortisation expenses | 169.44 | 120.44 | 95.76 |
| Write off of intangible assets under development | 1.86 | 76.85 | 7.14 |
| Mark-to-market (gain)/loss on derivative contracts | - | - | (40.65) |
| Unrealised (gain)/loss on investment in alternative investment funds | 57.25 | 25.87 | (70.84) |
| Interest income on loans, fixed deposits and investments | (16,965.34) | (11,586.81) | (7,799.41) |
| Gain on investments in mutual fund | (104.62) | (77.67) | (42.05) |
| (Profit)/Loss on sale of investments | (117.59) | (168.08) | (16.91) |
| Impairment on financial instruments | (2,004.42) | 380.68 | (703.78) |
| Bad debts written off | 3,228.79 | 8.56 | 1,068.87 |
| Employee share based payment expenses | 173.59 | 15.74 | 32.07 |
| (Profit)/loss on sale of plant, property and equipments | 0.09 | (2.39) | - |
| (Gain)/loss on account of lease foreclosed | (0.11) | - | 6.32 |
| Gain on account of lease rental concession received | - | - | (0.31) |
| Amortisation of discount on commercial papers | 182.64 | - | - |
| Share of loss of Associate | 9.72 | 18.73 | - |
| Interest on income tax refund | - | (14.98) | (10.64) |
| Net gain on derecognition of financial assets | (474.25) | (203.42) | - |
| Finance costs | 7,083.86 | 5,574.49 | 4,106.73 |
| **Cash used in operations before working capital changes and adjustments** | **(4,556.73)** | **(2,619.74)** | **(883.81)** |
| **Changes in working capital and other changes:** | | | |
| (Increase) / Decrease in other financial assets | (207.68) | 23.28 | (649.15) |
| (Increase) / Decrease in trade receivables | 93.21 | (94.02) | (6.52) |
| (Increase) / Decrease in loans (Also refer Note 9A) | (35,683.00) | (19,857.96) | (15,081.23) |
| (Increase) / Decrease in other non-financial assets | (94.92) | 130.68 | (214.97) |
| (Increase) / Decrease in other bank balances | (366.54) | (979.29) | (153.85) |
| (Increase) / Decrease in Investments | (1,405.40) | 142.49 | - |
| (Decrease) / Increase in other financial liabilities | 221.11 | 24.72 | - |
| (Decrease) / Increase in other non-financial liabilities | 30.67 | 135.35 | - |
| (Decrease) / Increase in trade payables, other liabilities and provisions | 235.19 | 1,110.69 | 628.69 |
| **Cash used in operations before adjustments** | **(41,734.09)** | **(21,983.80)** | **(16,360.84)** |
| Proceeds from de-recognition of financial assets | 10,129.20 | 3,853.80 | - |
| Interest income received on loans, fixed deposits and investments | 16,380.23 | 11,487.72 | 7,646.32 |
| Recovery from bad debts written off assets | 2,254.44 | - | - |
| Finance cost paid | (7,386.66) | (5,454.20) | (3,983.17) |
| Income tax paid (net) | (987.57) | (860.06) | (557.33) |
| **Net cash flow from/ (used in) operating activities** | **(21,344.45)** | **(12,956.54)** | **(13,255.02)** |
| **B Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment (net of proceeds) | (136.99) | 106.62 | (123.00) |
| Purchase of investments | (70,467.68) | (68,360.18) | (53,464.39) |
| Proceeds from sale of investments (Also refer Note 9A) | 70,992.76 | 68,033.43 | 49,727.26 |
| Term deposit with scheduled banks | 10.31 | (35.80) | - |
| Payment towards acquisition of specified assets and liabilities (net of cash) | - | (843.59) | - |
| Payment towards transfer of specified assets & liabilities to subsidiary (net of cash) | - | (27.96) | - |
| Investment in associate | (44.91) | (67.23) | - |
| Change in unit holding in fund (Subsidiary) | - | - | 4.94 |
| Interest income received | 6.96 | - | - |
| **Net cash from / (used in) investing activities** | **360.45** | **(1,194.71)** | **(3,855.19)** |
| **C Cash flow from financing activities** | | | |
| Proceeds from issue of debt securities | 8,442.60 | 8,771.00 | 7,642.97 |
| Repayment of debt securities | (6,358.97) | (10,067.91) | (10,736.05) |
| Proceeds from borrowings (other than debt securities) | 78,512.44 | 41,629.86 | 32,510.00 |
| Repayment of borrowings (other than debt securities) | (59,730.92) | (30,870.45) | (9,225.88) |
| Repayment of Subordinated liabilities | (399.51) | - | - |
| Payment of principal portion of lease liabilities | (51.61) | (51.56) | 19.89 |
| Payment of interest on lease liabilities | (17.50) | (14.61) | - |
| Proceeds from issue of equity share capital including securities premium | 49.70 | 13.12 | 113.62 |
| Capital contributions by NCI | - | - | 54.76 |
| Share application money received pending allotment | 8.38 | - | - |
| Distributions of surplus in funds to NCI | - | (129.92) | (98.12) |
| **Net cash flow from/(used in) financing activities** | **20,454.61** | **9,279.53** | **20,281.19** |
| **Net increase/(decrease) in cash and cash equivalents** | **(529.39)** | **(4,871.72)** | **3,170.98** |
| Cash and cash equivalents at the beginning of the year | 2,323.40 | 7,151.74 | 3,980.76 |
| Additions on acquisition of specified assets and liabilities (Refer Note 48) | - | 43.38 | - |
| Cash and cash equivalents at the end of the year | **1,794.01** | **2,323.40** | **7,151.74** |

**Northern Arc Capital Limited**
**Restated Consolidated Summary Statements**
**Annexure III - Restated Consolidated Summary Statement of Cash Flows**
(All amounts are in Indian Rupees in millions unless otherwise stated)

| | **Particulars** | **Note** | **As at March 31, 2024** | **As at March 31, 2023** | **As at March 31, 2022** |
|---|---|---|---|---|---|
| | **Notes to Restated Consolidated Summary Statement of Cash Flows** | | | | |
| 1 | **Components of cash and cash equivalents:** | **4** | | | |
| | Cash on hand | | 0.77 | 0.03 | - |
| | Cheque in hand | | 2.02 | - | - |
| | Balances with banks | | | | |
| | - in current accounts | | 1,583.67 | 2,122.99 | 2,365.95 |
| | - in deposit accounts free of lien | | 207.55 | 200.38 | 4,785.79 |
| | | | **1,794.01** | **2,323.40** | **7,151.74** |

2 The above cashflow statement has been prepared under the "indirect method" as set out in the Ind AS-7 on statement of cashflows specified under section 133 of the Companies Act, 2013

3 **Non cash financing and investing activity**

| | **Particulars** | **As at March 31, 2024** | **As at March 31, 2023** | **As at March 31, 2022** |
|---|---|---|---|---|
| a | **Investing Activity** | | | |
| | Acquisition of right of use asset | 106.41 | 14.27 | 72.25 |
| | **Total** | **106.41** | **14.27** | **72.25** |

b For disclosures relating to changes in liabilities arising from financing activities, refer Note 36A

Summary of material accounting policies 2
The accompanying notes form an integral part of the Restated Consolidated Summary Statements (Annexure V)

**for S.R. Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm Registration no.: 101049W/E300004

**per Bharath N S**
*Partner*
ICAI Membership No. 210934

Place : Chennai
Date : August 6, 2024

For and on behalf of the board of directors of
**Northern Arc Capital Limited**
CIN: U65910TN1989PLC017021

**P.S.Jayakumar**
Chairman
DIN : 01173236

**Ashish Mehrotra**
Managing Director
and Chief Executive Officer
DIN: 07277318

**Atul Tibrewal**
Chief Financial Officer

**Prakash Chandra Panda**
Company Secretary
Membership No: A22585

Place : Mumbai
Date : August 6, 2024

**Northern Arc Capital Limited**
**Restated Consolidated Summary Statements**
**Annexure IV - Restated Consolidated Summary Statement of Changes in Equity**
(All amounts are in Indian Rupees in millions unless otherwise stated)

**A. Equity Share Capital**

| | |
|---|---|
| **Equity Share capital of INR 10 each Issued, Subscribed and Fully paid** | |
| **Balance as at April 01, 2021** | **879.22** |
| Changes in equity share capital during the year (Refer Note 21) | 9.86 |
| **Balance as at March 31, 2022** | **889.08** |
| Changes in equity share capital during the year (Refer Note 21) | 1.23 |
| **Balance as at March 31, 2023** | **890.31** |
| Changes in equity share capital during the year (Refer Note 21) | 3.54 |
| **Balance as at March 31, 2024** | **893.85** |

**B. Instruments entirely equity in nature**

| | |
|---|---|
| **Balance as at April 01, 2021** | **826.46** |
| Changes in compulsorily convertible preference shares during the year | - |
| **Balance as at March 31, 2022** | **826.46** |
| Changes in compulsorily convertible preference shares during the year | - |
| **Balance as at March 31, 2023** | **826.46** |
| Changes in compulsorily convertible preference shares during the year | - |
| **Balance as at March 31, 2024** | **826.46** |

**C. Other Equity**

| | Other equity | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | | | Other Comprehensive Income (OCI) | | Total attributable to equity holders of the holding company | Total Non-Controlling Interest (NCI) | Total |
| | Share application money pending allotment | Statutory Reserve | Capital Redemption Reserve | Capital Reserve | Securities Premium | Share based payment reserve | Retained Earnings | Financial Instruments through OCI | Effective portion of cash flow hedge reserve | | | |
| **Balance as at April 1, 2021** | **-** | **989.08** | **346.70** | **0.36** | **8,389.74** | **229.78** | **3,746.22** | **453.81** | **(38.22)** | **14,117.47** | **906.02** | **15,023.49** |
| **Change in equity for the year ended March 31, 2022** | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 1,725.00 | - | - | 1,725.00 | 94.38 | 1,819.38 |
| Fair valuation gain/ (loss) of financial instruments (net) | - | - | - | - | - | - | - | (136.81) | (156.57) | (293.38) | (26.70) | (320.08) |
| Change in unit holding in funds (subsidiary) - loss of control | - | - | - | - | - | - | 4.93 | - | - | 4.93 | - | 4.93 |
| Premium received on equity shares issued during the year | - | - | - | - | 161.31 | (57.55) | - | - | - | 103.76 | - | 103.76 |
| Contribution by NCI | - | - | - | - | - | - | - | - | - | - | 54.76 | 54.76 |
| Distributions of surplus in funds to NCI | - | - | - | - | - | - | - | - | - | - | (98.12) | (98.12) |
| Transfer to statutory reserve | - | 327.46 | - | - | - | - | (327.46) | - | - | - | - | - |
| Employee compensation expense during the year | - | - | - | - | - | 32.07 | - | - | - | 32.07 | - | 32.07 |
| Remeasurement of net defined benefit plan | - | - | - | - | - | - | (14.61) | - | - | (14.61) | - | (14.61) |
| **Balance as at March 31, 2022** | **-** | **1,316.54** | **346.70** | **0.36** | **8,551.05** | **204.30** | **5,134.08** | **317.00** | **(194.79)** | **15,675.24** | **930.34** | **16,605.58** |
| **Balance as at April 1, 2022** | **-** | **1,316.54** | **346.70** | **0.36** | **8,551.05** | **204.30** | **5,134.08** | **317.00** | **(194.79)** | **15,675.24** | **930.34** | **16,605.58** |
| **Change in equity for the year ended March 31, 2023** | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 2,300.11 | - | - | 2,300.11 | 124.23 | 2,424.34 |
| Fair valuation gain/ (loss) of financial instruments (net) | - | - | - | - | - | - | - | (51.24) | (75.64) | (126.88) | (19.28) | (146.16) |
| Change in unit holding in funds (subsidiary) - loss of control | - | - | - | - | - | - | (42.43) | - | - | (42.43) | 217.67 | 175.24 |
| Premium received on equity shares issued during the year | - | - | - | - | 16.85 | (4.97) | - | - | - | 11.88 | - | 11.88 |
| Transfer to retained earnings | - | - | - | - | - | (43.45) | 43.45 | - | - | - | - | - |
| Distributions of surplus in funds to NCI | - | - | - | - | - | - | - | - | - | - | (129.92) | (129.92) |
| Transfer to statutory reserve | - | 450.71 | - | - | - | - | (450.71) | - | - | - | - | - |
| Employee compensation expense during the year | - | - | - | - | - | 14.16 | - | - | - | 14.16 | - | 14.16 |
| Remeasurement of net defined benefit plan | - | - | - | - | - | - | 5.41 | - | - | 5.41 | - | 5.41 |
| **Balance as at March 31, 2023** | **-** | **1,767.25** | **346.70** | **0.36** | **8,567.90** | **170.04** | **6,989.91** | **265.76** | **(270.43)** | **17,837.49** | **1,123.04** | **18,960.53** |
| **Balance as at April 1, 2023** | **-** | **1,767.25** | **346.70** | **0.36** | **8,567.90** | **170.04** | **6,989.91** | **265.76** | **(270.43)** | **17,837.49** | **1,123.04** | **18,960.53** |
| **Change in equity for the year ended March 31, 2024** | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 3,083.34 | - | - | 3,083.34 | 93.59 | 3,176.93 |
| Fair valuation gain/ (loss) of financial instruments (net) | - | - | - | - | - | - | - | 91.97 | 101.93 | 193.90 | - | 193.90 |
| Amount reclassified to Profit and loss | - | - | - | - | - | - | - | 0.65 | - | 0.65 | - | 0.65 |
| Change in unit holding in funds (subsidiary) - loss of control | - | - | - | - | - | - | - | - | - | - | (1,179.39) | (1,179.39) |
| Premium received on equity shares issued during the year | - | - | - | - | 68.74 | (22.58) | - | - | - | 46.16 | - | 46.16 |
| Share application money received pending allotment | 8.38 | - | - | - | - | - | - | - | - | 8.38 | - | 8.38 |
| Transfer to retained earnings | - | - | - | - | - | (16.01) | 82.73 | - | - | 66.72 | - | 66.72 |
| Transfer to statutory reserve | - | 560.34 | - | - | - | - | (560.34) | - | - | - | - | - |
| Employee compensation expense during the year | - | - | - | - | - | 179.02 | - | - | - | 179.02 | 22.19 | 201.21 |
| Remeasurement of net defined benefit plan | - | - | - | - | - | - | 7.88 | - | - | 7.88 | 0.83 | 8.71 |
| **Balance as at March 31, 2024** | **8.38** | **2,327.59** | **346.70** | **0.36** | **8,636.64** | **310.47** | **9,603.52** | **358.38** | **(168.50)** | **21,423.54** | **60.26** | **21,483.80** |

Summary of material accounting policies (Refer note 2)
The accompanying notes form an integral part of the Restated Consolidated Summary Statements (Annexure V)

As per our report of even date attached
**for S.R. Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm Registration no.: 101049W/E300004

For and on behalf of the board of directors of
**Northern Arc Capital Limited**
CIN: U65910TN1989PLC017021

**per Bharath N S**
*Partner*
ICAI Membership No. 210934

**P.S.Jayakumar**
Chairman
DIN : 01173236

**Ashish Mehrotra**
Managing Director
and Chief Executive Officer
DIN: 07277318

**Atul Tibrewal**
Chief Financial Officer

**Prakash Chandra Panda**
Company Secretary
Membership No: A22585

Place: Chennai
Date : August 6, 2024

Place : Mumbai
Date : August 6, 2024

(All amounts are in Indian Rupees in millions unless otherwise stated)

**1 Reporting entity**

Northern Arc Capital Limited (the "Holding Company", or the "Parent Company") was incorporated on March 9, 1989 and is registered as a non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated August 8, 2013 in lieu of Certificate of Registration dated June 24, 1999 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company's registered address is No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113.

The Holding Company, its subsidiaries and its associate (together known as the "Group") are principally engaged in lending and allied services such as advisory, syndication and portfolio management to provide liquidity and develop access to debt-capital markets for institutions and providing loans for personal, business, education and mortgage purposes to individuals by setting up microfinance institution, online debt trading platforms and alternative investment funds.

*The Group structure is as follows:*

| Entity | Country of Incorporation | Nature of Interest | % of unit holding / equity interest | | |
|---|---|---|---|---|---|
| | | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
| Northern Arc Capital Limited (NACL) | India | Parent Company | Not applicable | Not applicable | Not applicable |
| Northern Arc Investment Managers Private Limited (NAIM) | India | Wholly owned subsidiary | 100% | 100% | 100% |
| Northern Arc Investment Adviser Services Private Limited (NAIA) | India | Wholly owned subsidiary | 100% | 100% | 100% |
| Northern Arc Foundation (NAF) | India | Wholly owned subsidiary | 100% | 100% | 100% |
| Northern Arc Securities Private Limited | India | Wholly owned subsidiary | 100% | 100% | Not applicable |
| Pragati Finserv Private Limited | India | Subsidiary | 90.10% | 90.10% | 90.10% |
| Northern Arc Employee Welfare Trust | India | Subsidiary | Not applicable | Not applicable | Not applicable |
| Finreach Solutions Private Limited | India | Associate | 24.55% | 27.18% | Not applicable |
| IFMR FImpact Long Term Credit Fund | India | Subsidiary (Upto Nov 21, 2023) | Not applicable | 44.17% | 54.00% |
| | | Associate (From Nov 22, 2023 to Jan 12, 2024) | Not applicable | Not applicable | Not applicable |
| Northern Arc Emerging corporates Bond Fund | India | Associate (Upto Apr 26, 2023) | Not applicable | 28.87% | Not applicable |

**2 Material Accounting Policies**

**2.1 Basis of preparation**

The Restated Consolidated Summary Statements of the Group comprises of the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022 the Restated Consolidated Summary Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Summary Statement of Cash Flows, the Restated Consolidated Summary Statement of Changes in Equity for each of the years ended March 31, 2024, March 31, 2023 and March 31, 2022 and the Summary of Material Accounting Policies and explanatory notes (collectively, the 'Restated Consolidated Summary Statements' or 'Statements'). These Statements have been prepared specifically for inclusion in theupdated draft red herring prospectus, red herring prospectus and prospectus (together referred to as "Offer Document") to be filed by the Holding Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering ("IPO") of equity shares of face value of Rs. 10 each of the holding company.

These Restated Consolidated Summary Statements have been approved by the Board of Directors on August 6, 2024 and is prepared by the management of the Holding company to comply in all material respects with the requirements of:

(i) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

(ii) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, ("the SEBI ICDR Regulations") issued by the Securities and Exchange Board of India ('SEBI') on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992; and

(iii) Guidance note on Reports in Company Prospectuses (Revised 2019) ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

These Restated Consolidated Summary Statements have been compiled by the management of the Holding Company from:

Audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2024, March 31, 2023 and March 31, 2022 which were prepared in accordance with the Indian Accounting Standard (referred to as "IND AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, other accounting principles generally accepted in India, and presentation requirements of Division III of Schedule III of Companies Act, 2013, as applicable to Consolidated Financial Statements, which have been approved by the Board of Directors at their meeting held May 29, 2024, May 11, 2023 and May 10, 2022 respectively.

The underlying consolidated financial statements for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 mentioned above, are collectively referred as Historical Audited Consolidated Financial Statements ("Historical Audited Consolidated Financial Statements" or "Historical Consolidated Financial Statements").

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

Details of the Group's material accounting policies are disclosed in note 3.

**i) Presentation of Historical Consolidated Financial Statements**

The audited consolidated financial statements for each of the years 2024, 2023 and 2022 have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC).CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The historical consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The historical consolidated financial statements including consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income) , consolidated statement of changes in equity, are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of consolidated cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.
The Group presents its consolidated balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liabilities are generally reported on a gross basis in the restated consolidated summary statements of assets and liabilities. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:
•The normal course of business
•The event of default
•The event of insolvency or bankruptcy of the Group and / or its counterparties.
Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

**ii) Functional and presentation currency**

These restated consolidated summary statements are presented in Indian Rupees (INR), which is also the functional currency of the Holding Company, its subsidiaries and its associates. All amounts have been rounded-off to the nearest millions (two decimals), unless otherwise indicated

**iii) Use of estimates and judgements**

The preparation of the restated consolidated summary statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made prospectively as and when the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the historical consolidated financial statements is included in the following notes:

**iv) Business model assessment**

Classification and measurement of financial assets depends on the results of business model test and the solely payments of principal and interest ('SPPI') test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income or fair value through profit and loss that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and so a prospective change to the classification of those assets.

**v) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

**vi) Effective Interest Rate ('EIR') method**

The Group's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

**vii) Impairment of financial assets**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss ('ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

a) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ('LTECL') basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as consumer spending, lending interest rates and collateral values, and the effect on probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD').

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

**viii) Impairment of Non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**ix) Provisions and other contingent liabilities**

The Holding Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory inspections in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case including commercial/ contractual arrangements and considers such outflows to be probable, the group records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the restated consolidated summary statements are prudent and reasonable.

**x) Share-based payments**

The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for Senior Executive Plan (SEP) and a Monte-Carlo simulation model for General Employee Share Option Plan (GESP).The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 43.

**xi) Defined benefit plans (Gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 42.

**xii) Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**xiii) Other assumptions and estimation uncertainties**

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

a) Measurement of defined benefit obligations: key actuarial assumptions;
b) Estimated useful life of property, plant and equipment and intangible assets;
c) Recognition of deferred taxes;
d) Upfront recognition of Excess Interest Spread (EIS) in relation to assignment transactions.

**3 <u>Basis of Consolidation</u>**

**i) Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are fully consolidated from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where necessary, adjustments are made to the restated consolidated summary statements of subsidiary to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses and cash flows are eliminated on consolidation.

**ii) Investment in Associate**

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate.

**iii) Non-controlling interests ("NCI")**

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests in the net assets of consolidated subsidiary are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the business combination and the non-controlling interests' share of changes in equity since that date. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

**iv) Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

**v) Change in ownership without loss of control**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a. Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
b. Derecognises the carrying amount of any non-controlling interests
c. Derecognises the cumulative translation differences recorded in equity
d. Recognises the fair value of the consideration received
e. Recognises the fair value of any investment retained
f. Recognises any surplus or deficit in profit or loss
g. Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
h. Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

**vi) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**3.1 Summary of material accounting policies**

**a) Revenue from contract with customers**

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group consider the terms of the contract and its customary business practices to determine the transaction price. The Group applies the five-step approach for the recognition of revenue.
Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the group satisfies a performance obligation.

**Trade Receivables**

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3(c) Financial Assets and Liabilities.

**Recognition of interest income on loans**

Under Ind AS 109, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Group calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.
Revenue recognition for different heads of income is as under:

**i. Interest income on deposits**

Interest income on deposits is recognised on a time proportionate basis using the effective interest rate.

**ii. Fees and commission income**

Fees and commission income such as guarantee commission, professional fee, service income etc. are recognised on an accrual basis in accordance with term of the contract with

**iii. Dividend income**

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**iv. Other Income**

All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

**b) Financial instruments - initial recognition**

**Date of recognition**

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

**Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

**Measurement categories of financial assets and liabilities**

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) Fair value through other comprehensive income ('FVOCI')

iii) Fair value through profit and loss ('FVTPL')

**c) Financial assets and liabilities**

**A. Financial assets**

**Business model assessment**

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

**c) Financial assets and liabilities**

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**Sole Payments of Principal and Interest (SPPI) test**

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

**i. Financial assets carried at amortised cost (AC)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost.

**ii. Financial assets at fair value through other comprehensive income (FVOCI)**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**iii. Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.
The Group records investments in alternative investment funds, mutual funds and treasury bills at FVTPL.

**iv. Investment in equity instruments**

The Group measures all equity investments at fair value through profit or loss except, for Investment in subsidiaries and associates are recognised at cost, subject to impairment if any at the end of each reporting period. Cost of investment represents amount paid for acquisition of the investment.

**B. Financial liabilities**

**i. Initial recognition and measurement**

All financial liabilities are measured at amortised cost except for financial guarantees, and derivative financial liabilities.

**ii. Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest rate method.

**Debt securities and other borrowed funds**

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Holding Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

**Embedded derivatives**

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

**d) Derecognition of financial assets and liabilities**

**A. Derecognition of financial assets due to substantial modification of terms and conditions**

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financial assets are classified as Stage 1 for ECL measurement purposes.

If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

**B. Derecognition of financial instruments other than due to substantial modification**

**i. Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

**ii. Financial Liability**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

**e) Impairment of financial assets**

**A. Overview of Expected Credit Loss ('ECL') principles**

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii. Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments

Based on the above, the Group catagorises its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:**

When financial assets are first recognised, the Group recognises an allowance based on 12-months ECL. Stage 1 financial assets includes those financial assets where there is no significant increase in credit risk observed and also includes facilities where credit risk has been improved and the financial asset has been reclassified from stage 2 or stage 3.

**Stage 2:**

When a financial asset has shown a significant increase in credit risk since initial recognition, the Group records an allowance for the life time ECL. Stage 2 financial assets also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

**Stage 3:**

Financial assets are considered credit impaired if they are past due for more than 90 days. The Group records an allowance for life time ECL.

**B. Calculation of ECLs**

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

**PD:**

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**EAD:**

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

**LGD:**

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of financial assets and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

**Stage 1:**

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the original EIR.

**Stage 2:**

When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**B. Calculation of ECLs (Continued)**

**Significant increase in credit risk**

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward looking information.

**Stage 3:**

For financial assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

**Credit-impaired financial assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

a. significant financial difficulty of the borrower;
b. a breach of contract such as a default or past due event;
c. the lender of the borrower, for economic or contractual reasons relating to the borrower's financial
d. difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
e. the disappearance of an active market for a security because of financial difficulties; or
f. the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Further, in line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the Holding Company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of accounting.

**Loan commitments**

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

**Financial guarantee contracts**

The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

**C. Financial assets measured at FVOCI**

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

**D. Forward looking information**

In its ECL models, the Group relies on forward looking macro parameters such as consumer spending and interest rates to estimate the impact on probability of the default at a given point of time.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

**f) Write-offs**

The gross carrying amount of a financial asset is written-off when there is no reasonable expectation of recovering the asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

**g) Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group has taken into account the characteristics of the asset or liability as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or
► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments −Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments. Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for financial instruments.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**h) Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency of the Group, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

**i) Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**iii. Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Group follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| Asset category | Estimated Useful life |
|---|---|
| Plant and machinery | 15 years |
| Furniture and fittings | 10 years |
| Office equipment's | 5 years |
| Computers and accessories | 3 years |
| Servers | 6 years |

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

**j) Intangible assets**

**i. Intangible assets**

Intangible assets including those acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**iii. Internally generated: Research and development**

Expenditure on research activities is recognised in profit or loss as incurred.

Developing expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

During the period of development, the asset is tested for impairment annually

**iv. Amortisation**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

| Asset category | Estimated Useful life |
|---|---|
| Computer softwares | 5 years |

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

**v. Derecognition**

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

**k) Employee benefits**

**i. Post-employment benefits**
**Defined contribution plan**
The Group's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

**Defined benefit plans**
**Gratuity**
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.
The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**ii. Other long-term employee benefits**
**Compensated absences**
The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

**iii. Short-term employee benefits**
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

**iv. Share based payment**
The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

**Equity Settled Plan:**
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 43.
That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.
Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.
No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.
When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**l) Provisions**
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

**m) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group determines the lease term as the initial period agreed in the lease agreement , together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the initial period agreed in the lease agreement.

**n) Taxes**

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefit ts in the form of availability of set off against future income tax liability.

Deferred tax is measured at the tax rates and tax laws that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**iii. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

a. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

b. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**o) Borrowing cost**

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the Effective Interest Rate Method.

**p) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**q) Segment reporting- Identification of segments:**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

**r) Earnings per share**

The Group reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

**s) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Group are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

**t) Derivative financial instruments**

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

**u) Hedge accounting policy**

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:
(i) Fair value hedges
The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.
For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.
If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.
When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.
The Group has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its 8.25% fixed rate secured loan. See Note 47 for more details.

(ii) Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.
The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses. Refer to Note 47 for more details.
The Group designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.
The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.
For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.
If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

**v) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

►Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Holding Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

►Assets that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

►Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

**w) Investment in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

If an entity's share of losses of an associate or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss outside operating profit.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**x) New and amended standards**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Group applied for the first-time these amendments.

**(i) Definition of Accounting Estimates - Amendments to Ind AS 8**

The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.The amendments had no impact on the Group's consolidated financial statements.

**(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1**

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

**(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12**

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. The Group previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12,there is no impact in the balance sheet.

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| 4 | **Cash and cash equivalents** | | | |
| | Measured at amortised cost: | | | |
| | Cash on hand | 0.77 | 0.03 | - |
| | Cheques on hand | 2.02 | - | - |
| | Balance with banks | | | |
| | - In current accounts | 1,583.67 | 2,122.99 | 2,365.95 |
| | '- In deposit with original maturity of less than three months (Refer note 4A below) | 207.55 | 200.38 | 4,785.79 |
| | | **1,794.01** | **2,323.40** | **7,151.74** |

4A Represents short-term deposits made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

4B The Group had available undrawn committed borrowing facilities of INR 333.64 millions as at March 31, 2024 (as at 31 March 2023: INR 350.00 millions and as at 31 March 2022: INR 3,110.00 million).

4C For the purpose of the statement of cash flows, cash and cash equivalents comprise the following

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Cash on hand | 0.77 | 0.03 | - |
| Cheques on hand | 2.02 | - | - |
| Balances with banks | | | |
| - In current accounts | 1,583.67 | 2,122.99 | 2,365.95 |
| - Deposits with original maturity of less than three months | 207.55 | 200.38 | 4,785.79 |
| | **1,794.01** | **2,323.40** | **7,151.74** |

| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| 5 | **Bank balances other than cash and cash equivalents** | | | |
| | Measured at amortised cost: | | | |
| | - In deposit with bank with original maturity more than 3 months (Refer Note 5.1) | 970.04 | 1,266.58 | 629.12 |
| | In earmarked accounts: | | | |
| | - In unpaid dividend account | 0.02 | 0.27 | 0.27 |
| | - Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (Refer Note 5.1 and Note 5.2). | 1,313.37 | 635.74 | 244.05 |
| | | **2,283.43** | **1,902.59** | **873.44** |

**Note:**

5.1 As at March 31, 2024, Deposit with bank includes deposits amounting to INR 300.94 millions (March 31, 2023 : INR 214.96 millions and March 31, 2022 : INR 112.49 millions ) representing amount received from customers as cash collateral for the loans provided by the Group.

5.2 As at March 31, 2024, Deposits amounting to INR 262.55 million (31 March 2023: INR Nil millions and March 31, 2022 : INR Nil millions) have been provided as credit enhancement for securitisation transactions.

6 **Derivative financial instruments**

| | As at March 31, 2024 | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | **Notional Amount** | **Fair value of Assets** | **Notional Amount** | **Fair value of Assets** | **Notional Amount** | **Fair value of Assets** |
| **Part - I** | | | | | | |
| **Asset** | | | | | | |
| **(i) Currency derivatives (Refer Note 47) - measured at FVOCI** | | | | | | |
| - Cross currency swaps | 7,538.59 | 534.62 | 10,053.43 | 587.93 | 3,684.99 | 11.00 |
| - Forward contract | - | 5.41 | - | | 2,020.00 | 4.19 |
| **(ii) Interest rate derivatives (Refer Note 47) - measured at FVPL** | | | | | | |
| - Overnight Indexed Swaps | 3,950.00 | 8.16 | 3,950.00 | 22.55 | - | - |
| | **11,488.59** | **548.19** | **14,003.43** | **610.48** | **5,704.99** | **15.19** |
| **Part - II** | | | | | | |
| **Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:** | | | | | | |
| **Asset** | | | | | | |
| **Derivative designated as hedge** | | | | | | |
| **Cash flow Hedging** | | | | | | |
| - Cross currency swaps | 7,538.59 | 534.62 | 10,053.43 | 587.93 | 3,684.99 | 11.00 |
| - Forward contract | - | 5.41 | - | - | 2,020.00 | 4.19 |
| **Fair Value Hedging** | | | | | | |
| - Overnight Indexed Swaps | 3,950.00 | 8.16 | 3,950.00 | 22.55 | - | - |
| | **11,488.59** | **548.19** | **14,003.43** | **610.48** | **5,704.99** | **15.19** |

The notional amounts in the above table refers to the foreign currency borrowing on which the Group has hedged the risk of foreign currency fluctuations and interest rate fluctuations. The Group has entered into derivative contracts, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place. There have been no transfer between between Level 1, Level 2 and Level 3 during the year. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| 7 | **Trade receivables** | | | |
| | Unsecured - considered good | 252.69 | 287.38 | 192.63 |
| | Trade receivables which have significant increase in credit risk | 1.80 | 0.11 | 0.18 |
| | Trade receivables - Credit impaired | - | - | - |
| | | **254.49** | **287.49** | **192.81** |
| | Less: Impairment loss allowance: | | | |
| | Unsecured - considered good | (0.75) | (1.34) | (0.94) |
| | Trade receivables which have significant increase in credit risk | (0.25) | (0.01) | (0.03) |
| | Trade receivables - Credit impaired | - | - | - |
| | **Total** | **253.49** | **286.14** | **191.84** |

Note:

No trade receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**7.1 The ageing schedule of Trade receivables is as follows:**

**i) As at March 31, 2024**

| Particulars | Unbilled receivables | Current but not due | Outstanding for following periods from | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 13.14 | - | 236.77 | 1.92 | 0.86 | - | - | 252.69 |
| (ii) Undisputed Trade receivables – which have significant increase in credit risk | - | - | 1.80 | - | - | - | - | 1.80 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - | - |
| (v) Disputed Trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - | - |
| **Total** | **13.14** | **-** | **238.57** | **1.92** | **0.86** | **-** | **-** | **254.49** |

**ii) As at March 31, 2023**

| Particulars | Unbilled receivables | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 79.93 | - | 201.25 | 5.38 | 0.82 | - | - | 287.38 |
| (ii) Undisputed Trade receivables – which have significant | - | - | - | 0.11 | - | - | - | 0.11 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - | - |
| (v) Disputed Trade receivables – which have significant | - | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - | - |
| **Total** | **79.93** | **-** | **201.25** | **5.49** | **0.82** | **-** | **-** | **287.49** |

**iii) As at March 31, 2022**

| Particulars | Unbilled receivables | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 58.93 | - | 133.70 | - | - | - | - | 192.63 |
| (ii) Undisputed Trade receivables – which have significant | - | - | 0.18 | - | - | - | - | 0.18 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - | - |
| (v) Disputed Trade receivables – which have significant | - | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - | - |
| **Total** | **58.93** | **-** | **133.88** | **-** | **-** | **-** | **-** | **192.81** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**7.2 Analysis of changes in the gross carrying amount of trade receivables and the corresponding ECL allowance in relation to trade receivables**

**Changes in gross carrying amount**

| Particulars | March 31, 2024 | | | | March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **287.38** | **0.11** | **-** | **287.49** | **192.63** | **0.18** | **-** | **192.81** |
| New assets originated | 154.23 | 1.80 | - | 156.03 | 287.38 | 0.11 | - | 287.49 |
| Asset derecognised or repaid (Excluding write off) | (188.92) | (0.11) | - | (189.03) | (192.63) | (0.18) | - | (192.81) |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| Write offs | - | - | - | - | - | - | - | - |
| **As at the end of the year** | **252.69** | **1.80** | **-** | **254.49** | **287.38** | **0.11** | **-** | **287.49** |

**Changes in gross carrying amount**

| Particulars | March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **185.30** | **0.08** | **0.90** | **186.28** |
| New assets originated | 192.63 | 0.18 | - | 192.81 |
| Asset derecognised or repaid (Excluding write off) | (185.30) | (0.08) | (0.90) | (186.28) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Write offs | - | - | - | - |
| **As at the end of the year** | **192.63** | **0.18** | **-** | **192.81** |

**Reconciliation of ECL Balance**

| Particulars | March 31, 2024 | | | | March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **1.34** | **0.01** | **-** | **1.35** | **0.94** | **0.03** | **-** | **0.97** |
| New assets originated | 0.45 | 0.25 | - | **0.70** | 1.34 | 0.01 | - | **1.35** |
| Asset derecognised or repaid (Excluding write off) | (1.04) | (0.01) | - | **(1.05)** | (0.93) | (0.03) | - | **(0.96)** |
| Transfer to stage 1 | - | - | - | **-** | (0.01) | - | - | **(0.01)** |
| Transfer to stage 2 | - | - | - | **-** | - | - | - | **-** |
| Transfer to stage 3 | - | - | - | **-** | - | - | - | **-** |
| Write offs | - | - | - | **-** | - | - | - | **-** |
| **As at the end of the year** | **0.75** | **0.25** | **-** | **1.00** | **1.34** | **0.01** | **-** | **1.35** |

**Reconciliation of ECL Balance**

| Particulars | March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **2.15** | **-** | **0.59** | **2.74** |
| New assets originated | 0.94 | 0.03 | - | 0.97 |
| Asset derecognised or repaid (Excluding write off) | (2.15) | - | (0.59) | (2.74) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Write offs | - | - | - | - |
| **As at the end of the year** | **0.94** | **0.03** | **-** | **0.97** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**8 Loans**

| | As at March 31, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | At Amortised cost | At Fair Value through Other Comprehensive Income | Total | At Amortised cost | At Fair Value through Other Comprehensive Income | Total |
| **A. Based on nature** | | | | | | |
| Gross Term loans | 62,221.99 | 26,148.39 | 88,370.38 | 46,757.78 | 18,282.94 | 65,040.72 |
| Less : Impairment loss allowance | (866.61) | - | (866.61) | (796.33) | - | (796.33) |
| **Net term loans:** | **61,355.38** | **26,148.39** | **87,503.77** | **45,961.45** | **18,282.94** | **64,244.39** |
| Gross structured cash credit | 4,782.92 | - | 4,782.92 | 4,735.56 | - | 4,735.56 |
| Less : Impairment loss allowance | (190.80) | - | (190.80) | (93.89) | - | (93.89) |
| **Net structured cash credit:** | **4,592.12** | **-** | **4,592.12** | **4,641.67** | **-** | **4,641.67** |
| **Net loans:** | **65,947.50** | **26,148.39** | **92,095.89** | **50,603.12** | **18,282.94** | **68,886.06** |
| **B. Based on Security** | | | | | | |
| (i) Secured by tangible assets * | 46,371.95 | 5,482.37 | 51,854.32 | 37,126.95 | 5,482.83 | 42,609.78 |
| (ii) Unsecured | 20,632.96 | 20,666.02 | 41,298.98 | 14,366.39 | 12,800.11 | 27,166.50 |
| **Gross Loans** | **67,004.91** | **26,148.39** | **93,153.30** | **51,493.34** | **18,282.94** | **69,776.28** |
| Less: Impairment loss allowance | (1,057.41) | - | (1,057.41) | (890.22) | - | (890.22) |
| **Net Loans** | **65,947.50** | **26,148.39** | **92,095.89** | **50,603.12** | **18,282.94** | **68,886.06** |
| **C. Based on region** | | | | | | |
| **(I) Loans in India** | | | | | | |
| (i) Public Sector | - | - | - | - | - | - |
| (ii) Others | 67,004.91 | 26,148.39 | **93,153.30** | 51,493.34 | 18,282.94 | 69,776.28 |
| | **67,004.91** | **26,148.39** | **93,153.30** | **51,493.34** | **18,282.94** | **69,776.28** |
| Less: Impairment loss allowance | (1,057.41) | - | (1,057.41) | (890.22) | - | (890.22) |
| | **65,947.50** | **26,148.39** | **92,095.89** | **50,603.12** | **18,282.94** | **68,886.06** |
| **(II) Loans outside India** | | | | | | |
| Loans outside India | - | - | - | - | - | - |
| **Net loans** | **65,947.50** | **26,148.39** | **92,095.89** | **50,603.12** | **18,282.94** | **68,886.06** |

| | As at March 31, 2022 | | |
|---|---|---|---|
| | At Amortised cost | At Fair Value through Other Comprehensive Income | Total |
| **A. Based on nature** | | | |
| Gross Term loans | 39,465.75 | 9,788.00 | 49,253.75 |
| Less : Impairment loss allowance | (537.16) | - | (537.16) |
| **Net term loans:** | **38,928.59** | **9,788.00** | **48,716.59** |
| Structured cash credit | 3,410.98 | - | 3,410.98 |
| Less : Impairment loss allowance | (40.01) | - | (40.01) |
| **Net structured cash credit:** | **3,370.97** | **-** | **3,370.97** |
| **Net loans:** | **42,299.56** | **9,788.00** | **52,087.56** |
| **B. Based on Security** | | | |
| (i) Secured by tangible assets * | 29,403.84 | 7,773.80 | 37,177.64 |
| (ii) Unsecured | 13,472.89 | 2,014.20 | 15,487.09 |
| **Gross Loans** | **42,876.73** | **9,788.00** | **52,664.73** |
| Less: Impairment loss allowance | (577.17) | - | (577.17) |
| **Net Loans** | **42,299.56** | **9,788.00** | **52,087.56** |
| **C. Based on region** | | | |
| **(I) Loans in India** | | | |
| (i) Public Sector | - | - | - |
| (ii) Others | 42,876.73 | 9,788.00 | 52,664.73 |
| | **42,876.73** | **9,788.00** | **52,664.73** |
| Less: Impairment loss allowance | (577.17) | - | (577.17) |
| | **42,299.56** | **9,788.00** | **52,087.56** |
| **(II) Loans outside India** | | | |
| Loans outside India | - | - | - |
| **Net loans:** | **42,299.56** | **9,788.00** | **52,087.56** |

* Term loans are secured by way of hypothecation of underlying loan receivables and / or pledge of securities or hypothecation of automobile assets or pledge of equitable mortgage of property.

Also refer Note 36 (i) on Credit Risk under financial risk management objectives and policies.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**9 Investments**

| | As at March 31, 2024 | | | | | As at March 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | At Amortised cost | At Fair value through Other Comprehensive Income | At Fair Value through Profit and Loss | Others | Total | At Amortised cost | At Fair value through Other Comprehensive Income | At Fair Value through Profit and Loss | Others | Total |
| **Investment in debentures (quoted)** | | | | | | | | | | |
| Non-convertible redeemable debentures | - | 7,261.67 | - | - | 7,261.67 | - | 6,322.56 | - | - | 6,322.56 |
| Market Linked debentures | - | - | 1,899.25 | - | 1,899.25 | - | - | 2,643.52 | - | 2,643.52 |
| **Investment in debentures (unquoted)** | | | | | | | | | | |
| Non-convertible redeemable debentures | - | 5,202.81 | - | - | 5,202.81 | - | 4,462.95 | - | - | 4,462.95 |
| Market Linked debentures | - | - | - | - | - | - | - | 292.23 | - | 292.23 |
| **Investment in Commercial papers (quoted)** | | | | | | | | | | |
| Commercial papers | - | - | - | - | - | - | 340.80 | - | - | 340.80 |
| **Investment in pass-through certificates (unquoted)** | | | | | | | | | | |
| Investment in pass-through certificates | - | 577.24 | - | - | 577.24 | - | 1,312.04 | - | - | 1,312.04 |
| **Investment in alternate investment funds (unquoted)** | | | | | | | | | | |
| Alternative Investment Funds (unquoted) | - | - | 1,437.41 | - | 1,437.41 | - | - | 1,430.19 | - | 1,430.19 |
| **Investment in Other approved securities (unquoted)** | | | | | | | | | | |
| Investment in Goverment securities | 1,212.12 | - | - | - | 1,212.12 | 725.86 | - | - | - | 725.86 |
| **Investment in mutual funds (quoted)** | | | | | | | | | | |
| Investment in Mutual Funds | - | - | 216.45 | - | 216.45 | - | - | 97.03 | - | 97.03 |
| **Other investments (Unquoted)** | | | | | | | | | | |
| Share warrants | - | - | 0.10 | - | 0.10 | - | - | 0.16 | - | 0.16 |
| **Sub total** | **1,212.12** | **13,041.72** | **3,553.21** | **-** | **17,807.05** | **725.86** | **12,438.35** | **4,463.13** | **-** | **17,627.34** |
| Less: Impairment loss allowance for Investments | - | - | - | - | - | - | - | - | - | - |
| **Total Investments** | **1,212.12** | **13,041.72** | **3,553.21** | **-** | **17,807.05** | **725.86** | **12,438.35** | **4,463.13** | **-** | **17,627.34** |
| (i) Investments outside India | - | - | - | - | - | - | - | - | - | - |
| (ii) Investments in India | 1,212.12 | 13,041.72 | 3,553.21 | - | 17,807.05 | 725.86 | 12,438.35 | 4,463.13 | - | 17,627.34 |
| **Total Investments** | **1,212.12** | **13,041.72** | **3,553.21** | **-** | **17,807.05** | **725.86** | **12,438.35** | **4,463.13** | **-** | **17,627.34** |

| | As at March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | At Amortised cost | At Fair value through Other Comprehensive Income | At Fair Value through Profit and Loss | Others | Total |
| **Investment in debentures (quoted)** | | | | | |
| Non-convertible redeemable debentures | - | 10,626.34 | - | - | 10,626.34 |
| Market Linked debentures | - | - | 2,515.93 | - | 2,515.93 |
| **Investment in Commercial papers (quoted)** | | | | | |
| Commercial papers | 99.37 | - | - | - | 99.37 |
| **Investment in pass-through certificates (unquoted)** | | | | | |
| Investment in pass-through certificates | - | 1,450.41 | - | - | 1,450.41 |
| **Investment in alternate investment funds (unquoted)** | | | | | |
| Alternative Investment Funds (unquoted) | - | - | 2,735.97 | - | 2,735.97 |
| **Investment in Other approved securities (unquoted)** | | | | | |
| Investment in Goverment securities | - | - | - | - | - |
| **Investment in mutual funds (quoted)** | | | | | |
| Investment in Mutual Funds | - | - | 229.33 | - | 229.33 |
| **Investments in subsidiaries, at cost (Unquoted)** | | | | | |
| Equity shares of subsidiaries | | | | | |
| Northern Arc Foundation | - | - | - | - | - |
| **Other investments (Unquoted)** | | | | | |
| Share warrants | - | - | 0.16 | - | 0.16 |
| **Sub total** | **99.37** | **12,076.75** | **5,481.39** | **-** | **17,657.51** |
| Less: Impairment loss allowance for Investments | - | - | - | - | - |
| **Total Investments** | **99.37** | **12,076.75** | **5,481.39** | **-** | **17,657.51** |
| (i) Investments outside India | - | - | - | - | - |
| (ii) Investments in India | 99.37 | 12,076.75 | 5,481.39 | - | 17,657.51 |
| **Total Investments** | **99.37** | **12,076.75** | **5,481.39** | **-** | **17,657.51** |

Also refer Note 36 (i) on Credit Risk under financial risk management objectives and policies.
The group has designated these investments as FVOCI on the basis that these are not held for trading and held for strategic purpose.

**9A Investments**

The Reserve Bank of India (RBI) vide instruction RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023 which it further clarified vide its RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024 with regard to restriction of Investment in Alternative Investment Funds (AIF) by Regulated Entities (RE) ("RBI Instruction"), required entities regulated by RBI to liquidate investments in AIFs which had downstream investments in any debtor company of the regulated entity within a period of 30 days.

The Holding Company has taken active steps to comply with such instructions and has taken the following actions by March 31, 2024:

a. Liquidated units in AIFs amounting to Rs 1141.53 Million to third parties;

b. sold subordinated units held by it in AIF aggregating Rs 1080.00 Million to its wholly owned subsidiary Northern Arc Investment Managers Private Limited (NAIM) (a SEBI regulated and RBI non-regulated entity) which were funded by way of a loan extended by the Holding Company to NAIM, with necessary approvals from the Holding Company's Board of Directors. The Holding Company's investments in units of AIFs managed by such wholly owned subsidiary, substantially comprise investments in subordinate unit class of AIFs, being sponsor class units as required by applicable regulations by the Securities Exchange Board of India;

c. and made a provision/ reduced fair value of Rs 22.40 Million in respect of those investment remaining as unsold as required by Reserve Bank of India by the required timeline;

As at March 31, 2024, the Holding Company does not hold any investments in AIF which will require any additional provision. Further, loans or equity given to its subsidiary which is not an RBI regulated entity are considered in net owned fund computation considered for capital adequacy ratio of the Holding Company. Based on the above actions and relevant legal and regulatory correspondence, the Holding Company is of the view that it is fully compliant with the requirement of the RBI circular on investments in AIF.

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **10** | **Other financial assets** | | | |
| | **Considered good** | | | |
| | **Unsecured - Amortised cost** | | | |
| | Security deposits | 54.36 | 53.36 | 35.40 |
| | Advances to employees | 25.29 | 6.89 | 6.77 |
| | Advance to originator partners | 433.36 | 114.70 | 646.41 |
| | Other receivables* | 22.07 | 194.31 | 7.94 |
| | Excess Interest spread on derecognition of financial assets (Refer Note 10.1) | 312.44 | 139.28 | - |
| | Less: Impairment loss allowance | (8.37) | (2.64) | - |
| | | **839.15** | **505.90** | **696.52** |

* Receivable from AIF's managed by NAIM

**10.1 Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to excess interest spread (EIS) on derecognition of financial assets**

**Changes in gross carrying amount**

| **Particulars** | **As at March 31, 2024** | | | | **As at March 31, 2023** | | | |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount - EIS** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **As at the beginning of the year** | **137.94** | **0.53** | **0.81** | **139.28** | **-** | **-** | **-** | **-** |
| New assets originated | 243.79 | 2.09 | 4.38 | 250.26 | 137.94 | 0.53 | 0.81 | 139.28 |
| Asset derecognised or repaid (Excluding write off) | (77.33) | - | - | (77.33) | - | - | - | - |
| Transfer to stage 1 | - | 0.07 | - | 0.07 | - | - | - | - |
| Transfer to stage 2 | - | - | 0.16 | 0.16 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| Write offs | - | - | - | - | - | - | - | - |
| **As at the end of the year** | **304.40** | **2.69** | **5.35** | **312.44** | **137.94** | **0.53** | **0.81** | **139.28** |

**Changes in gross carrying amount**

| **Particulars** | **As at March 31, 2022** | | | |
|---|---|---|---|---|
| **Gross carrying amount - EIS** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **As at the beginning of the year** | **-** | **-** | **-** | **-** |
| New assets originated | - | - | - | - |
| Asset derecognised or repaid (Excluding write off) | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Write offs | - | - | - | - |
| **As at the end of the year** | **-** | **-** | **-** | **-** |

**Reconciliation of ECL Balance**

| **Particulars** | **As at March 31, 2024** | | | | **As at March 31, 2023** | | | |
|---|---|---|---|---|---|---|---|---|
| **Impairment loss allowance - EIS** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **As at the beginning of the year** | **1.88** | **0.24** | **0.52** | **2.64** | **-** | **-** | **-** | **-** |
| New assets originated | 1.13 | 0.91 | 4.81 | 6.85 | 1.88 | 0.24 | 0.52 | 2.64 |
| Asset derecognised or repaid (Excluding write off) | (1.18) | - | - | (1.18) | - | - | - | - |
| Transfer to stage 1 | - | 0.03 | - | 0.03 | - | - | - | - |
| Transfer to stage 2 | - | - | 0.03 | 0.03 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| Write offs | - | - | - | - | - | - | - | - |
| **As at the end of the year** | **1.83** | **1.18** | **5.36** | **8.37** | **1.88** | **0.24** | **0.52** | **2.64** |

**Reconciliation of ECL Balance**

| **Particulars** | **As at March 31, 2022** | | | |
|---|---|---|---|---|
| **Impairment loss allowance - EIS** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **As at the beginning of the year** | **-** | **-** | **0.44** | **0.44** |
| New assets originated | - | - | - | - |
| Asset derecognised or repaid (Excluding write off) | - | - | (0.44) | (0.44) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Write offs | - | - | - | - |
| **As at the end of the year** | **-** | **-** | **-** | **-** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**11.1 Property, plant and equipment**

| | Plant and machinery | Furniture and fittings | Computers and accessories | Office equipments | Servers | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| **Cost/Deemed cost** | | | | | | | |
| **As at April 01, 2021** | **0.03** | **0.25** | **24.63** | **14.14** | **0.02** | **12.73** | **51.80** |
| Additions | - | 3.16 | 20.70 | 1.55 | - | 1.84 | 27.25 |
| Disposals/Discarded | - | (0.04) | (0.90) | - | - | - | (0.94) |
| **As at March 31, 2022** | **0.03** | **3.37** | **44.43** | **15.69** | **0.02** | **14.57** | **78.11** |
| Additions | - | 12.27 | 33.96 | 2.81 | - | 2.86 | 51.90 |
| Addition on account of : Acquisition of specified assets and liabilities (Refer note 48) | 0.62 | 0.83 | 5.23 | 1.83 | - | - | 8.51 |
| Disposals/Discarded | - | - | - | (1.03) | - | - | (1.03) |
| **As at March 31, 2023** | **0.65** | **16.47** | **83.62** | **19.30** | **0.02** | **17.43** | **137.49** |
| Additions | - | 24.23 | 50.33 | 8.86 | - | 5.39 | **88.80** |
| Disposals/Discarded | - | - | (0.42) | (0.08) | - | (0.20) | **(0.69)** |
| **As at March 31, 2024** | **0.65** | **40.70** | **133.53** | **28.08** | **0.02** | **22.62** | **225.60** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| **As at April 01, 2021** | **0.03** | **0.24** | **21.59** | **13.92** | **0.02** | **5.50** | **41.30** |
| Depreciation for the year | - | 0.47 | 12.23 | 0.54 | - | 4.71 | 17.95 |
| Disposals/Discarded | - | (0.04) | (0.65) | - | - | - | (0.69) |
| **As at March 31, 2022** | **0.03** | **0.67** | **33.17** | **14.46** | **0.02** | **10.21** | **58.56** |
| Depreciation for the year | 0.60 | 3.76 | 31.00 | 2.79 | - | 3.12 | 41.27 |
| Disposals/Discarded | - | - | - | (0.47) | - | - | (0.47) |
| **As at March 31, 2023** | **0.63** | **4.43** | **64.17** | **16.78** | **0.02** | **13.33** | **99.36** |
| Depreciation for the year | 0.02 | 6.97 | 46.24 | 5.30 | - | 1.69 | **60.23** |
| Disposals/Discarded | - | - | (0.42) | (0.08) | - | (0.11) | **(0.60)** |
| **As at March 31, 2024** | **0.65** | **11.40** | **109.99** | **22.01** | **0.02** | **14.91** | **158.98** |
| | | | | | | | |
| **Net block** | | | | | | | |
| **As at March 31, 2022** | **-** | **2.70** | **11.26** | **1.23** | **-** | **4.36** | **19.55** |
| **As at March 31, 2023** | **0.02** | **12.04** | **19.45** | **2.52** | **-** | **4.10** | **38.13** |
| **As at March 31, 2024** | **-** | **29.30** | **23.54** | **6.07** | **-** | **7.71** | **66.62** |

**11.2 Intangible assets under development**

| **Particulars** | **Software** | **Total** |
|---|---|---|
| **Cost/Deemed cost** | | |
| **As at April 01, 2021** | **5.40** | **5.40** |
| Add: Additions | 30.89 | 30.89 |
| Less: Capitalised during the year | (26.31) | (26.31) |
| Less: Written off during the year | (7.14) | (7.14) |
| **As at March 31, 2022** | **2.84** | **2.84** |
| Add: Additions | 83.90 | 83.90 |
| Less: Capitalised during the year | (76.85) | (76.85) |
| **As at March 31, 2023** | **9.89** | **9.89** |
| Add: Additions | 48.19 | **48.19** |
| Less: Capitalised during the year | (33.10) | **(33.10)** |
| Less: Written off during the year | (1.86) | **(1.86)** |
| **As at March 31, 2024** | **23.12** | **23.12** |

**11.2.i Ageing of Intangible assets under development**

**As at March 31, 2024**

| **Intangible assets under development** | **Amount in intangible assets under development for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 Years** | **2-3 years** | **more than 3 years** | **Total** |
| Projects in Progress | 15.09 | 8.03 | - | - | 23.12 |

**As at March 31, 2023**

| **Intangible assets under development** | **Amount in intangible assets under development for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 Years** | **2-3 years** | **more than 3 years** | **Total** |
| Projects in Progress | 9.29 | 0.60 | - | - | 9.89 |

**As at March 31, 2022**

| **Intangible assets under development** | **Amount in intangible assets under development for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 Years** | **2-3 years** | **more than 3 years** | **Total** |
| Projects in Progress | 2.84 | - | - | - | 2.84 |

**11.2.ii** As at March 31, 2024, March 31, 2023 and March 31, 2022, there were no projects whose completion is overdue or has exceeded its cost compared to its original plan

(All amounts are in Indian Rupees in millions unless otherwise stated)

**11.3 Goodwill**

| | Goodwill | Total |
|---|---|---|
| **Cost/Deemed cost** | | |
| **As at April 01, 2021** | **17.46** | **17.46** |
| Additions | - | - |
| Disposals | - | - |
| **As at March 31, 2022** | **17.46** | **17.46** |
| Additions | - | - |
| Addition on account of : Acquisition of specified assets and liabilities (Refer note 48) | 232.18 | 232.18 |
| Disposals | - | - |
| **As at March 31, 2023** | **249.64** | **249.64** |
| Additions | - | - |
| Disposals | - | - |
| **As at March 31, 2024** | **249.64** | **249.64** |
| | | |
| **Accumulated amortisation and impairment:** | | |
| **As at April 01, 2021** | - | - |
| Impairment for the year | - | - |
| Disposals | - | - |
| **As at March 31, 2022** | - | - |
| Impairment for the year | 8.94 | 8.94 |
| On disposals | - | - |
| **As at March 31, 2023** | **8.94** | **8.94** |
| Impairment for the year | 5.93 | 5.93 |
| On disposals | - | - |
| **As at March 31, 2024** | **14.87** | **14.87** |
| | | |
| **As at March 31, 2022** | **17.46** | **17.46** |
| **As at March 31, 2023** | **240.70** | **240.70** |
| **As at March 31, 2024** | **234.77** | **234.77** |

**11.4 Other Intangible assets**

| | Software | Total |
|---|---|---|
| **Cost/Deemed cost** | | |
| **As at April 01, 2021** | **175.79** | **175.79** |
| Additions | 26.61 | 26.61 |
| Disposals | - | - |
| **As at March 31, 2022** | **202.40** | **202.40** |
| Additions | 76.86 | 76.86 |
| Addition on account of : Acquisition of specified assets and liabilities (Refer note 48) | 3.01 | 3.01 |
| Disposals | - | - |
| **As at March 31, 2023** | **282.27** | **282.27** |
| Additions | 33.10 | 33.10 |
| Disposals | | |
| **As at March 31, 2024** | **315.37** | **315.37** |
| | | |
| **Accumulated amortisation** | | |
| **As at April 01, 2021** | **78.51** | **78.51** |
| Amortisation for the year | 29.60 | 29.60 |
| On disposals | - | - |
| **As at March 31, 2022** | **108.11** | **108.11** |
| Amortisation for the year | 40.45 | 40.45 |
| On disposals | - | - |
| **As at March 31, 2023** | **148.56** | **148.56** |
| Amortisation for the year | 48.88 | 48.88 |
| On disposals | - | - |
| **As at March 31, 2024** | **197.44** | **197.44** |
| | | |
| **Net carrying value** | | |
| **As at March 31, 2022** | **94.29** | **94.29** |
| **As at March 31, 2023** | **133.71** | **133.71** |
| **As at March 31, 2024** | **117.93** | **117.93** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**11.5 Right of use asset**

The details of right of use asset held by the Group is as follows:

| | Office Premises-Buildings | Total |
|---|---|---|
| **Cost/Deemed cost** | | |
| **As at April 01, 2021** | **156.82** | **156.82** |
| Additions | 72.25 | 72.25 |
| Disposals | (13.56) | (13.56) |
| **As at March 31, 2022** | **215.51** | **215.51** |
| Additions | 13.44 | 13.44 |
| Addition on account of : Acquisition of specified assets and liabilities (Refer note 48) | 0.83 | 0.83 |
| Disposals | - | - |
| **As at March 31, 2023** | **229.78** | **229.78** |
| Additions | 106.41 | 106.41 |
| Disposals | (6.21) | (6.21) |
| **As at March 31, 2024** | **329.98** | **329.98** |
| **Accumulated Depreciation** | | |
| **As at April 01, 2021** | **58.28** | **58.28** |
| Additions | 48.20 | 48.20 |
| Disposals | (3.14) | (3.14) |
| **As at March 31, 2022** | **103.34** | **103.34** |
| Additions | 29.78 | 29.78 |
| Disposals | - | - |
| **As at March 31, 2023** | **133.12** | **133.12** |
| Additions | 54.40 | 54.40 |
| Disposals | (4.77) | (4.77) |
| **As at March 31, 2024** | **182.75** | **182.75** |
| **Net carrying value:** | | |
| **As at March 31, 2022** | **112.17** | **112.17** |
| **As at March 31, 2023** | **96.66** | **96.66** |
| **As at March 31, 2024** | **147.23** | **147.23** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **12 Other non- financial assets** | | | |
| **Considered good, unsecured:** | | | |
| Prepaid expense | 96.23 | 99.85 | 234.81 |
| Balances with government authorities | 10.97 | 16.38 | 15.41 |
| Capital Advance | 4.02 | - | - |
| Advances to vendors | 20.65 | 22.88 | 13.05 |
| Other advances* | 106.96 | - | - |
| | **238.83** | **139.11** | **263.27** |

* Other advances as at March 31, 2024 represents various expenses incurrred in connection with proposed initial public offer of equity shares of the Holding Company, recoverable from investors as part of the agreement. This includes Rs 22.29 million paid to the statutory auditors (excluding taxes) of the Holding Company.

**13 Derivative financial instruments**

| | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Notional Amount | Fair value of liabilities | Notional Amount | Fair value of liabilities |
| **Part I** | | | | |
| **(i) Currency derivatives (Refer Note 47) - measured at FVOCI** | | | | |
| - Cross currency swaps | 887.10 | 18.86 | 500.00 | 14.93 |
| - Forward contract | - | - | - | - |
| **(ii) Interest rate derivatives (Refer Note 47) - measured at FVPL** | | | | |
| - Overnight indexed swaps | 1,982.50 | 11.01 | 1,982.50 | 7.83 |
| | **2,869.60** | **29.87** | **2,482.50** | **22.76** |
| **Part-II** | | | | |
| **Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:** | | | | |
| **Cash flow Hedging** | | | | |
| - Cross currency swaps | 887.10 | 18.86 | 500.00 | 14.93 |
| - Forward contract | - | - | - | - |
| **Fair Value Hedging** | | | | |
| - Overnight indexed swaps | 1,982.50 | 11.01 | 1,982.50 | 7.83 |
| | **2,869.60** | **29.87** | **2,482.50** | **22.76** |

| | As at 31 March 2022 | |
|---|---|---|
| | Notional Amount | Fair value of liabilities |
| **Part I** | | |
| **(i) Currency derivatives (Refer Note 47) - measured at FVOCI** | | |
| - Cross currency swaps | 4,385.10 | 62.65 |
| - Forward contract | 480.00 | 1.73 |
| | **4,865.10** | **64.38** |
| **Part-II** | | |
| **Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:** | | |
| **Cash flow Hedging** | | |
| - Cross currency swaps | 4,385.10 | 62.65 |
| - Forward contract | 480.00 | 1.73 |
| **Fair Value Hedging** | | |
| - Overnight indexed swaps | - | - |
| | **4,865.10** | **64.38** |

The notional amounts in the above table refers to the foreign currency borrowing on which the Group has hedged the risk of foreign currency fluctuations and interest rate fluctuations. The Group has entered into derivative contracts, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place. There have been no transfer between between Level 1, Level 2 and Level 3 during the year. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

| **14 Trade payables** | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Trade payables (Refer Note 14A) | | | |
| -Total outstanding dues to micro enterprises and small enterprises (refer note 41 for details of dues to micro and small enterprises) | - | - | - |
| -Total outstanding dues to creditors other than micro enterprises and small enterprises | 1,284.83 | 1,096.12 | 558.17 |
| | **1,284.83** | **1,096.12** | **558.17** |

**Note:**
Trade payables are non interest bearing and are normally settled at the end of the subsequent month.

**14A The ageing schedule of Trade payables is as follows:**

**i) As at March 31, 2024**

| Particulars | Unbilled and not due | Current but not due | Outstanding for following periods from | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | 1,183.68 | - | 101.16 | - | - | - | 1,284.84 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - | - |

**i) As at March 31, 2023**

| Particulars | Unbilled and not due | Current but not due | Outstanding for following periods from | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | 992.52 | - | 96.19 | 7.41 | - | - | 1,096.12 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - | - |

**ii) As at March 31, 2022**

| Particulars | Unbilled and not due | Current but not due | Outstanding for following periods from | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | 534.40 | - | 23.77 | - | - | - | 558.17 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | - | - | - | - | - | - |

Refer Note 41 for details of dues to micro and small enterprises.

(All amounts are in Indian Rupees in millions unless otherwise stated)

| 15 Debt securities (Refer Note 15A) | As at March 31,2024 | As at March 31,2023 | As at March 31, 2022 |
|---|---|---|---|
| **Measured at amortised cost:** | | | |
| **Secured:** | | | |
| - Redeemable non-convertible debentures: | 9,844.89 | 11,796.21 | 11,147.13 |
| **Unsecured:** | | | |
| - Redeemable non-convertible debentures | - | 2.35 | 2.35 |
| - Commercial paper | 4,292.36 | 444.60 | 2,286.49 |
| **Total Debt securities** | **14,137.25** | **12,243.16** | **13,435.97** |
| Debt securities in India | 14,137.25 | 12,243.16 | 13,435.97 |
| Debt securities outside India | - | - | - |
| **Total Debt securities** | **14,137.25** | **12,243.16** | **13,435.97** |

Secured Redeemable Non-Convertible Debentures are secured by specific charge on identified receivables (Refer Note 15A).

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **16 Borrowings (Other than debt securities) (Refer Note 16A)** | | | |
| **Measured at amortised cost:** | | | |
| ***Secured*** | | | |
| **Term Loans** | | | |
| - from banks | 55,109.06 | 40,353.37 | 30,782.40 |
| - from other financial institutions | 11,109.72 | 12,751.87 | 10,477.40 |
| **Loans repayable on demand from banks** | | | |
| - working capital loan from banks | 6,284.75 | 4,597.65 | 4,591.84 |
| - cash credit from banks | 982.83 | - | 142.62 |
| **Other loans** | | | |
| -Borrowings under securitisation | 2,853.95 | - | - |
| | **76,340.31** | **57,702.89** | **45,994.26** |
| **Unsecured** | | | |
| Loan From others | - | 0.10 | - |
| | **-** | **0.10** | **-** |
| **Total borrowings (Other than debt securities)** | **76,340.31** | **57,702.99** | **45,994.26** |
| Borrowings in India | 67,906.77 | 46,550.77 | 37,639.06 |
| Borrowings outside India | 8,433.54 | 11,152.22 | 8,355.20 |
| **Total borrowings (Other than debt securities)** | **76,340.31** | **57,702.99** | **45,994.26** |

**Note:**
Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at March 31, 2024, the rate of interest across the cash credit and working capital demand loans was in the range of 6.95 % p.a to 10.15% p.a (as on 31 March 2023 - 6.25 % p.a to 10.15% p.a and as on 31 March 2022 - 6.10% p.a to 11.45% p.a). The Group has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayment during the year.

The Group has used the borrowings from banks and financial institutions for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Holding company with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.
Unsecured loan from others represent loan taken by Pragathi Finserv Private Limited (subsidiary company) from one of its directors. The same is interest free and repayable on demand.

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **17 Subordinated liabilities** | | | |
| **Measured at amortised cost:** | | | |
| **Others (Refer Note 17A)** | | | |
| - from banks | - | 149.89 | 149.73 |
| - from other financial institutions | - | 249.62 | 249.62 |
| **Total Subordinated liabilities** | **-** | **399.51** | **399.35** |
| Subordinated liabilities in India | - | 399.51 | 399.35 |
| Subordinated liabilities outside India | - | - | - |
| **Total Subordinated liabilities** | **-** | **399.51** | **399.35** |

**Note:**
The Group has used the borrowings from banks and financial institutions for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Holding company with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

The Group has not defaulted in the repayment of dues to its lenders.

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **18 Other financial liabilities** | | | |
| Collateral deposits from customers* | 58.19 | 235.66 | 194.19 |
| Employee related payable | 482.00 | 346.55 | 255.53 |
| Remittances payable - derecognised financial assets** | 759.81 | 306.92 | - |
| Income received in advance | 8.37 | 17.55 | 13.40 |
| Other liabilities # | 72.12 | 78.35 | 63.13 |
| Unclaimed amounts on non convertible preference shares | 0.27 | 0.27 | 0.27 |
| Lease Liabilities (Refer Note 35) | 169.82 | 116.63 | 142.92 |
| | **1,550.58** | **1,101.93** | **669.44** |

*Represents amounts received from customers (originator partners which includes corporates such as NBFCs, HFCs, and SFBs) as cash collateral for the loans provided by the Group.

**Represents the amount collected from underlying customers yet to be paid to the assignee representative as at reporting date.

# Represents distribution fee payable and other provision for expenses.

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **19 Provisions** | | | |
| Provision for employee benefits: | | | |
| - Gratuity (refer note 42) | 91.41 | 105.45 | 74.64 |
| - Compensated absences | 60.73 | 50.15 | 36.98 |
| Provision for others: | | | |
| - Impairment loss allowance for guarantees (Refer Note 19(A)) | 157.38 | 150.68 | 70.22 |
| - Impairment loss allowance for undrawn commitments (Refer Note 19(B)) | 10.71 | 27.26 | 42.73 |
| - Others | 0.43 | - | - |
| | **320.66** | **333.54** | **224.57** |

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **20 Other non- financial liabilities** | | | |
| Statutory dues payable | 155.64 | 130.89 | 61.71 |
| Deferred income | - | 5.52 | 4.96 |
| | **155.64** | **136.41** | **66.67** |

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**Northern Arc Capital Limited**
**Restated Consolidated Summary Statements**
**Annexure V - Consolidated summary material accounting policy information and other explanatory information**
(All amounts are in Indian Rupees in millions unless otherwise stated)

**Note 15 A : Details regarding terms of issuance of debt securities**

| Particulars | Terms of Redemption | Security | Interest rate | Earliest instalment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 |
|---|---|---|---|---|---|---|---|
| **Secured, redeemable non-convertible debentures:** | | | | | | | |
| - 500 units (March 31, 2023: 500 units and March 31, 2022: 500 units ) of 11.25% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 26, 2023 | Coupon payment frequency: Annually<br>Principal repayment frequency: On maturity<br>Tenure of security: 36 months<br>Redemption date: June 26, 2023 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 11.25% | 26-Jun-23 | - | 83.33 | 500.00 |
| - 750 units (March 31, 2023: 750 units March 31, 2022: 750 units ) of 11.338% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 28, 2024 | Coupon payment frequency: Annualy<br>Principal repayment frequency: Entire principal to be repaid in 4 equal instalments at the end of 24 months, 36 Months, 42 months and 48 months<br>Tenure of security: 48 months<br>Redemption date: March 28, 2024 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 11.34% | 03-Oct-23 | - | 375.00 | 562.50 |
| - 5710 units (March 31, 2023: Nil units and March 31, 2022: Nil units ) of 8.65% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on July 12, 2024 | Coupon payment frequency: On maturity<br>Principal repayment frequency: On maturity<br>Tenor: 13 months<br>Redemption Date: July 12, 2024 | The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien | 9.60% | 12-Jul-24 | 200.00 | - | - |
| - 2949 units (March 31, 2023: 2949 units March 31, 2022: 2949 units ) of 9.966% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 18, 2025 | Coupon payment frequency: Semi annualy<br>Principal repayment frequency: 7 equal half-yearly instalments<br>Tenure of security: 60 months<br>Redemption date: December 18, 2025 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 9.97% | 18-Dec-23 | 1,080.00 | 2,527.71 | 2,949.00 |
| - 1800 units (March 31, 2023: 1800 units and March 31, 2022: 1800 units ) of 9.85% Redeemable,market linked non-convertible debentures of INR 10,00,000 each, maturing on March 23, 2026 | Coupon payment frequency: Semi annually<br>Principal repayment frequency: On maturity<br>Tenure of security: 60 months<br>Redemption date: March 23, 2026 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 9.85% | 23-Mar-24 | 891.00 | 1,440.00 | 1,440.00 |
| - 200 units (March 31, 2023: 200 units and March 31, 2022: 200 units ) of 8.95% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 30, 2024 | Coupon payment frequency: Monthly<br>Principal repayment frequency: On maturity<br>Tenure of security: 21 months<br>Redemption date: June 30, 2024 | The Debentures shall be secured by a first ranking and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien | 8.95% | 30-Jun-24 | 571.00 | 200.00 | 348.00 |
| - 500 units (March 31, 2023: 500 units and March 31, 2022: 500 units ) of 10.40% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on July 13, 2023 | Coupon payment frequency: Quarterly<br>Principal repayment frequency: 12 equal quarterly instalments<br>Tenure of security: 36 months<br>Redemption date: July 13, 2023 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 10.40% | 13-Jul-23 | - | 500.00 | 250.00 |
| - 1,000 units (March 31, 2023: 1000 units and March 31, 2022: 1000 units ) of 9.60% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 20, 2023 | Coupon payment frequency: Semi annualy<br>Principal repayment frequency: Entire principal to be repaid in 7 equal semi annual instalments after a moratorium of eighteen months<br>Tenure of security: 60 months<br>Redemption date: December 20, 2023 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 9.60% | 20-Dec-23 | - | 285.71 | 571.43 |
| - 10000 units (March 31, 2023: 10000 units and March 31, 2022: 1000 units ) of Market Linked Redeemable non-convertible debentures of INR 1,00,000 each, maturing on July 27, 2023* | Coupon payment frequency: On maturity<br>Principal repayment frequency: On maturity<br>Tenure of security: 26 months<br>Redemption date: July 27, 2023 | The Debentures shall be secured by way of a first ranking and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances / charge / lien . | 8.75% | 27-Jul-23 | - | 1,000.00 | 1,000.00 |
| - 3950 units (March 31, 2023: 3950 units and March 31, 2022: Nil units ) of 10.07% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on September 21, 2027 | Coupon payment frequency: Semi annually<br>Principal repayment frequency: Entire principal to be repaid in 5 equal instalments at the end of 12 months, 36 Months, 42 months, 48 months and 60 months<br>Tenure of security: 5 years<br>Redemption date: September 21, 2027 | The Debentures shall be secured by a first ranking and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances / charge / lien | Overnight MIBOR +Spread 3.51% | 21-Sep-25 | 3,160.00 | 3,950.00 | - |
| - 891 units (March 31, 2023: 891 units and March 31, 2022: Nil units ) of Market Linked Redeemable non-convertible debentures of INR 1,000,000 each, maturing on January 27, 2025* | Coupon payment frequency: On maturity<br>Principal repayment frequency: On maturity<br>Tenure of security: 30 months<br>Redemption date: January 27, 2025 | The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien | 9.10% | 27-Jan-25 | 250.00 | 891.00 | - |
| - 2500 units (March 31, 2023: 2500 units and March 31, 2022: Nil units ) of Market Linked Redeemable non-convertible debentures of INR 1,000,000 each, maturing on January 27, 2025* | Coupon payment frequency: On maturity<br>Principal repayment frequency: On maturity<br>Tenure of security: 30 months<br>Redemption date: January 27, 2025 | The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien | 9.10% | 27-Jan-25 | 1,750.00 | 250.00 | - |
| - 17500 units (March 31, 2023: 17500 units and March 31, 2022: Nil units) of 9.65% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Mar 26, 2027 | Coupon payment frequency: Quarterly<br>Principal repayment frequency: 12 equal quarterly instalments<br>Tenure of security: 36 months<br>Redemption date: March 26, 2027 | The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien | 9.65% | 30-Apr-24 | 1,685.14 | - | - |
| - Nil units (March 31, 2023: Nil and March 31, 2022: 750 units ) of 10.2% Redeemable, Market linked non-convertible debentures of INR 10,000 each, maturing on April 29, 2022* | Coupon payment frequency:on maturity<br>Principal repayment frequency: on maturity<br>Tenure of security: 1.75 years<br>Redemption date:April 29,2022 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 10.20% | 29-Apr-22 | - | - | 75.00 |
| - Nil units (March 31, 2023: Nil and March 31, 2022: 12500 units ) of 10.00% Redeemable,market linked non-convertible debentures of | Coupon payment frequency: on maturity<br>Principal repayment frequency: on maturity<br>Tenure of security: 1.25 years<br>Redemption date:June 11,2022 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 10.00% | 11-Jun-22 | - | - | 125.00 |
| - Nil units (March 31, 2023 : Nil units and March 31, 2022: 1,000 units ) of 9.45% Redeemable nonconvertible debentures of INR | Coupon payment frequency:Semi annual<br>Principal repayment frequency:Entire principal repaid on maturity<br>Tenure of security: 3.50 years<br>Redemption date:June 11,2022 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 9.45% | 11-Jun-22 | - | - | 1,000.00 |
| - Nil units(March 31, 2023: Nil units and March 31, 2022: 150 units ) of 9.30% redeemable, market linked non-convertible debentures of INR 10,00,000 each, maturing on September 17, 2022* | Coupon payment frequency: on maturity<br>Principal repayment frequency: on maturity<br>Tenure of security: 18 Months<br>Redemption date: September 17, 2022 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 9.30% | 17-Sep-22 | - | - | 150.00 |
| - Nil units(March 31, 2023: Nil units and March 31, 2022: 1000 units ) of 10.45% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on September 30, 2022 | Coupon payment frequency: semi annual<br>Principal repayment frequency: maturity<br>Tenure of security: 2 years<br>Redemption date:September 30,2022 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 10.45% | 30-Sep-22 | - | - | 1,000.00 |
| - Nil units(March 31, 2023: Nil units and March 31, 2022: 1500 units ) of 9.15% Redeemable nonconvertible debentures of INR | Coupon payment frequency: semi annual<br>Principal repayment frequency: 4 equal quarterly instalments<br>Tenure of security: 1.5 years<br>Redemption date: Sep 30, 2022 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 9.15% | 30-Sep-22 | - | - | 375.00 |
| - Nil units(March 31, 2023: Nil units and March 31, 2022: 23200 units ) of 9.05% Redeemable,market linked non-convertible debentures | Coupon payment frequency: semi annual<br>Principal repayment frequency: on maturity<br>Tenure of security: 2 years<br>Redemption date: January 21, 2023 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 9.05% | 21-Jan-23 | - | - | 232.00 |
| - Nil units(March 31, 2023: Nil units and March 31, 2022: 228 units ) of 8.80% Redeemable,market linked non-convertible debentures of INR 5,00,000 each, maturing on February 23, 2023* | Coupon payment frequency: semi annual<br>Principal repayment frequency: on maturity<br>Tenure of security: 2 years<br>Redemption date: February 23, 2023 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 8.80% | 23-Feb-23 | - | - | 114.00 |
| - Nil units(March 31, 2023: Nil units and March 31, 2022: 294 units ) of 8.90% Redeemable,market linked non-convertible debentures of INR 5,00,000 each, maturing on February 24, 2023* | Coupon payment frequency: semi annual<br>Principal repayment frequency: on maturity<br>Tenure of security: 2 years<br>Redemption date: February 24, 2023 | The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables | 8.90% | 24-Feb-23 | - | - | 147.00 |
| **Total** | | | | | **9,587.14** | **11,502.75** | **10,838.93** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

| Particulars | Terms of Redemption | Security | Interest rate | Earliest instalment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 |
|---|---|---|---|---|---|---|---|
| **Unsecured, redeemable non-convertible debentures:** | | | | | | | |
| - 235140 units (March 31, 2023: 235140 units and March 31, 2022: 235140 units) of 11.6% Redeemable non-convertible debentures of INR 10 each, maturing on Sep 25, 2023 | Coupon payment frequency: Monthly<br>Principal repayment frequency: On maturity<br>Tenure of security: 4 years<br>Redemption date: September 25, 2023 | NA | 11.60% | 25-Sep-23 | - | 2.35 | 2.35 |
| **Total** | | | | | **-** | **2.35** | **2.35** |

| Particulars | Terms of Redemption | Security | Interest rate | Earliest instalment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 |
|---|---|---|---|---|---|---|---|
| **Unsecured, Commercial Paper:** | | | | | | | |
| NIL Units(March 31, 2023 : 400 Units and March 31, 2022 : NIL Units ) of 7.99% commercial paper of INR 500,000 each, maturing on May 5, 2023 | Repayments terms: Entire amount is repaid on maturity<br>Tenor: 91 Days<br>Maturity Date:May 05, 2023 | NA | 7.99% | 05-May-23 | - | 200.00 | - |
| NIL Units(March 31, 2023 : 300 Units and March 31, 2022 : NIL Units ) of 8.10% commercial paper of INR 500,000 each, maturing on May 31, 2023 | Repayments terms: Entire amount is repaid on maturity<br>Tenor: 91 Days<br>Maturity Date:May 31, 2023 | NA | 8.10% | 31-May-23 | - | 150.00 | - |
| NIL Units(March 31, 2023 : 200 Units and March 31, 2022 : NIL Units ) of 8.20% commercial paper of INR 500,000 each, maturing on June 28, 2023 | Repayments terms: Entire amount is repaid on maturity<br>Tenor: 91 Days<br>Maturity Date:June 28, 2023 | NA | 8.20% | 28-Jun-23 | - | 100.00 | - |
| 2000 Units (March 31, 2023 : NIL units and March 31, 2022 : NIL Units) of 9.25% commercial paper of INR 500,000 each, maturing on June 17, 2024 | Repayments terms: Entire amount is repaid on maturity<br>Tenor: 364 Days<br>Redemption date: June 17,2024 | NA | 9.25% | 17-Jun-24 | 1,000.00 | - | - |
| 2000 Units (March 31, 2023 : NIL units and March 31, 2022 : NIL Units) of 9.15% commercial paper of INR 500,000 each, maturing on June 25, 2024 | Repayments terms: Entire amount is repaid on maturity<br>Tenor: 364 Days<br>Redemption date: June 25,2024 | NA | 9.10% | 25-Jun-24 | 1,000.00 | - | - |
| 900 Units (March 31, 2023 : NIL units and March 31, 2022 : NIL Units) of 8.85% commercial paper of INR 500,000 each, maturing on May 28, 2024 | Repayments terms: Entire amount is repaid on maturity<br>Tenor: 91 Days<br>Redemption date: May 28, 2024 | NA | 8.85% | 28-May-24 | 450.00 | - | - |
| 2000 Units (March 31, 2023 : NIL units and March 31, 2022 : NIL Units) of 10.20% commercial paper of INR 500,000 each, maturing on July 26, 2024 | Repayments terms: Entire amount is repaid on maturity<br>Tenor: 122 Days<br>Redemption date: July 26, 2024 | NA | 10.20% | 26-Jul-24 | 1,000.00 | - | - |
| 2000 Units (March 31, 2023 : NIL units and March 31, 2022 : NIL Units) of 9.90% commercial paper of INR 500,000 each, maturing on February 28, 2025 | Repayments terms: Entire amount is repaid on maturity<br>Tenor: 365 Days<br>Redemption date: February 28, 2025 | NA | 9.90% | 28-Feb-25 | 1,000.00 | - | - |
| NIL Units(March 31, 2023 : NIL Units and March 31, 2022 : 600 Units ) of 6.97% commercial paper of INR 500,000 each, maturing on April 08, 2022 | Repayment Terms:Entire amount is repaid on maturity<br>Tenor: 77 Days;<br>Redemption Date:April 8, 2022 | NA | 6.97% | 08-Apr-22 | - | - | 300.00 |
| NIL Units(March 31, 2023 : NIL Units and March 31, 2022 : 700 Units ) of 6.93% commercial paper of INR 500,000 each, maturing on May 31, 2022 | Repayment Terms:Entire amount is repaid on maturity<br>Tenor: 71 Days;<br>Redemption Date:May 31, 2022 | NA | 6.93% | 31-May-22 | - | - | 350.00 |
| NIL Units(March 31, 2023 : NIL Units and March 31, 2022 : 160 Units ) of 6.98% commercial paper of INR 500,000 each, maturing on June 07, 2022 | Repayment Terms:Entire amount is repaid on maturity<br>Tenor: 91 Days;<br>Redemption Date:June 7, 2022 | NA | 6.98% | 07-Jun-22 | - | - | 80.00 |
| NIL Units(March 31, 2023 : NIL Units and March 31, 2022 : 200 Units ) of 6.80% commercial paper of INR 500,000 each, maturing on June 09, 2022 | Repayment Terms:Entire amount is repaid on maturity<br>Tenor: 90 Days;<br>Redemption Date:June 9, 2022 | NA | 6.80% | 09-Jun-22 | - | - | 100.00 |
| NIL Units(March 31, 2023 : NIL Units and March 31, 2022 : 500 Units ) of 6.98% commercial paper of INR 500,000 each, maturing on June 10, 2022 | Repayment Terms:Entire amount is repaid on maturity<br>Tenor: 91 Days;<br>Redemption Date:June 10, 2022 | NA | 6.98% | 10-Jun-22 | - | - | 250.00 |
| NIL Units(March 31, 2023 : NIL Units and March 31, 2022 : 1000 Units ) of 6.98% commercial paper of INR 500,000 each, maturing on June 21, 2022 | Repayment Terms:Entire amount is repaid on maturity<br>Tenor: 91 Days;<br>Redemption Date:June 21, 2022 | NA | 6.98% | 21-Jun-22 | - | - | 500.00 |
| NIL Units(March 31, 2023 : NIL Units and March 31, 2022 : 500 Units ) of 7.60% commercial paper of INR 500,000 each, maturing on August 22, 2022 | Repayment Terms:Entire amount is repaid on maturity<br>Tenor: 181 Days;<br>Redemption Date:August 22, 2022 | NA | 7.60% | 22-Aug-22 | - | - | 250.00 |
| NIL Units(March 31, 2023 : NIL Units and March 31, 2022 : 1000 Units ) of 7.95% commercial paper of INR 500,000 each, maturing on September 30, 2022 | Repayment Terms:Entire amount is repaid on maturity<br>Tenor: 365 Days;<br>Redemption Date:September 30, 2022 | NA | 7.95% | 30-Sep-22 | - | - | 500.00 |
| **Total** | | | | | **4,450.00** | **450.00** | **2,330.00** |
| **Grand total** | | | | | **14,037.14** | **11,955.10** | **13,171.28** |

The balances are excluding accrued interest and unamortised processing fees
* Coupon rate are linked to perfromance of specified indices inclusing maket indiactors over the period of the debentures

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Note 16 A : Details regarding terms of borrowings (from banks)**

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 | Security |
|---|---|---|---|---|---|---|---|
| **Secured borrowing from banks** | | | | | | | |
| Term Loan - 1 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: April 05, 2023 | 1 Y MCLR + Spread 0.95% | 05-Apr-23 | - | 38.74 | 262.40 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 2 | Repayments terms: 48 monthly instalments<br>Tenor: 48 months<br>Redemption date: March 31, 2024 | 1 Y MCLR + Spread 2.55% | 30-Apr-23 | - | 41.67 | 166.67 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 3 | Repayments terms: 48 monthly instalments<br>Tenor: 48 months<br>Redemption date: March 31, 2024 | 1 Y MCLR + Spread 2.25% | 30-Apr-23 | - | 40.70 | 165.70 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 4 | Repayments terms: Bullet payment<br>Tenor: 131 Days<br>Redemption date: July 16, 2024 | 1 Y MCLR + Spread 0.15% | 06-May-23 | 150.00 | 250.00 | - | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 5 | Repayments terms: 15 quaterly instalments<br>Tenor: 48 months<br>Redemption date: March 31, 2026 | 1 Y MCLR + Spread 1.15% | 31-Dec-23 | 266.67 | 400.00 | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 6 | Repayments terms: 15 quaterly instalments<br>Tenor: 36 months<br>Redemption date: December 15, 2025 | 1 Y MCLR + Spread 1.15% | 30-Apr-24 | 233.33 | 366.67 | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 7 | Repayments terms:15 quaterly instalments<br>Tenor: 36 months<br>Redemption date: December 15, 2025 | 1 Y MCLR + Spread 1.15% | 30-Apr-24 | 233.33 | 366.67 | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 8 | Repayments terms: 8 quaterly instalments<br>Tenor: 27 months<br>Redemption date: December 28 2023 | 3M MCLR + Spread 3.9% | 30-Jun-23 | - | 375.00 | 875.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 9 | Repayments terms: 15 quarterly instalments<br>Tenor: 48 months<br>Redemption date: May 30, 2026 | 1 Y MCLR + Spread 1.15% | 30-Apr-24 | 800.00 | 1,200.00 | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |
| Term Loan - 10 | Repayments terms: Repayment on maturity<br>Tenor: 82 Days<br>Redemption date: May 27, 2024 | 8.98% P.A. Linked to 1 M MIBOR | 30-Apr-24 | 500.00 | 250.00 | - | First and Exclusive charge on the standard receivables with a security cover of 115%. |
| Term Loan - 11 | Repayments terms: 45 monthly instalments<br>Tenor: 48 months<br>Redemption date: March 30, 2027 | 1 Y MCLR + Spread 1.15% | 01-Oct-23 | 1,200.00 | 1,500.00 | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |
| Term Loan - 12 | Repayments terms: 14 monthly instalments<br>Tenor: 48 months<br>Redemption date: October 01, 2025 | EBLR + Spread 1.26% | 01-Apr-24 | 500.00 | 785.71 | 1,000.00 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 13 | Repayments terms: 12 quaterly instalments<br>Tenor: 36 months<br>Redemption date: March 29, 2025 | Repo Rate + Spread 4.35% | 01-Apr-24 | 208.33 | 375.00 | 500.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 14 | Repayments terms: 12 quaterly instalments<br>Tenor: 36 months<br>Redemption date: March 29, 2025 | Repo Rate + Spread 4.35% | 01-Apr-24 | 281.25 | 406.25 | 500.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 15 | Repayment Terms: Bullet payment<br>Tenor: 180 Days<br>Redemption Date: May 27, 2024 | 9.20% Linked to 1 M T-Bill | 01-Apr-24 | 500.00 | 510.07 | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 16 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: September 29, 2025 | Repo Rate + Spread 3.25% | 01-Apr-24 | 437.50 | 687.50 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 17 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: December 29, 2025 | Repo Rate + Spread 3.25% | 01-Apr-24 | 333.33 | 500.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 18 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: January 31, 2026 | Repo Rate + Spread 3.25% | 01-Apr-24 | 166.67 | 250.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 19 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: March 31, 2025 | 3M MCLR + Spread 0% | 01-Apr-24 | 250.00 | 500.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 20 | Repayment Terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption Date: June 04, 2025 | 3Month T Bill + Spread 1.28% | 01-Apr-24 | 156.25 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 21 | Repayment Terms: 12 monthly instalments<br>Tenor: 12 Months<br>Redemption Date: July 03, 2023 | Repo Rate + Spread 3.4% | 03-Jul-23 | - | 222.22 | - | First and Exclusive charge on the standard receivables with a security cover of 115%. |
| Term Loan - 22 | Repayments terms: 16 quaterly instalments<br>Tenor: 48 months<br>Redemption date: March 06, 2027 | 1 Y MCLR + Spread 0.75% | 06-Apr-24 | 187.50 | 250.00 | - | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 23 | Repayments terms: 31 monthly instalments<br>Tenor: 36 months<br>Redemption date: March 10, 2025 | INR 13,900 - Repo Rate + Spread 3.5%, INR 5,000 - Repo Rate + Spread 3.75% | 10-Apr-24 | 721.41 | 1,459.47 | 1,890.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 24 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: May 10 , 2025 | Repo Rate + Spread 3.75% | 10-Apr-24 | 466.67 | 866.67 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 25 | Repayments terms: 30 monthly instalments<br>Tenor: 36 months<br>Redemption date: March 11, 2025 | 1 Y MCLR + Spread 0% | 11-Apr-24 | 300.00 | 600.00 | 750.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 26 | Repayments terms: 30 monthly instalments<br>Tenor: 36 months<br>Redemption date: August 13, 2024 | 1 Y MCLR + Spread 0.5% | 13-Apr-24 | 83.33 | 283.33 | 483.33 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 27 | Repayments terms: 31 monthly instalments<br>Tenor: 37 months<br>Redemption date: March 13, 2026 | 9.00% | 15-Apr-24 | 387.10 | 500.00 | - | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 28 | Repayments terms:10 quaterly instalments<br>Tenor: 36 months<br>Redemption date: December 23, 2024 | 1 Y MCLR + Spread 0% | 23-Apr-24 | 105.00 | 245.00 | 350.00 | First and Exclusive charge over the loan receivables. |
| Term Loan - 29 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: March 23, 2026 | 1 Y MCLR + Spread 0% | 30-Apr-24 | 800.00 | 1,200.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 30 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: March 24, 2025 | 1 Y MCLR + Spread 0.25% | 24-Apr-24 | 666.67 | 1,333.33 | 2,000.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Note 16 A : Details regarding terms of borrowings (from banks)(continued)**

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 | Security |
|---|---|---|---|---|---|---|---|
| **Secured borrowing from banks** | | | | | | | |
| Term Loan - 31 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: March 25, 2025 | 364 days T Bill + Spread 3.99% | 25-Apr-24 | 98.33 | 196.67 | 295.00 | First and Exclusive charge over the loan receivables with a security cover of 115%. |
| Term Loan - 32 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: September 26, 2024 | 8.60% | 26-Apr-24 | 155.00 | 385.00 | - | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 33 | Repayments terms: 15 monthy instalments<br>Tenor: 18 months<br>Redemption date: April 26, 2024 | 3M T Bill + Spread 2.75% | 26-Apr-24 | 33.38 | 433.34 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 34 | Repayments terms: 9 quaterly instalments<br>Tenor: 27 months<br>Redemption date: January 27 , 2025 | 3M T Bill + Spread 2.90% | 27-Apr-24 | 222.23 | 444.45 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 35 | Repayment Terms: Bullet payment<br>Tenor: 90 Days<br>Redemption Date: June 04, 2024 | 1 Y MCLR + Spread 1.85% | 30-May-23 | 90.00 | 250.00 | - | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 36 | Repayments terms: 16 quarterly instalments<br>Tenor: 48 months<br>Redemption date: June 28 , 2027 | 1 Year MCLR + Spread 0.75% | 28-Apr-24 | 812.50 | - | - | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 37 | Repayments terms: 15 quaterly instalments<br>Tenor: 48 months<br>Redemption date: November 29, 2025 | 1 Y MCLR + Spread 0.75% | 29-Apr-24 | 93.33 | 146.67 | 200.00 | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 38 | Repayments terms:24 monthly instalments<br>Tenor: 24 months<br>Redemption date: December 29, 2023 | 8.00% | 01-Oct-23 | - | 374.80 | 875.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 39 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: March 29, 2025 | 1 Y MCLR + Spread 1.55% | 29-Apr-24 | 150.00 | 300.00 | 450.00 | First and Exclusive charge on the standard receivables with a security cover of 115%. |
| Term Loan - 40 | Repayments terms: 33 monthly instalments<br>Tenor: 36 months<br>Redemption date: September 29, 2024 | 1 Y MCLR + Spread 0.15% | 30-Sep-23 | - | 545.45 | 909.09 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 41 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: March 29, 2024 | 6M MCLR + Spread 0.3% | 01-Oct-23 | - | 250.00 | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 42 | Repayments terms: 15 quaterly instalments<br>Tenor: 48 months<br>Redemption date: November 29, 2025 | 1 Y MCLR + Spread 0.75% | 29-Apr-24 | 186.67 | 293.33 | 400.00 | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 43 | Repayments terms: 11 quarterly instalments<br>Tenor : 36 months<br>Redemption date: March 29, 2026 | 1 Y MCLR + Spread 1.00% | 29-Apr-24 | 545.45 | 750.00 | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |
| Term Loan - 44 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: June 30 , 2025 | 1 Y MCLR + Spread 0.2% | 30-Apr-24 | 525.00 | 945.00 | - | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 45 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: June 30 , 2025 | 1 Y MCLR + Spread 0.2% | 30-Apr-24 | 200.00 | 360.00 | - | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 46 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: November 30, 2025 | 1 Y MCLR +Spread 0.8% | 30-Apr-24 | 1,109.92 | 1,776.59 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 47 | Repayment Terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption Date: June 28, 2026 | Repo Rate + Spread 2.75% | 30-Apr-24 | 375.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |
| Term Loan - 48 | Repayments terms: 36 montly instalments<br>Tenor: 36 months<br>Redemption date: December 31, 2024 | 1 Y MCLR + Spread 0.25% | 30-Apr-24 | 249.50 | 582.83 | 916.67 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 49 | Repayments terms: 12 quarterly instalments<br>Tenor: 39 months<br>Redemption date: April 30, 2024 | 6M MCLR + Spread 0.5% | 30-Apr-24 | 27.83 | 144.63 | 262.40 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 50 | Repayments terms: 33 monthly instalments<br>Tenor: 36 months<br>Redemption date: November 30, 2024 | 8.00% | 30-Apr-24 | 121.21 | 303.03 | 484.85 | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 51 | Repayments terms: 12 quaterly instalments<br>Tenor: 36 months<br>Redemption date: August 31, 2024 | 1 Y MCLR + Spread 0.65% | 30-Apr-24 | 166.67 | 500.00 | 833.33 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 52 | Repayments terms: 12 quaterly instalments<br>Tenor: 36 months<br>Redemption date: August 31, 2024 | 1 Y MCLR + Spread 0.65% | 30-Apr-24 | 83.33 | 250.00 | 416.67 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 53 | Repayments terms: 12 quaterly instalments<br>Tenor: 36 months<br>Redemption date: September 28, 2024 | 1 Y MCLR + Spread 0.65% | 30-Apr-24 | 83.33 | 250.00 | 416.67 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 54 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: September 30, 2024 | 1 Y T Bill + Spread 3.34% | 30-Apr-24 | 116.67 | 350.00 | 583.33 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 55 | Repayments terms: 24 monthly instalments<br>Tenor: 33 months<br>Redemption date: October 21, 2024 | 1 Y MCLR + Spread 0.6% | 30-Apr-24 | 74.89 | 174.89 | 250.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 56 | Repayments terms: 10 quarterly instalments<br>Tenor: 33 months<br>Redemption date: October 09, 2023 | 1 Y MCLR + Spread 0.05% | 30-Sep-23 | - | 88.04 | 210.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 57 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: March 31, 2024 | 8.60% | 30-Sep-23 | - | 133.33 | 266.67 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 58 | Repayments terms: Repayment on maturity<br>Tenor: 180 days<br>Redemption date: June 15, 2024 | 9.25% | 01-May-24 | 500.00 | 500.00 | 900.00 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 59 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: September 30, 2024 | 1 Y MCLR + Spread 1% | 30-Apr-24 | 41.67 | 125.00 | 208.33 | First and Exclusive charge over the loan receivables with a security cover of 111%. |
| Term Loan - 60 | Repayments terms: Bullet payment<br>Tenor: 180 Days<br>Redemption date: April 24, 2024 | 9.20% Linked to 1 M MIBOR | 19-Apr-24 | 800.00 | 800.00 | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 120%. |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Note 16 A : Details regarding terms of borrowings (from banks)(continued)**

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 | Security |
|---|---|---|---|---|---|---|---|
| **Secured borrowing from banks** | | | | | | | |
| Term Loan - 61 | Repayments terms: 11 quarterly instalments<br>Tenor: 33 Years<br>Redemption date: December 31, 2023 | 6M MCLR + Spread 2.25% | 30-Sep-23 | - | 545.60 | 1,272.80 | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 62 | Repayments terms: Repayment on maturity<br>Tenor: 37 Days<br>Redemption date: April 12,2024 | 8.55% | 12-Apr-24 | 500.00 | 500.00 | - | First and Exclusive charge on the standard receivables with a security cover of 133%. |
| Term Loan - 63 | Repayments terms: 10 quaterly instalments<br>Tenor: 33 months<br>Redemption date: September 30, 2024 | 1 Y SOFR + Spread 2% | 30-Apr-24 | 300.00 | 900.00 | 1,500.00 | Asset cover of 1x for derivative limit |
| Term Loan - 64 | Repayments terms: 11 quarterly instalments<br>Tenor: 36 months<br>Redemption date: March 28, 2024 | 1 Y MCLR + Spread 0.65% | 30-Sep-23 | - | 36.37 | 72.73 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 65 | Repayments terms: 12 quaterly instalments<br>Tenor: 36 months<br>Redemption date: December 31, 2024 | 1 Y MCLR + Spread 0.3% | 30-Apr-24 | 75.00 | 175.00 | 275.00 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 66 | Repayments terms: 12 quaterly instalments<br>Tenor: 36 months<br>Redemption date: March 31, 2025 | 1 Y MCLR + Spread 0.8% | 30-Apr-24 | 129.55 | 264.77 | 400.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 67 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: July 31, 2023 | External BMLR + Spread 5% | 31-Jul-23 | - | 25.00 | 100.00 | First and Exclusive charge on the standard receivables with a security cover of 115%. |
| Term Loan - 68 | Repayments terms: 11 qauterly instalments<br>Tenor: 36 months<br>Redemption date: March 28, 2025 | 1 Y MCLR + Spread 1% | 30-Apr-24 | 363.64 | 719.48 | 1,000.00 | First and Exclusive charge on the standard receivables with a security cover of 118%. |
| Term Loan - 69 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: June 30, 2024 | 364 days T Bill + Spread 5.2% | 30-Apr-24 | 18.33 | 91.67 | 165.00 | First and Exclusive charge over the loan receivables with a security cover of 115%. |
| Term Loan - 70 | Repayments terms: Repayment on maturity<br>Tenor: 110 Days<br>Redemption date: April 08,2024 | 9.40% Linked to 1 M MCLR + 0.15% | 08-Apr-24 | 300.00 | 500.00 | - | First and Exclusive charge over the loan receivables with a security cover of 111%. |
| Term Loan - 71 | Repayments terms: 42 monthly instalments<br>Tenor: 48 months<br>Redemption date: March 23, 2026 | 1 Y MCLR + Spread 1% | 30-Apr-24 | 136.90 | 208.33 | 250.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 72 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: March 31, 2024 | 1 Y MCLR + Spread 0.8% | 30-Sep-23 | - | 1,000.00 | 2,000.00 | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 73 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: May 31 , 2024 | External BMLR + Spread 4.2% | 30-Apr-24 | 25.00 | 175.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 74 | Repayments terms: 60 monthy instalments<br>Tenor: 60 months<br>Redemption date: January 19, 2025 | 1 Y MCLR + Spread 1.5% | 30-Apr-24 | 198.49 | 600.00 | 1,000.00 | 1x security cover for hedge limits |
| Term Loan - 75 | Repayments terms: Repayment on maturity<br>Tenor: 86 Days<br>Redemption date: April 25, 2024 | 8.98% P.A. Linked to 1 M MIBOR | 15-Apr-24 | 250.00 | 110.00 | - | First and Exclusive charge on the standard receivables with a security cover of 115%. |
| Term Loan - 76 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: September 30, 2025 | Repo Rate + Spread 4.45% | 30-Apr-24 | 375.00 | 625.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 77 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: October 10, 2025 | 7.40% | 30-Apr-24 | 256.38 | 418.54 | - | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 78 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: October 31, 2025 | 7.40% | 30-Apr-24 | 270.27 | 432.43 | - | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 79 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: December 16 ,2025 | 1 Y MCLR + Spread 1.1% | 30-Sep-23 | - | 916.67 | - | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 80 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: December 16, 2025 | 1 Y MCLR + Spread 1.4% | 30-Sep-23 | - | 916.65 | - | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 81 | Repayments terms: 20 quarterly instalments<br>Tenor: 60 months<br>Redemption date: December 16, 2027 | 1 Y MCLR + Spread 0.1% | 30-Apr-24 | 393.75 | 438.75 | - | First and Exclusive charge on the standard receivables with a security cover of 115%. |
| Term Loan - 82 | Repayments terms: 14 quarterly instalments<br>Tenor: 48 months<br>Redemption date: December 28, 2026 | 6M MCLR + Spread 0.55% | 30-Apr-24 | 366.80 | 500.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 83 | Repayments terms: 20 quarterly instalments<br>Tenor: 60 months<br>Redemption date: December 29, 2027 | 1 Y MCLR + Spread 0.1% | 30-Apr-24 | 875.00 | 975.00 | - | First and Exclusive charge on the standard receivables with a security cover of 115%. |
| Term Loan - 84 | Repayments terms: 24 monthly instalments<br>Tenor: 27 months<br>Redemption date: March 31, 2025 | 1 year MCLR + Spread 0.1% | 30-Apr-24 | 250.00 | 500.00 | - | 1.20 times first and exclusive charge on standard receivables on outstanding level with 1.15 times receivables being PSL qualifying assets and 0.05 times receivables being non-PSL assets. |
| Term Loan - 85 | Repayments terms: 20 quarterly instalments<br>Tenor: 60 months<br>Redemption date: December 16, 2027 | 1 Y MCLR + Spread 0.1% | 30-Apr-24 | 1,575.00 | 1,755.00 | - | First and Exclusive charge on the standard receivables with a security cover of 115%. |
| Term Loan - 86 | Repayment Terms: 37 monthly instalments<br>Tenor: 37 months<br>Redemption Date: March 15, 2025 | Repo Rate + Spread 2.30% | 15-Apr-24 | 467.75 | 750.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 87 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: December 16, 2025 | 1 Y MCLR + Spread 1.5% | 30-Sep-23 | - | 916.65 | - | First and Exclusive charge on the standard receivables with a security cover of 125%. |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Note 16 A : Details regarding terms of borrowings (from banks)(continued)**

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 | Security |
|---|---|---|---|---|---|---|---|
| **Secured borrowing from banks** | | | | | | | |
| Term Loan - 88 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: December 16, 2025 | 1 Y MCLR + Spread 1.3% | 30-Sep-23 | - | 458.33 | - | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 89 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: March 31, 2026 | 6M T bill + Spread 0% | 30-Apr-24 | 266.67 | 400.00 | - | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 90 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: December 14, 2025 | 1 Y MCLR + Spread 1.5% | 30-Sep-23 | - | 458.30 | - | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 91 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: March 31, 2025 | 6M MCLR + Spread 0.6% | 30-Apr-24 | 450.00 | 900.00 | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 92 | Repayment Terms: Bullet payment<br>Tenor: 30 Days<br>Redemption Date: April 27, 2024 | 9.60% Linked to Repo | 01-Apr-24 | 500.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 93 | Repayment Terms: Bullet payment<br>Tenor: 43 Days<br>Redemption Date: April 05, 2024 | 1 Year MCLR + Spread 0.00% | 01-Apr-24 | 300.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 94 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: December 18, 2025 | 8.10% | 01-Apr-24 | 875.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 95 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: March 07, 2026 | 8.25% | 01-Apr-24 | 500.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 96 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: March 07, 2026 | 3M T-Bill + Spread 2.32% | 07-Apr-24 | 500.00 | - | - | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 97 | Repayments terms: 10 quarterly instalments<br>Tenor: 36 months<br>Redemption date: Sep 29, 2026 | 1 Y MCLR + Spread 1.25% | 10-Apr-24 | 950.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 98 | Repayments terms: 10 quarterly instalments<br>Tenor: 36 months<br>Redemption date: December 10, 2026 | 1 Y MCLR + Spread 1.25% | 10-Apr-24 | 1,705.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 99 | Repayments terms: 6 quarterly instalments<br>Tenor: 24 months<br>Redemption date: December 15, 2025 | 3M T-Bill + Spread 2.20% | 15-Apr-24 | 437.50 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 100 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: December 20, 2025 | 6M MCLR + Spread 0.30% | 20-Apr-24 | 875.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 101 | Repayments terms: 31 monthly instalments<br>Tenor: 37 months<br>Redemption date: Oct 20, 2026 | Repo Rate + Spread 2.60% | 21-Apr-24 | 1,250.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 102 | Repayments terms: 31 monthly instalments<br>Tenor: 37 months<br>Redemption date: Oct 20, 2026 | 3M MCLR + Spread 0% | 21-Apr-24 | 750.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 103 | Repayments terms: 16 quaterly instalments<br>Tenor: 48 months<br>Redemption date: March 21, 2028 | 1 Y MCLR + Spread 0.75% | 21-Apr-24 | 1,000.00 | - | - | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 104 | Repayments terms: 31 monthly instalments<br>Tenor: 37 months<br>Redemption date: Oct 20, 2026 | 9.35% | 28-Apr-24 | 500.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 105 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: Sep 29, 2026 | 1 Y MCLR +Spread 0.45% | 29-Apr-24 | 1,666.67 | - | - | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 106 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: February 28, 2026 | 6M MCLR + Spread 0.30% | 29-Apr-24 | 345.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 107 | Repayments terms: Bullet payment<br>Tenor: 179 Days<br>Redemption date: May 27, 2024 | 9.45% Linked to 1 M MIBOR | 30-Apr-24 | 400.00 | - | - | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 108 | Repayments terms: Bullet payment<br>Tenor: 177 Days<br>Redemption date: July 25, 2024 | 9.59% Linked to 1 M MIBOR | 30-Apr-24 | 400.00 | - | - | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 109 | Repayments terms: Bullet payment<br>Tenor: 179 Days<br>Redemption date: August 23, 2024 | 9.59% Linked to 1 M MIBOR | 30-Apr-24 | 400.00 | - | - | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 110 | Repayments terms: Repayment on maturity<br>Tenor: 136 Days<br>Redemption date: May 06,2024 | 9.40% Linked to 1 M MCLR + 0.15% | 30-Apr-24 | 300.00 | - | - | First and Exclusive charge over the loan receivables with a security cover of 111%. |
| Term Loan - 111 | Repayments terms: Repayment on maturity<br>Tenor: 157 Days<br>Redemption date: July 05,2024 | 9.60% Linked to 1 M MCLR + 0.15% | 30-Apr-24 | 400.00 | - | - | First and Exclusive charge over the loan receivables with a security cover of 111%. |
| Term Loan - 112 | Repayment Terms: 12 equal quaterly instalments<br>Tenor: 36 months<br>Redemption Date: June 21, 2026 | 3Month MCLR + Spread 0.3% | 30-Apr-24 | 74.95 | - | - | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 113 | Repayment Terms: 8 equal quaterly instalments starting from 3 months from the dateof first disbursement<br>Tenor: 24 months<br>Redemption Date: June 27, 2025 | 9.45% | 30-Apr-24 | 625.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 114 | Repayment Terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption Date: June 30, 2025 | Repo Rate + Spread 0.30% | 30-Apr-24 | 250.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 115 | Repayments terms: 48 Monthly instalments<br>Tenor: 48 months<br>Redemption date: July 31, 2027 | 3Y MCLR + Spread 0.55% | 30-Apr-24 | 222.22 | - | - | Exclusive charge on the standard receivables with a security cover / ACR of 110%. |
| Term Loan - 116 | Repayments terms: 45 monthly instalments<br>Tenor: 48 months<br>Redemption date: Nov 02, 2027 | 1 Y MCLR + Spread 0.65% | 30-Apr-24 | 1,306.67 | - | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |
| Term Loan - 117 | Repayments terms: 45 monthly instalments<br>Tenor: 48 months<br>Redemption date: October 30, 2027 | 1 Y MCLR + Spread 0.80% | 30-Apr-24 | 573.33 | - | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |
| Term Loan - 118 | Repayments terms: 24 monthly instalments<br>Tenor: 36 months<br>Redemption date: October 31, 2025 | 1 Y MCLR + Spread 0.20% | 30-Apr-24 | 593.75 | - | - | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 119 | Repayments terms: 27 monthly instalments<br>Tenor: 27 months<br>Redemption date: March 31, 2026 | 6 M MCLR | 30-Apr-24 | 1,000.00 | - | - | First and Exclusive charge over the loan receivables with a security cover of 115%. |
| Term Loan - 120 | Repayments terms: 11 quarterly instalments<br>Tenor: 36 months<br>Redemption date: January 31, 2027 | 1 Y MCLR + Spread 0.75% | 30-Apr-24 | 750.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Note 16 A : Details regarding terms of borrowings (from banks)(continued)**

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 | Security |
|---|---|---|---|---|---|---|---|
| **Secured borrowing from banks** | | | | | | | |
| Term Loan - 121 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: February 27, 2027 | Repo Rate + Spread 3.00% | 30-Apr-24 | 729.17 | - | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |
| Term Loan - 122 | Repayments terms: 6 quaterly instalments<br>Tenor: 24 months<br>Redemption date: February 28, 2026 | 3M T bill + Spread 2.52% | 30-Apr-24 | 1,000.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 123 | Repayment Terms: 12 equal quaterly instalments<br>Tenor: 36 months<br>Redemption Date: March 07, 2027 | 3M T Bill + Spread 2.64% | 30-Apr-24 | 500.00 | - | - | Exclusive Charge by way of Hypothecation of loan receivables of slandered assets created out of bank finance and which are not overdue as per RBI/Regulator guideline, with as security cover of 110% |
| Term Loan - 124 | Repayments terms: 6 Monthly instalments<br>Tenor: 183 Days<br>Redemption date: September 17, 2024 | 8.80% | 30-Apr-24 | 2,983.69 | - | - | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 125 | Repayments terms: 6 Monthly instalments<br>Tenor: 183 Days<br>Redemption date: September 17, 2024 | 8.80% | 30-Apr-24 | 2,995.18 | - | - | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 126 | Repayments terms: 45 monthly instalments<br>Tenor: 48 months<br>Redemption date: March 28, 2028 | 1 Y MCLR + Spread 0.80% | 30-Apr-24 | 2,000.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 111%. |
| Term Loan - 127 | Repayments terms: 6 Monthly instalments<br>Tenor: 183 Days<br>Redemption date: September 27, 2024 | 9.25% | 30-Apr-24 | 1,166.21 | - | - | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 128 | Repayments terms: 6 Monthly instalments<br>Tenor: 183 Days<br>Redemption date: September 27, 2024 | 9.25% | 30-Apr-24 | 1,166.21 | - | - | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 129 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: March 31, 2024 | 1 Y MCLR + Spread 0.50% | 01-May-24 | 750.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 130 | Repayments terms: 11 quarterly instalments<br>Tenor: 34 months<br>Redemption date: December 31, 2026 | 9.65% | 01-May-24 | 2,500.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 131 | Repayments terms: 15 quaterly instalments<br>Tenor: 42 months<br>Redemption date: June 1, 2025 | 1 Y MCLR + Spread 1.15% | 01-May-24 | 207.61 | 374.28 | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 132 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 90 days<br>Redemption date: June 21, 2021 | 8.80% | 21-Jun-21 | - | - | 400.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 133 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 3 months<br>Redemption date: June 25, 2021 | 17.00% | 25-Jun-21 | - | - | 250.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 134 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 6 months<br>Redemption date: Septemebr 25, 2021 | 9.25% | 25-Sep-21 | - | - | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 135 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 1 year<br>Redemption date: December 4, 2021 | 6M MCLR + Spread 1.00% | 04-Dec-21 | - | - | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 133%. |
| Term Loan - 136 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 1 year<br>Redemption date: December 28, 2021 | 9.00% | 28-Dec-21 | - | - | 250.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 137 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 1 year<br>Redemption date: March 26, 2022 | 1 Y MCLR + Spread 2.55% | 26-Mar-22 | - | - | 300.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 138 | Repayments terms: 18 Monthly installments<br>Tenor of Security : 2 Years<br>Redemption date: February 28, 2023 | 8.95% | 03-Apr-22 | - | - | 333.33 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 139 | Repayments terms:35 monthly installments<br>Tenor of Security : 3.3 Years<br>Redemption date: Jan 5, 2023 | 11.75% | 05-Apr-22 | - | - | 18.18 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 140 | Repayments terms:12 quarterly installments<br>Tenor of Security : 3 Years<br>Redemption date: April 5, 2023 | 1 Y MCLR + Spread 0.95% | 05-Apr-22 | - | - | 208.17 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 141 | Repayments terms:10 Monthly installments<br>Tenor of Security : 1 Years<br>Redemption date: August 10, 2022 | Repo Rate + Spread 1.75% | 10-Apr-22 | - | - | 287.50 | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 142 | Repayments terms:30 monthly installments<br>Tenor of Security : 3 Years<br>Redemption date: May 16,2022 | 1 Y MCLR + Spread 0.65% | 16-Apr-22 | - | - | 166.67 | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 143 | Repayments terms:12 quarterly installments<br>Tenor of Security : 2.3 Years<br>Redemption date: March 31, 2023 | 10.41% | 30-Apr-22 | - | - | 250.00 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 144 | Repayments terms:36 monthly installments<br>Tenor of Security : 3 Years<br>Redemption date: December 31, 2022 | 3 M MCLR + Spread 0.05% | 30-Apr-22 | - | - | 75.00 | First and Exclusive charge on the standard receivables with a security cover of 120%. |
| Term Loan - 145 | Repayments terms:36 monthly installments<br>Tenor of Security : 3 Years<br>Redemption date: December 31, 2022 | 1 Y MCLR + Spread 1.6% | 30-Apr-22 | - | - | 75.00 | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 146 | Repayments terms:11 quarterly installments<br>Tenor of Security : 2.2 Years<br>Redemption date: September 30, 2022 | 1 Y MCLR + Spread 2.25% | 30-Apr-22 | - | - | 272.78 | First and Exclusive charge on the standard receivables with a security cover of 125%. |
| Term Loan - 147 | Repayments terms:12 quarterly installments<br>Tenor of Security : 3 Years<br>Redemption date: December 31, 2022 | 1 Y MCLR + Spread 2% | 30-Apr-22 | - | - | 50.00 | First and Exclusive charge on the standard receivables with a security cover of 133%. |
| Term Loan - 148 | Repayments terms:48 monthly installments<br>Tenor of Security : 4 Years<br>Redemption date: March 31, 2024 | 1 Y MCLR + Spread 2.55% | 30-Apr-22 | - | - | 166.67 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 149 | Repayments terms:48 monthly installments<br>Tenor of Security : 4 Years<br>Redemption date: March 31, 2024 | 1 Y MCLR + Spread 2.25% | 30-Apr-22 | - | - | 165.70 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 150 | Repayments terms:10 quarterly installments<br>Tenor of Security : 3 Years<br>Redemption date: February 2, 2023 | 11.25% | 30-Apr-22 | - | - | 99.27 | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 151 | Repayments terms:11 quarterly installments<br>Tenor of Security : 2.2 Years<br>Redemption date: September 30, 2022 | 1 Y MCLR + Spread 2.25% | 30-Apr-22 | - | - | 272.78 | First and Exclusive charge on the standard receivables with a security cover of 125%. |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Note 16 A : Details regarding terms of borrowings (from banks)(continued)**

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 | Security |
|---|---|---|---|---|---|---|---|
| **Secured borrowing from banks** | | | | | | | |
| Term Loan - 152 | Repayments terms: 24 monthly installments, Tenor of Security : 2 Years<br>Redemption date: February 28, 2023 | 9.10% | 30-Apr-22 | - | - | 68.75 | First and Exclusive charge over the loan receivables with a security cover of 115%. |
| Term Loan - 153 | Repayments terms: 6 quarterly installments<br>Tenor of Security : 1.5 Years<br>Redemption date: September 29, 2022 | 8.80% | 30-Apr-22 | - | - | 333.33 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 154 | Repayments terms:12 Quarterly installments, Tenor of Security : 3.25 Years<br>Redemption date: April 30, 2024 | 9.00% | 30-Apr-22 | - | - | 262.40 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 155 | Repayments terms:11 Quarterly installments<br>Tenor of Security : 2.8 Years<br>Redemption date: December 31, 2023 | 8.70% | 30-Apr-22 | - | - | 1,272.80 | First and Exclusive charge over the loan receivables with a security cover of 125%. |
| Term Loan - 156 | Repayments terms: 10 quarterly installments, Tenor of Security : 33 months<br>Redemption date: October 9, 2023 | 9.00% | 30-Apr-22 | - | - | 210.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 157 | Repayments terms: 36 monthly installments, Tenor of Security : 3 years<br>Redemption date: March 31, 2024 | 8.60% | 30-Apr-22 | - | - | 266.67 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 158 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 3 Month<br>Redemption date: May 13, 2022 | 7.35% | 13-May-22 | - | - | 100.00 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 159 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 1 Year<br>Redemption date: May 20, 2022 | 8.20% | 20-May-22 | - | - | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 160 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 180 days, Redemption date: May 21, 2021 & June 9,2021 | 1Y MCLR + Spread 1.85% | 21-May-22 | - | - | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 120%. |
| Term Loan - 161 | Repayments terms: Repayment on Maturity<br>Tenor of Security : 6 Month<br>Redemption date: May 31, 2022 | Repo Rate + Spread 3.4% | 31-May-22 | - | - | 500.00 | First and Exclusive charge over the loan receivables with a security cover of 110%. |
| Term Loan - 162 | Repayments terms: 14 quaterly instalments<br>Tenor: 48 months<br>Redemption date: July 28, 2027 | 3M T bill + Spread 2.57% | 28-Apr-24 | 466.70 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 163 | Repayments terms: 14 quaterly instalments<br>Tenor: 48 months<br>Redemption date: July 31, 2027 | 3M T bill + Spread 2.57% | 28-Apr-24 | 466.70 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan - 164 | Repayments terms: 12 Monthly instalments<br>Tenor: 12 months<br>Redemption date: Sep 05, 2024 | Repo Rate + Spread 2.50% | 05-Apr-24 | 204.46 | - | - | First ranking Exclusive and continuing charge by way of Hypothecation of identified book debts of borrower (Principal amount) to cover 110% of the outstanding facility amount |
| Term Loan - 165 | Repayments terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption date: Sep 28, 2025 | 6M MCLR + Spread 0.15% | 28-Apr-24 | 375.00 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| **Total** | | | | **61,600.78** | **45,043.85** | **38,011.63** | |

**Northern Arc Capital Limited**
**Restated Consolidated Summary Statements**
**Annexure V - Consolidated summary material accounting policy information and other explanatory information**
(All amounts are in Indian Rupees in millions unless otherwise stated)

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 | Security |
|---|---|---|---|---|---|---|---|
| **Secured borrowing from other financial institutions** | | | | | | | |
| Term Loan from others -1 | Repayment Terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption Date: September 28, 2024 | 3M MCLR + Spread 0.55% | 05-Oct-23 | 218.75 | 593.75 | - | Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -2 | Repayment Terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption Date: July 30, 2024 | HDFC 1Y MCLR + Spread 1.6% | 31-Oct-23 | 55.56 | 222.22 | 480.00 | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -3 | Repayment Terms: 12 equal quaterly instalments<br>Tenor: 36 months<br>Redemption Date: October 01, 2024 | LTRR + Spread 9.05% | 01-Oct-23 | 33.33 | 100.00 | - | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -4 | Repayment Terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption Date: June 01, 2024 | 9.10% | 01-Dec-23 | 20.83 | 104.17 | 187.50 | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -5 | Repayments terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption date: June 01, 2025 | 9.15% | 01-Dec-23 | 125.00 | 225.00 | - | First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets |
| Term Loan from others -6 | Repayment Terms: 6 half yearly instalments<br>Tenor: 60 months<br>Redemption Date: March 04, 2026 | 9.78% | 04-Mar-24 | 486.87 | 730.30 | 520.00 | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 120% of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -7 | Repayment Terms: 7 half yearly instalments<br>Tenor: 60 months<br>Redemption Date: September 15, 2026 | 7.59% | 15-Mar-24 | 2,632.14 | 3,685.00 | 3,685.00 | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 125% of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -8 | Repayment Terms: 6 half yearly instalments<br>Tenor: 60 months<br>Redemption Date: November 17, 2025 | 9.35% | 15-Nov-23 | 1,229.83 | 1,844.75 | 1,844.75 | First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets |
| Term Loan from others -9 | Repayment Terms: 6 half yearly instalments<br>Tenor: 56 months<br>Redemption Date: November 15, 2025 | 9.50% | 15-Nov-23 | 1,207.25 | 1,810.88 | 1,810.88 | First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets |
| Term Loan from others -10 | Repayments terms: 6 half yearly instalments<br>Tenor: 60 months<br>Redemption date: December 15, 2026 | Overnight MIBOR + Spread 4.97% | 15-Jun-24 | 1,982.50 | 1,982.50 | - | First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets |
| Term Loan from others -11 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: July 28, 2026 | SBI 3M MCLR + Spread 1.10% | 05-Oct-23 | 402.78 | - | - | Exclusive first charge on the specific & identified loan receivables, present and future, of borrower by the way of hypothecated on the loan receivable with a minimum assets cover of 115% of the principal amount. |
| Term Loan from others -12 | Repayments terms: 11 quaterly instalments<br>Tenor: 36 months<br>Redemption date: Sep 01, 2026 | 9.35% | 01-Mar-24 | 545.45 | - | - | Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 110% of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -13 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: Sep 01, 2026 | 9.35% | 30-Apr-24 | 481.97 | - | - | First and Exclusive charge on the standard receivables with a security cover of 110%. |
| Term Loan from others -14 | Repayments terms: 12 equal quaterly instalments<br>Tenor: 36 months<br>Redemption date: July 01 , 2026 | LTRR+-Spread 10.85% | 01-Oct-23 | 300.00 | - | - | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -15 | Repayments terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption date: June 27 , 2026 | 3Month MCLR + Spread 1.15% | 05-Apr-24 | 388.89 | - | - | Exclusive first charge on the specific & identified loan receivables, present and future, of borrower by the way of hypothecated on the loan receivable with a minimum assets cover of 115% of the principal amount and interest and other charges outstanding. |
| Term Loan from others -16 | Repayment Terms: 12 quarterly instalments<br>Tenor: 36 months<br>Redemption Date: June 01, 2023 | 11.40% | 31-May-23 | - | 16.67 | 83.33 | Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.1 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -17 | Repayment Terms: 24 monthly instalments<br>Tenor: 24 months<br>Redemption Date: October 01, 2023 | 8.40% | 30-Sep-23 | - | 150.00 | 450.00 | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -18 | Repayment Terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption Date: March 30, 2024 | 9.25% | 27-Oct-23 | - | 145.79 | 278.75 | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -19 | Repayment Terms: 36 monthly instalments<br>Tenor: 36 months<br>Redemption Date: September 21, 2023 | HDFC 1Y MCLR + Spread 1.95% | 21-Sep-23 | - | 66.67 | 220.00 | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.2 times of the outstanding principal and interest at any point of time during currency of the facility. |
| Term Loan from others -20 | Repayment Terms: 36 Monthly installments<br>Tenor: 3 Years<br>Redemption Date:Decemebr 17,2021 | 12.00% | 17-Apr-22 | - | - | 20.26 | Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -21 | Repayment Terms: Repayment in 36 monthly installments<br>Tenor: 3 Years<br>Redemption Date:Sep 22,2022 | 12.25% | 22-Apr-22 | - | - | 99.88 | Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -22 | Repayment Terms: Repayment in 24 equal monthly installments<br>Tenor: 2 Years<br>Redemption Date:September 22, 2022 | 9.35% | 22-Apr-22 | - | - | 133.59 | Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -23 | Repayment Terms: Repayment in 11 equal quarterly installments<br>Tenor: 2.8 Years<br>Redemption Date:June 30,2022 | 11.75% | 30-Apr-22 | - | - | 49.54 | Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.1 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -24 | Repayment Terms: Repayment in 12 equal quarterly installments<br>Tenor: 3 Years<br>Redemption Date:July 1,2022 | 11.75% | 01-May-22 | - | - | 41.67 | Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.2 times of the outstanding principal at any point of time during currency of the facility. |
| Term Loan from others -25 | Repayment Terms: Repayment in 12 equal quarterly installments<br>Tenor: 3 Years<br>Redemption Date:March 1, 2023 | 11.40% | 01-May-22 | - | - | 83.33 | Exclusive hupothecation charge over receivable loan assets / book debts with a cover of 1.1 times of outstanding principal at any point pf time during currency of the facility |
| **Total** | | | | **10,111.15** | **11,677.69** | **9,988.48** | |
| **Grand total** | | | | **71,711.93** | **56,721.54** | **48,000.11** | |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Note 16 A : Details regarding terms of borrowings (from banks)**

**Borrowings under securitisation**

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 | Security |
|---|---|---|---|---|---|---|---|
| Securitisation loan - 1 | Repayments terms: 42 monthly instalments<br>Tenor: 42 months<br>Redemption date: Sep 17, 2027 | 10.20% | 17-Apr-24 | 1,033.01 | - | - | NA |
| Securitisation loan - 2 | Repayments terms: 14 monthly instalments<br>Tenor: 14 months<br>Redemption date: February 23, 2025 | 8.50% | 23-Apr-24 | 825.43 | - | - | NA |
| Securitisation loan - 3 | Repayments terms: 20 monthly instalments<br>Tenor: 20 months<br>Redemption date: Dec 23, 2025 | 8.70% | 23-May-24 | 979.04 | - | - | NA |
| | | | | **2,837.48** | **-** | **-** | |

**Note 17 A : Details regarding terms of Suboridnated liabilities (from banks)**

| Particulars | Terms of Redemption | Interest rate | Earliest installment date | Gross Balance as at March 31, 2024 | Gross Balance as at March 31, 2023 | Gross Balance as at March 31, 2022 |
|---|---|---|---|---|---|---|
| Sub debt from Bank | Repayments terms: Entire principal to be repaid on redemption date, Tenor of Security : 66 Months, Redemption date: June 28, 2023 | 10.25% | 28-Jun-23 | - | 149.89 | 149.73 |
| Sub debt from others | Repayment Terms: Entire principal to be repaid on redemption date, Tenor: 66 Months, Redemption Date: June 27 ,2023 | 10.25% | 27-Jun-23 | - | 249.62 | 249.62 |
| **Total** | | | | **-** | **399.51** | **399.35** |

The balances above are net of accrued interest and gross of unamortised processing fees

(All amounts are in Indian Rupees in millions unless otherwise stated)

**19A Impairment loss allowance for guarantees**

**i** Credit quality of exposure

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Performing | 604.88 | 39.28 | - | 644.16 | 1,566.82 | 72.00 | - | 1,638.82 |
| Individually impaired | | | | | - | - | - | - |
| **Total** | **604.88** | **39.28** | **-** | **644.16** | **1,566.82** | **72.00** | **-** | **1,638.82** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Performing | 2,261.40 | 113.15 | - | 2,374.55 |
| Individually impaired | - | - | - | - |
| **Total** | **2,261.40** | **113.15** | **-** | **2,374.55** |

**ii An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to guarantees is, as follows:**

**Gross exposure reconciliation**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **1,566.82** | **72.00** | **-** | **1,638.82** | **2,261.40** | **113.15** | **-** | **2,374.55** |
| New exposures | 4.85 | - | - | **4.85** | 393.80 | - | - | 393.80 |
| Asset derecognised or repaid (Excluding write off) | (966.79) | (32.72) | - | **(999.51)** | (1,088.38) | (41.15) | - | (1,129.53) |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | - | - | - | - | - | - | - |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| Write offs | - | - | - | - | - | - | - | - |
| **As at the end of the year** | **604.88** | **39.28** | **-** | **644.16** | **1,566.82** | **72.00** | **-** | **1,638.82** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **2,623.55** | **73.91** | **16.71** | **2,714.17** |
| New exposures | 594.21 | - | - | 594.21 |
| Asset derecognised or repaid (Excluding write off) | (881.60) | (35.52) | (16.71) | (933.83) |
| Transfer to stage 1 | (74.76) | 74.76 | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Write offs | - | - | - | - |
| **As at the end of the year** | **2,261.40** | **113.15** | **-** | **2,374.55** |

**iii Reconciliation of ECL balance**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **35.89** | **114.79** | **-** | **150.68** | **64.38** | **5.84** | **-** | **70.22** |
| New exposures | 0.88 | - | - | 0.88 | 7.41 | - | - | 7.41 |
| Asset derecognised or repaid (Excluding write off) | (28.50) | (5.68) | - | (34.18) | (35.90) | (0.78) | - | (36.68) |
| Transfer to stage 1 | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | - | 40.00 | - | 40.00 | - | 109.73 | - | 109.73 |
| Transfer to stage 3 | - | - | - | - | - | - | - | - |
| Write offs | - | - | - | - | - | - | - | - |
| **As at the end of the year** | **8.27** | **149.11** | **-** | **157.38** | **35.89** | **114.79** | **-** | **150.68** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **63.64** | **1.47** | **10.86** | **75.97** |
| New exposures | 7.32 | - | - | 7.32 |
| Asset derecognised or repaid (Excluding write off) | (1.50) | (0.71) | (10.86) | (13.07) |
| Transfer to stage 1 | (5.08) | 5.08 | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Write offs | - | - | - | - |
| **As at the end of the year** | **64.38** | **5.84** | **-** | **70.22** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**19B Impairment loss allowance for loan commitments**

**i Credit quality of exposure**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Performing | 1,359.90 | - | - | 1,359.90 | 1,273.38 | 50.00 | - | 1,323.38 |
| **Total** | **1,359.90** | **-** | **-** | **1,359.90** | **1,273.38** | **50.00** | **-** | **1,323.38** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Performing | 2,900.40 | - | - | 2,900.40 |
| **Total** | **2,900.40** | **-** | **-** | **2,900.40** |

**ii An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loan commitments is, as follows:**
**Gross exposure reconciliation**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **1,273.38** | **50.00** | **-** | **1,323.38** | **2,900.40** | **-** | **-** | **2,900.40** |
| New exposures | 1,335.00 | - | - | 1,335.00 | 1,323.38 | - | - | 1,323.38 |
| Asset derecognised or repaid | (1,248.48) | (50.00) | - | (1,298.48) | (2,900.40) | - | - | (2,900.40) |
| Transfer from stage 1 | - | - | - | - | (50.00) | 50.00 | - | - |
| Transfer from stage 2 | - | - | - | - | - | - | - | - |
| Transfer from stage 3 | - | - | - | - | - | - | - | - |
| Write offs | - | - | - | - | - | - | - | - |
| **As at the end of the year** | **1,359.90** | **-** | **-** | **1,359.90** | **1,273.38** | **50.00** | **-** | **1,323.38** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **1,988.90** | **-** | **-** | **1,988.90** |
| New exposures | 2,900.40 | - | - | 2,900.40 |
| Asset derecognised or repaid | (1,988.90) | - | - | (1,988.90) |
| Transfer from stage 1 | - | - | - | - |
| Transfer from stage 2 | - | - | - | - |
| Transfer from stage 3 | - | - | - | - |
| Write offs | - | - | - | - |
| **As at the end of the year** | **2,900.40** | **-** | **-** | **2,900.40** |

**iii Reconciliation of ECL balance**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **26.24** | **1.02** | **-** | **27.26** | **42.73** | **-** | **-** | **42.73** |
| New exposures | 9.97 | - | - | 9.97 | 25.18 | - | - | 25.18 |
| Asset derecognised or repaid | (25.51) | (1.02) | - | (26.53) | (40.99) | - | - | (40.99) |
| Transfer from stage 1 | - | - | - | - | (0.68) | 1.02 | - | 0.34 |
| Transfer from stage 2 | - | - | - | - | - | - | - | - |
| Transfer from stage 3 | - | - | - | - | - | - | - | - |
| Write offs | - | - | - | - | - | - | - | - |
| **As at the end of the year** | **10.70** | **-** | **-** | **10.70** | **26.24** | **1.02** | **-** | **27.26** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **As at the beginning of the year** | **25.95** | **-** | **-** | **25.95** |
| New exposures | 42.73 | - | - | 42.73 |
| Asset derecognised or repaid | (25.95) | - | - | (25.95) |
| Transfer from stage 1 | - | - | - | - |
| Transfer from stage 2 | - | - | - | - |
| Transfer from stage 3 | - | - | - | - |
| Write offs | - | - | - | - |
| **As at the end of the year** | **42.73** | **-** | **-** | **42.73** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **21** | **Share capital** | | | |
| | **Authorised** | | | |
| | 160,000,000 (March 31, 2023: 137,000,000 and March 31, 2022: 137,000,000) equity shares of INR 10 each | 1,600.00 | 1,370.00 | 1,370.00 |
| | 58,500,000, (March 31, 2023: 60,100,000 and March 31, 2022: 60,100,000) 0.0001% Compulsorily convertible preference shares of INR 20 each | 1,170.00 | 1,202.00 | 1,202.00 |
| | Nil (March 31, 2023: 19,800,000 and March 31, 2022: 19,800,000) 9.85% Cumulative non convertible compulsorily redeemable preference shares of INR 10 each | - | 198.00 | 198.00 |
| | | **2,770.00** | **2,770.00** | **2,770.00** |
| | **Issued, subscribed and paid up** | | | |
| | **Equity Shares** | | | |
| | 89,385,420, (March 31, 2023: 89,031,293 and March 31, 2022: 88,907,543) equity shares of INR 10 each | 893.85 | 890.31 | 889.08 |
| | | **893.85** | **890.31** | **889.08** |
| | **Instruments entirely equity in nature:** | | | |
| | **0.0001% Compulsorily convertible preference shares** | | | |
| | 41,323,204, (March 31, 2023: 41,323,204 and March 31, 2022: 41,323,204) 0.0001% compulsorily convertible preference shares of INR 20 each | 826.46 | 826.46 | 826.46 |
| | | **826.46** | **826.46** | **826.46** |

**a)** **Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

| | As at March 31, 2024 | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | **No. of shares** | **Amount** | **No. of shares** | **Amount** | **No. of shares** | **Amount** |
| **Equity shares** | | | | | | |
| At the commencement of the year | 8,90,31,293 | 890.31 | 8,89,07,543 | 889.08 | 8,79,21,550 | 879.22 |
| Add: Equity shares issued during the year- ESOP | 3,54,127 | 3.54 | 1,23,750 | 1.23 | 9,85,993 | 9.86 |
| **At the end of the year** | **8,93,85,420** | **893.85** | **8,90,31,293** | **890.31** | **8,89,07,543** | **889.08** |
| **0.0001% Compulsorily convertible preference shares** | | | | | | |
| At the commencement of the year | 4,13,23,204 | 826.46 | 4,13,23,204 | 826.46 | 4,13,23,204 | 826.46 |
| Add: preference shares issued during the year | - | - | - | - | - | - |
| **At the end of the year** | **4,13,23,204** | **826.46** | **4,13,23,204** | **826.46** | **4,13,23,204** | **826.46** |

**b)** During the year ended March 31, 2024, the Holding company has allotted 354,147 equity shares (during the year ended 31 March 2023: 123,750 and March 31, 2022 : 985,993) to employees who exercised their options under ESOP scheme.

**c)** Shares reserved for issue under option:
Information relating to Employee Stock Option Schemes including the details of options issued, exercised and lapsed during the reporting year and options outstanding at the end of the reporting year, is set out in note 43.

**d)** **Rights, preferences and restrictions attached to each class of shares**
**i) Equity shares**

The Holding company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Holding company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

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

**ii) 0.0001% Compulsorily convertible preference shares:**

0.0001% Compulsory Convertible Preference Shares ('CCPS') having a par value of INR 20 is convertible in the ratio of 1:1 and are treated pari passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. In connection with an IPO, immediately prior to the filing of red herring prospectus (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable law at the relevant time; and
b. The date which is 19 (nineteen) years from the date of allotment of CCPS.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

**e)** There are no bonus shares, non-cash shares issued in the last 5 years.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**f) Details of shareholders holding more than 5% shares in the Holding Company**

| | As at March 31, 2024 | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | No. of shares | % held | No. of shares | % held | No. of shares | % held |
| **Equity shares:** | | | | | | |
| Leapfrog Financial Inclusion India (II) Limited | 2,99,52,665 | 33.51% | 2,99,52,665 | 33.64% | 2,99,52,665 | 34.07% |
| Augusta Investments Pte II Ltd | 2,26,30,995 | 25.32% | 2,26,30,995 | 25.42% | 2,03,28,820 | 23.12% |
| Dvara Trust | 99,29,257 | 11.11% | 99,29,257 | 11.15% | 1,28,78,682 | 14.65% |
| Accion Africa Asia Investment Company | 76,99,529 | 8.61% | 76,99,529 | 8.65% | 76,99,529 | 8.76% |
| Sumitomo Mitsui Banking Corporation | 70,04,364 | 7.84% | 70,04,364 | 7.87% | 70,04,364 | 7.97% |
| | **7,72,16,810** | **86.39%** | **7,72,16,810** | **86.73%** | **7,78,64,060** | **88.57%** |
| **0.0001% Compulsorily convertible preference shares:** | | | | | | |
| Eight Roads Investments Mauritius (II) Limited | 1,16,30,889 | 28.15% | 1,16,30,889 | 28.15% | 1,16,30,889 | 28.15% |
| 360 One Special Opportunities Fund - Series 4 (formerly IIFL Special Road Opportunities Fund - Series 4) | 66,09,362 | 15.99% | 66,09,362 | 15.99% | 66,09,362 | 15.99% |
| 360 One Special Opportunities Fund - Series 5 (formerly IIFL Special Road Opportunities Fund - Series 5) | 54,23,128 | 13.12% | 54,23,128 | 13.12% | 54,23,128 | 13.12% |
| 360 One Special Opportunities Fund - Series 2 (formerly IIFL Special Road Opportunities Fund - Series 2) | 43,71,781 | 10.58% | 43,71,781 | 10.58% | 43,71,781 | 10.58% |
| 360 One Special Opportunities Fund (formerly IIFL Special Road Opportunities Fund) | 41,61,142 | 10.07% | 41,61,142 | 10.07% | 41,61,142 | 10.07% |
| 360 One Special Opportunities Fund - Series 7 (formerly IIFL Special Road Opportunities Fund - Series 7) | 36,93,947 | 8.94% | 36,93,947 | 8.94% | 36,93,947 | 8.94% |
| Augusta Investments Pte II Ltd | 32,56,115 | 7.88% | 32,56,115 | 7.88% | 32,56,115 | 7.88% |
| | **3,91,46,364** | **94.73%** | **3,91,46,364** | **94.73%** | **3,91,46,364** | **94.73%** |

g) The Group has not identified any promoters and accordingly the disclosure on shares held by promoters is not applicable
The determination /identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the group which has been solely relied upon by the auditors.

| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31,2022 |
|---|---|---|---|---|
| **22** | **Other equity** | | | |
| **a)** | **Securities premium** | | | |
| | At the commencement of the year | 8,567.90 | 8,551.05 | 8,389.74 |
| | Add: Premium received on shares issued during the year upon exercise of ESOP | 68.74 | 16.85 | 161.31 |
| | **At the end of the year** | **8,636.64** | **8,567.90** | **8,551.05** |
| **b)** | **Statutory reserve** | | | |
| | At the commencement of the year | 1,767.25 | 1,316.54 | 989.08 |
| | Add : Transfer from retained earnings | 560.34 | 450.71 | 327.46 |
| | **At the end of the year** | **2,327.59** | **1,767.25** | **1,316.54** |
| **c)** | **Share based payment reserve** | | | |
| | At the commencement of the year | 170.04 | 204.30 | 229.78 |
| | Add: Share based payment expense during the year | 179.02 | 14.16 | 32.07 |
| | Less:Transfer to retained earnings | (16.01) | (43.45) | - |
| | Less:Transfer to securities premium on allotment of shares | (22.58) | (4.97) | (57.55) |
| | **At the end of the year** | **310.47** | **170.04** | **204.30** |
| **d)** | **Retained earnings** | | | |
| | At the commencement of the year | 6,989.91 | 5,134.08 | 3,746.22 |
| | Add: Profit for the year | 3,083.34 | 2,300.11 | 1,725.00 |
| | Add: Other comprehensive income for the year | 7.88 | 5.41 | (14.61) |
| | Add: Transfer from Share Based Payment reserve | 82.73 | 43.45 | - |
| | Less: Transfer to statutory reserve | (560.34) | (450.71) | (327.46) |
| | Add: Change in the ownership interest in subsidiaries/ funds resulting in change of control | - | (42.43) | 4.93 |
| | **At the end of the year** | **9,603.52** | **6,989.91** | **5,134.08** |
| **e)** | **Capital Redemption Reserve** | | | |
| | At the commencement of the year | 346.70 | 346.70 | 346.70 |
| | **At the end of the year** | **346.70** | **346.70** | **346.70** |
| **f)** | **Capital Reserve** | | | |
| | At the commencement of the year | 0.36 | 0.36 | 0.36 |
| | **At the end of the year** | **0.36** | **0.36** | **0.36** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31,2022 |
|---|---|---|---|---|
| **g)** | **Other comprehensive income - Financial instruments through OCI** | | | |
| | At the commencement of the year | 265.76 | 317.00 | 453.81 |
| | Less : Fair valuation of financial instrument (refer note (vii)(a) below) | 91.97 | (51.24) | (136.81) |
| | Add: Amount reclassified to Profit and loss | 0.65 | - | - |
| | **At the end of the year** | **358.38** | **265.76** | **317.00** |
| **h)** | **Other comprehensive income - Effective Portion of Cash Flow Hedge Reserve** | | | |
| | At the commencement of the year | (270.43) | (194.79) | (38.22) |
| | Less: Cash flow hedge reserve (refer note (vii)(b) below) | 101.93 | (75.64) | (156.57) |
| | **At the end of the year** | **(168.50)** | **(270.43)** | **(194.79)** |
| **i)** | **Share application money received pending allotment** | | | |
| | At the commencement of the year | - | - | - |
| | Share application money received during the year | 8.38 | - | - |
| | **At the end of the year** | **8.38** | **-** | **-** |
| | **Total (a+b+c+d+e+f+g+h+i)** | **21,423.54** | **17,837.49** | **15,675.24** |

**Nature and purpose of reserve**

**(i) Securities premium**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act 2013.

**(ii) Share based payment reserve**
The Holding Company has established various equity settled share based payment plans for certain categories of employees of the Group. Refer Note 43 for the details about each of the schemes. The amount represents reserve created to the extent of granted options based on the employee stock option scheme. Under Ind AS 102, fair value of the options granted is to be expelled off over the life of the vesting period as employee compensation cost reflecting period of receipt of service. Also refer note

**(iii) Statutory reserve**
Statutory Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934 pursuant to which a Non Banking Finance Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss account, before any dividend is declared. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking finance company except for the purpose as may be specified by RBI.

**(iv) Retained earnings**
Surplus in the statement of profit and loss is the accumulated available profit of the Group carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

**(v) Capital reserve**
During the year ended March 31, 2017, the Holding company approved the Scheme of Arrangement (Demerger) & Amalgamation between the holding company, IFMR Holdings Private Limited ('IFMR Holdings'), Dvara Investments Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013.

Pursuant to such scheme of arrangement entered in the year ended March, 31, 2017, the Group has created a capital reserve in accordance with the applicable accounting standards.

**(vi) Capital redemption reserve**
The capital redemption reserve was created on account of the redemption of the cumulative non convertible compulsorily redeemable preference shares.

**(vii) Other comprehensive income**
a) The Group has elected to recognise changes in the fair value of financial instrument in other comprehensive income. These changes are accumulated within other equity - Financial Instruments through OCI. Amounts recognised as fair value is reclassified to the statement of profit and loss when the financial instrument affects profit or loss (e.g. interest receipts).

b) The Group has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

**(viii) Share application money received pending allotment**
The Holding Company has received share application money against exercise of 74,500 shares at face value of INR 10 each at an aggregate premium of INR 7.63 Million from employees on March 28, 2024, which has been allotted subsequently on April 02, 2024

(All amounts are in Indian Rupees in millions unless otherwise stated)

**23 Additional information as required under Schedule III to the Companies Act 2013, of entities consolidated as subsidiaries/ associates/ joint ventures**

| **Particulars** | **Net assets (total assets minus total liabilities)** | | **Share in profit or loss** | | **Share in other comprehensive income** | | **Share in total comprehensive income** | |
|---|---|---|---|---|---|---|---|---|
| | **As % of consolidated net assets** | **Amount** | **As % of consolidated profit or loss** | **Amount** | **As % of consolidated other comprehensive income** | **Amount** | **As % consolidated of total comprehensive income** | **Amount** |
| **As at March 31, 2024** | | | | | | | | |
| **Holding Company** | | | | | | | | |
| Northern Arc Capital Limited | 96.98% | 22,503.53 | 88.19% | 2,801.71 | 95.40% | 193.22 | 88.62% | 2,994.93 |
| **Indian Subsidiaries - (Holding Company's share)** | | | | | | | | |
| Northern Arc Investment Adviser Services Private Limited | 0.16% | 36.69 | 0.05% | 1.47 | 0.00% | - | 0.04% | 1.47 |
| Northern Arc Investment Managers Private Limited | 2.32% | 538.63 | 2.26% | 71.80 | 0.48% | 0.97 | 2.15% | 72.77 |
| IFMR Fimpact Long Term Credit Fund | 0.00% | - | 2.11% | 67.14 | 0.00% | - | 1.99% | 67.14 |
| Northern Arc Foundation | 0.06% | 15.08 | 0.13% | 4.00 | 0.00% | - | 0.12% | 4.00 |
| Northern Arc Capital Employee Welfare Trust | 0.00% | 0.00 | 0.00% | - | 0.00% | - | 0.00% | - |
| Northern Arc Securities Private Limited | 0.06% | 14.14 | 0.00% | 0.02 | 0.00% | - | 0.00% | 0.02 |
| Pragati Finserv Private Limited | 1.49% | 346.50 | 6.15% | 195.46 | 3.75% | 7.59 | 6.01% | 203.05 |
| **Non-controlling interests in all subsidiaries** | 0.26% | 60.26 | 2.95% | 93.59 | 0.41% | 0.83 | 2.79% | 94.42 |
| **Associates (Investment accounted as per equity method)** | | | | | | | | |
| Finreach Solutions Private Limited | 0.00% | - | (0.31%) | (9.72) | (0.04%) | (0.08) | (0.29%) | (9.80) |
| Eliminations | (1.34%) | (310.71) | (1.53%) | (48.54) | 0.00% | 0.00 | (1.44%) | (48.54) |
| **As at March 31, 2024** | **100.00%** | **23,204.11** | **100.00%** | **3,176.93** | **100.00%** | **202.54** | **100.00%** | **3,379.46** |
| **As at March 31, 2023** | | | | | | | | |
| **Holding Company** | | | | | | | | |
| Northern Arc Capital Limited | 98.55% | 19,271.51 | 93.61% | 2,267.27 | 74.22% | (108.48) | 94.85% | 2,158.79 |
| | | - | | - | | - | | |
| **Indian Subsidiaries - (Holding Company's share)** | | - | | - | | - | | |
| Northern Arc Investment Adviser Services Private Limited | 0.18% | 35.23 | 0.04% | 0.94 | 0.00% | - | 0.04% | 0.94 |
| Northern Arc Investment Managers Private Limited | 2.38% | 465.86 | 3.77% | 91.28 | 0.75% | (1.10) | 3.96% | 90.19 |
| IFMR Fimpact Long Term Credit Fund | 4.30% | 840.38 | 4.21% | 101.91 | 10.30% | (15.05) | 3.82% | 86.86 |
| Northern Arc Foundation | 0.06% | 11.08 | -0.18% | (4.43) | 0.00% | - | -0.19% | (4.43) |
| Northern Arc Capital Employee Welfare Trust | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Northern Arc Securities Private Limited | 0.05% | 9.12 | -0.03% | (0.82) | 0.00% | - | -0.04% | (0.82) |
| Pragati Finserv Private Limited | 0.73% | 143.44 | -1.72% | (41.68) | 1.54% | (2.25) | -1.93% | (43.93) |
| **Non-controlling interests in all subsidiaries** | 5.74% | 1,123.04 | 5.13% | 124.23 | 13.19% | (19.28) | 4.61% | 104.95 |
| Eliminations | (11.99%) | (2,345.40) | (4.83%) | (116.56) | 0.00% | - | (5.12%) | (116.56) |
| **As at March 31, 2023** | **100.00%** | **19,554.26** | **100.00%** | **2,422.14** | **100.00%** | **(146.16)** | **100.00%** | **2,275.99** |
| **As at March 31, 2022** | | | | | | | | |
| **Holding Company** | | | | | | | | |
| Northern Arc Capital Limited | 98.32% | 17,099.14 | 89.99% | 1,637.29 | 81.39% | (272.43) | 91.93% | 1,364.86 |
| **Indian Subsidiaries - (Holding Company's share)** | | | | | | | | |
| Northern Arc Investment Adviser Services Private Limited | 0.20% | 34.29 | -0.03% | (0.46) | 0.01% | (0.05) | -0.03% | (0.51) |
| Northern Arc Investment Managers Private Limited | 2.16% | 375.68 | 4.90% | 89.08 | 0.52% | (1.73) | 5.88% | 87.36 |
| IFMR Fimpact Long Term Credit Fund | 6.09% | 1,059.60 | 7.12% | 129.54 | 10.10% | (33.79) | 6.45% | 95.75 |
| Northern Arc Foundation | 0.00% | 0.10 | 0.00% | - | 0.00% | - | 0.00% | - |
| Northern Arc Capital Employee Welfare Trust | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Pragati Finserv Private Limited | 1.08% | 187.37 | -2.09% | (37.97) | 0.00% | - | -2.56% | (37.97) |
| **Non-controlling interests in all subsidiaries** | 5.35% | 930.34 | 5.19% | 94.38 | 7.98% | (26.70) | 4.56% | 67.68 |
| Eliminations | (13.20%) | (2,295.74) | (5.08%) | (92.47) | 0.00% | - | (6.23%) | (92.47) |
| **As at March 31, 2022** | **100.00%** | **17,390.78** | **100.00%** | **1,819.39** | **100.00%** | **(334.70)** | **100.00%** | **1,484.69** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**23 Additional information as required under Schedule III to the Companies Act 2013, of entities consolidated as subsidiaries/ associates/ joint ventures (Continued)**

**Investment in Associates (Investment accounted as per equity method)**

The following table illustrates the summarised financial information of the Group's investment in Associates as at 31 March 2024 and 31 March 2023.

| Particulars | As at March 31, 2024 | As at March 31, 2023 | |
|---|---|---|---|
| | Finreach Solutions Private Limited | Finreach Solutions Private Limited | Northern Arc Emerging Corporate Bond Fund |
| Financial Assets | 152.12 | 28.83 | 920.27 |
| Non-Financial Assets | 17.42 | 17.94 | - |
| Financial Liabilities | (36.72) | (31.06) | (2.33) |
| Non-Financial Liabilities | (9.58) | (7.53) | (27.66) |
| **Equity** | **123.24** | **8.18** | **890.28** |
| Group's Share in equity | 24.55% | 27.18% | 28.87% |
| Goodwill | - | - | - |
| **Group's carrying amount of the investment** | **38.86** | **15.64** | **257.02** |

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | |
|---|---|---|---|
| | Finreach Solutions Private Limited | Finreach Solutions Private Limited | Northern Arc Emerging Corporate Bond Fund |
| Revenue from contract with customers | 11.82 | 4.43 | 27.89 |
| Finance costs | (1.61) | (1.78) | - |
| Investment management fees | - | - | (2.62) |
| Impairment on financial instruments | - | - | (8.51) |
| Employee benefits expenses | (75.98) | (61.91) | - |
| Depreciation and amortisation | (5.06) | (4.21) | - |
| Other expenses | (16.30) | (19.81) | (3.22) |
| **Profit before tax** | **(87.13)** | **(83.28)** | **13.54** |
| Income tax expenses | - | - | - |
| **Profit for the year (continuing operations)** | **(87.13)** | **(83.28)** | **13.54** |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax | - | - | - |
| Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax | (0.39) | - | - |
| **Total comprehensive income for the year (continuing operations)** | **(87.52)** | **(83.28)** | **13.54** |
| **Group's share of profit for the year** | **(21.61)** | **(22.64)** | **3.91** |

The associate had no contingent liabilities or capital commitments as at March 31, 2024 and March 31, 2023.
The above mentioned investments were made during the year ended 31 March 2023, hence the information for the year ended 31 March 2022 is not applicable.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**24 Interest income**

| | For the year ended March 31, 2024 | | | For the year ended March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | On financial assets measured at | | Total | On financial assets measured at | | Total |
| | Amortised cost | FVOCI | | Amortised cost | FVOCI | |
| Interest on loans | 10,777.20 | 4,629.43 | 15,406.63 | 8,298.27 | 1,251.28 | 9,549.55 |
| Interest from investments: | | | | - | - | |
| - Pass through certificates | - | 116.50 | 116.50 | - | 155.50 | 155.50 |
| - Commercial paper | - | 4.19 | 4.19 | 20.24 | - | 20.24 |
| - Non-convertible debentures | - | 1,368.66 | 1,368.66 | - | 1,568.52 | 1,568.52 |
| Interest income from T-bills | 62.36 | | 62.36 | - | - | - |
| Interest on deposits with banks | 162.77 | | 162.77 | 190.07 | - | 190.07 |
| | **11,002.33** | **6,118.78** | **17,121.12** | **8,508.58** | **2,975.30** | **11,483.88** |

| | For the year ended March 31, 2022 | | |
|---|---|---|---|
| | On financial assets measured at | | Total |
| | Amortised cost | FVOCI | |
| Interest on loans | 5,424.40 | 944.56 | 6,368.96 |
| Interest from investments: | | | |
| - Pass through certificates | - | 150.48 | 150.48 |
| - Commercial paper | 9.04 | - | 9.04 |
| - Non-convertible debentures | - | 1,173.80 | 1,173.80 |
| Interest income from T-bills | - | - | - |
| Interest on deposits with banks | 106.17 | - | 106.17 |
| | **5,539.61** | **2,268.84** | **7,808.45** |

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **25 Fee and Commission income** | | | |
| Revenue from contract with customers | | | |
| Income from guarantee facility | 40.05 | 41.72 | 54.46 |
| Income from other financial services | | | |
| - Professional fee | 384.34 | 502.40 | 564.33 |
| - Management fee | 280.45 | 261.58 | 203.38 |
| - Arranger fee for guarantee facility | - | 20.62 | 23.83 |
| Others | 144.44 | 29.84 | 14.45 |
| | **849.28** | **856.16** | **860.45** |
| Timing of revenue recognition: | | | |
| - That are recognised over a period of time | 40.05 | 41.72 | 54.46 |
| - That are recognised at a point of time | 809.22 | 814.44 | 805.99 |
| Geographical Market | | | |
| - In India | 849.28 | 856.16 | 858.95 |
| - Outside India | - | - | 1.50 |
| Contract balances | | | |
| - Trade receivables (net of ECL) | 253.49 | 286.14 | 191.84 |

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days. In March 2024, INR 1.00 Million (March 2023: INR 1.34 Million and March 2022 : INR 0.97 Million) was recognised as provision for expected credit losses on trade receivables

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **26 Net gain on fair value changes** | | | |
| **Net gain on financial instruments at fair value through profit or loss** | | | |
| On Alternative investment funds | 193.53 | 272.80 | 246.73 |
| On market linked debentures | 94.24 | (18.29) | 108.09 |
| On mutual fund investments | 55.32 | 82.12 | 42.05 |
| Profit on sale of investments | 113.10 | 169.62 | 29.62 |
| | **456.19** | **506.25** | **426.49** |
| **Fair value changes:** | | | |
| -Realised | 432.00 | 626.76 | 355.65 |
| -Unrealised | 24.19 | (120.51) | 70.84 |
| | **456.19** | **506.25** | **426.49** |

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **27 Other income** | | | |
| Interest Income on Income tax refund | 9.22 | 14.98 | 10.64 |
| Profit on sale of property, plant and equipment | - | 2.39 | - |
| Recovery from bad debts written off assets | - | 9.76 | - |
| Provision no longer required written back | - | - | - |
| Other non operating income* | 150.27 | 35.16 | 59.42 |
| | **159.49** | **62.29** | **70.06** |

*Comprises of charges collected from the customers in the nature of penal, pre-closure charges and other charges as applicable

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **28 Finance costs** | | | |
| ***Finance costs on financial liabilities measured at amortised cost*** | | | |
| Interest on deposits | 15.00 | 9.46 | 3.14 |
| Interest on borrowings | | | |
| - Term loans from banks and others | 5957.72 | 4,287.35 | 2,509.02 |
| - Cash credits and overdraft | 1.82 | 1.22 | 4.72 |
| - Securitised portfolio | 35.54 | - | - |
| Interest on debt securities | 1053.63 | 1,158.07 | 1,441.78 |
| Interest on lease liabilities | 17.50 | 14.61 | 14.70 |
| Amortisation of discount on commercial papers | 182.64 | 103.78 | 133.36 |
| Other borrowing costs | - | - | - |
| | **7,263.85** | **5,574.49** | **4,106.72** |
| **29 Employee benefits expense** | | | |
| Salaries, wages and bonus | 1,998.03 | 1,317.81 | 869.27 |
| Contribution to provident fund | 113.46 | 73.40 | 39.02 |
| Share based payment expenses (Refer Note 43) | 199.78 | 15.74 | 32.07 |
| Gratuity Expenses (refer note 42) | 25.38 | 25.60 | 12.52 |
| Staff welfare expenses | 79.43 | 56.70 | 26.54 |
| | **2,416.08** | **1,489.25** | **979.42** |

| **30 Impairment on financial instruments** | **On Financial instruments measured at Amortised Cost** | **On Financial instruments measured at fair value through OCI** | **Total for the year ended 31 March 2024** | **On Financial instruments measured at Amortised Cost** | **On Financial instruments measured at fair value through OCI** | **Total for the year ended 31 March 2023** |
|---|---|---|---|---|---|---|
| Write off on financial instruments | | | | | | |
| Loans | 3,228.79 | - | 3,228.79 | 8.56 | - | 8.56 |
| Investments | - | - | - | - | - | - |
| Less: Recovery | (2,254.44) | - | (2,254.44) | (26.67) | - | (26.67) |
| | | | | - | | |
| Impairment loss allowance on financial instruments | | | | - | | |
| Loans | 212.93 | 43.86 | 256.79 | 315.74 | 80.95 | 396.69 |
| Investments | (0.12) | 43.57 | 43.45 | 0.12 | (51.94) | (51.82) |
| Others | (50.21) | - | (50.21) | 65.38 | - | 65.38 |
| | **1,136.95** | **87.43** | **1,224.38** | **363.13** | **29.01** | **392.14** |

| | **On Financial instruments measured at Amortised Cost** | **On Financial instruments measured at fair value through OCI** | **Total for the year ended 31 March 2022** |
|---|---|---|---|
| Write off on financial instruments | | | |
| Loans | 337.80 | - | 337.80 |
| Investments | - | 750.00 | 750.00 |
| Less: Recovery | (18.94) | - | (18.94) |
| | | | - |
| Impairment loss allowance on financial instruments | | | - |
| Loans | (166.97) | (52.22) | (219.19) |
| Investments | (3.39) | (490.44) | (493.83) |
| Others | 9.25 | - | 9.25 |
| | **157.75** | **207.34** | **365.09** |

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **31 Depreciation and amortisation expense** | | | |
| Depreciation of property, plant and equipment (refer note 11.1) | 60.23 | 41.27 | 17.95 |
| Depreciation on right of use asset (refer note 11.5 and 35) | 54.40 | 29.78 | 48.20 |
| Impairment of goodwill (refer note 11.3) | 5.93 | 8.94 | - |
| Amortisation of intangible assets (refer note 11.4) | 48.88 | 40.45 | 29.60 |
| | **169.44** | **120.44** | **95.76** |
| **32 Other expenses** | | | |
| Rent expenses | 95.87 | 98.77 | 44.86 |
| Rates and taxes | 4.79 | 1.94 | 0.53 |
| Travelling and conveyance | 154.40 | 106.85 | 35.19 |
| Legal and professional charges | 674.11 | 521.77 | 332.09 |
| Distribution fee expense | 95.18 | 52.72 | 31.81 |
| Loss on sale of investment | - | - | 12.71 |
| Auditors' remuneration (refer note 32.1 below) | 16.81 | 15.28 | 13.28 |
| Directors' sitting fees | 15.69 | 7.28 | 7.18 |
| Net Loss on fair value changes of AIF's | - | 12.14 | - |
| Repairs and maintenance expenses | 136.57 | 100.14 | 55.27 |
| Communication expenses | 35.98 | 24.26 | 11.68 |
| Printing and stationery expenses | 18.17 | 10.64 | 1.97 |
| Subscription charges | 116.61 | 32.52 | 10.55 |
| Advertisement and business promotion expenses | 28.07 | 53.54 | 13.37 |
| Corporate social responsibility expenditure (refer note 32.2 below) | 36.87 | 32.03 | 24.30 |
| Bank charges | 37.01 | 16.09 | 4.66 |
| Miscellaneous expenses | 100.18 | 4.53 | 7.80 |
| | **1,566.31** | **1,090.50** | **607.25** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **32.1** | **Payments to auditor (excluding goods and services tax)** | | | |
| | **- Auditor of Holding Company (Refer note below)** | | | |
| | Statutory audit (including limited reviews) and certificates | 15.08 | 13.85 | 12.91 |
| | Tax audit | 0.25 | 0.20 | 0.20 |
| | Other services | - | - | - |
| | Reimbursement of expenses | 0.86 | 0.92 | - |
| | | **16.19** | **14.97** | **13.11** |

**Note:**
1. Payment to auditors towards statutory audit including limited review above includes INR. 3.38 millions paid to predecessor auditors during financial year 2021-22.
2. Excludes remuneration to predecessor auditor during FY 2021-22 for services in connection with initial public offer of equity shares of the Holding Company.

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **- Other Auditor** | | | |
| Statutory audit | 0.54 | 0.23 | 0.12 |
| Tax audit | 0.08 | 0.08 | - |
| Other services | - | - | 0.05 |
| Reimbursement of expenses | - | - | - |
| | **0.62** | **0.31** | **0.17** |
| **Total Auditors' remuneration** | **16.81** | **15.28** | **13.28** |

**Note:**

Excludes remuneration to predecessor and current auditor during FY 2023-24 for services in connection with proposed initial public offer of equity shares of the holding company, which is included under Other advances (Refer Note 12). These costs will be recoverable from selling shareholders as part of agreement.

| | | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **32.2** | **Corporate social responsibility ("CSR") expenditure** | | | |
| | (a) Gross amount required to be spent by the Group during the year | 43.07 | 29.81 | 24.31 |
| | (b) Amount approved by the Board to be spent during the year | 43.07 | 36.63 | 23.61 |
| | (c) Amount spent during the year (in cash) : | | | |
| | (i) Construction/ acquisition of any asset | - | - | - |
| | (ii) On purposes other than (i) above | | | |
| | - In Cash | 25.05 | 36.98 | 25.02 |
| | - Other than cash | - | - | - |
| | (i) Construction/ acquisition of any asset | - | - | - |
| | (ii) On purposes other than (i) above | - | - | - |
| | (d) Details related to spent / unspent obligations: | | | |
| | Contribution to Public Trust | - | - | - |
| | Contribution to Charitable Trust/ Section 8 company | 25.05 | 36.98 | 25.02 |
| | Unspent amount in relation to: | | | |
| | - Ongoing project | 6.20 | - | - |
| | - Other than ongoing project | - | - | - |

The primary nature of expenses include commissioning of in-depth financial inclusion survey and developing a financial inclusion index/ metric, enhancement of amenities to government schools and transfer of funds to the CSR arm of the Company being the Northern Arc Foundation from where the ultimate spend would be monitored.

All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act.

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| (e) In case of S. 135(5) (Other than ongoing project): | | | |
| Opening balance | 12.17 | 5.00 | 4.29 |
| Amount deposited in SpecifiedFund of Sch. VII within 6 months | - | - | - |
| Amount required to be spent during the year | (43.07) | (29.81) | (24.31) |
| Amount spent during the year | 25.05 | 36.98 | 25.02 |
| Closing Balance | **(5.85)** | **12.17** | **5.00** |
| Amounts transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act, pursuant to any ongoing project | 6.20 | - | - |
| Closing Balance after considering the above | **0.35** | **12.17** | **5.00** |

In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

**32.3** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the holding company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The holding company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**33 Income tax**

**A. The components of income tax expense for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 are:**

**Profit or loss section**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Current tax | | | |
| i) current income tax charge | 1,088.11 | 970.23 | 505.02 |
| ii) Adjustments in respect of income tax of previous year | 4.69 | - | - |
| Less: MAT Credit entitlement | - | - | - |
| Deferred tax | | | |
| Relating to origination and reversal of temporary differences | (67.37) | (180.12) | 159.49 |
| **Income tax expense recognised in the restated consolidated statement of profit and loss** | **1,025.43** | **790.11** | **664.51** |

**Deferred tax recognised in OCI**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Deferred tax on | | | |
| Remeasurements of the defined benefit asset/ (liability) | (2.93) | (2.66) | 4.91 |
| Net gain / (loss) of Financial Instruments through OCI (Net) | (30.93) | 14.07 | 34.66 |
| Net gain/ (loss) movement on Effective portion of Cash Flow Hedges | (34.29) | 25.44 | 52.67 |
| **Deferred tax charged to OCI** | **(68.15)** | **36.85** | **92.24** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**B. Reconciliation of the total tax charge**

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the for the years ended March 31 2024, March 31, 2023 and March 31, 2022 is, as follows:-

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Restated profit before tax | 4,202.36 | 3,212.25 | 2,483.89 |
| Less/(Add): Exempted profit | (125.07) | (124.23) | (94.38) |
| Profit before tax attributable to equity holders | 4,077.29 | 3,088.02 | 2,389.51 |
| Applicable tax rate | 25.17% | 25.17% | 25.17% |
| **Computed expected tax expense** | **1,026.25** | **777.25** | **601.44** |
| Effect of difference in tax expenditure due to differential tax rates applicable for subsidiaries * | 0.01 | 0.00 | 0.00 |
| Permanent differences | | | |
| - Adjustments in respect of Current income Tax of previous year | (17.83) | - | - |
| - Provision for Corporate Social Responsibility | 16.99 | 12.86 | 63.07 |
| **Tax expenses recognised in the statement of profit and loss** | **1,025.43** | **790.11** | **664.51** |
| Effective tax rate | 25.15% | 25.59% | 27.81% |

Note: The Holding Company and its subsidiary (Northern Arc Investment Managers Private Limited) has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended 31 March 2024.

* Tax rates applicable for subsidiaries are as follows

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Northern Arc Investment Managers Private Limited | 25.17% | 25.17% | 25.17% |
| Northern Arc Investment Adviser Services Private Limited | 26.00% | 26.00% | 26.00% |
| Northern Arc Foundation | NA | NA | NA |
| Northern Arc Securities Private Limited | 25.17% | 25.17% | NA |
| Pragati Finserv Private Limited | 25.17% | 25.17% | 25.17% |
| IFMR FImpact Long Term Credit Fund | NA | NA | NA |
| Northern Arc Employee Welfare Trust | NA | NA | NA |

**C. Deferred tax**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense

| Particulars | As at March 31, 2023 | Statement of profit and loss | Other comprehensive income | MAT utilization | As at March 31, 2024 |
|---|---|---|---|---|---|
| **Component of Deferred tax asset / (liability)** | | | | | |
| Deferred tax asset / (liability) in relation to: | | | | | |
| Property plant and equipment | 0.13 | 3.59 | - | - | 3.72 |
| Impact of fair value on financial assets measured at FVTPL | (56.22) | (7.39) | - | - | (63.61) |
| Impact of fair value on financial assets measured at FVOCI | 166.44 | - | (65.22) | - | 101.22 |
| Impairment on financial assets | 144.42 | 69.39 | - | - | 213.81 |
| Provision for employee benefits | 26.16 | 7.82 | (2.93) | - | 31.05 |
| Unamortised component of processing fee | 102.52 | 29.17 | - | - | 131.69 |
| EIS Receivable | (35.05) | (43.58) | - | - | (78.63) |
| Minimum alternative tax | 1.39 | (0.22) | - | - | 1.17 |
| **Total** | **349.79** | **58.78** | **(68.15)** | **-** | **340.42** |

| Particulars | As at March 31, 2022 | Statement of profit and loss | Other comprehensive income | MAT utilization | As at March 31, 2023 |
|---|---|---|---|---|---|
| **Component of Deferred tax asset / (liability)** | | | | | |
| Deferred tax asset / (liability) in relation to: | | | | | |
| Property plant and equipment | 2.63 | (2.50) | - | - | 0.13 |
| Impact of fair value on financial assets measured at FVTPL | (88.71) | 32.49 | - | - | (56.22) |
| Impact of fair value on financial assets measured at FVOCI | 121.63 | - | 44.81 | - | 166.44 |
| Impairment on financial assets | 39.86 | 104.56 | - | - | 144.42 |
| Provision for employee benefits | 26.91 | 1.91 | (2.66) | - | 26.16 |
| Unamortised component of processing fee | 26.46 | 76.06 | - | - | 102.52 |
| EIS Receivable | - | (35.05) | - | - | (35.05) |
| Minimum alternative tax | 0.90 | - | - | 0.49 | 1.39 |
| **Total** | **129.68** | **177.47** | **42.15** | **0.49** | **349.79** |

| Particulars | As at March 31, 2021 | Statement of profit and loss | Other comprehensive income | MAT utilization | As at March 31, 2022 |
|---|---|---|---|---|---|
| **Component of Deferred tax asset / (liability)** | | | | | |
| Deferred tax asset / (liability) in relation to: | | | | | |
| Property plant and equipment | (1.70) | 4.33 | - | - | 2.63 |
| Impact of fair value on financial assets measured at FVTPL | (77.88) | (10.83) | - | - | (88.71) |
| Impact of fair value on financial assets measured at FVOCI | 34.31 | - | 87.32 | - | 121.63 |
| Impairment on financial assets | 192.62 | (152.76) | - | - | 39.86 |
| Provision for employee benefits | 18.71 | 3.28 | 4.92 | - | 26.91 |
| Unamortised component of processing fee | 30.76 | (4.30) | - | - | 26.46 |
| EIS Receivable | (0.79) | 0.79 | - | - | - |
| Minimum alternative tax | 1.38 | - | - | (0.48) | 0.90 |
| **Total** | **197.41** | **(159.49)** | **92.24** | **(0.48)** | **129.68** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**34 Restated Earnings per share ('EPS')**

| | | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| A | **Earnings** | | | |
| | Net profit attributable to equity shareholders for calculation of basic EPS | 3,083.34 | 2,300.11 | 1,725.00 |
| | Net profit attributable to equity shareholders for calculation of diluted EPS | 3,083.34 | 2,300.11 | 1,725.00 |
| B | **Shares** | | | |
| | Equity shares at the beginning of the year | 8,90,31,293 | 8,89,07,543 | 8,79,21,550 |
| | Shares issued during the year | 3,54,127 | 1,23,750 | 9,85,993 |
| C | Total number of equity shares outstanding at the end of the year | **8,93,85,420** | **8,90,31,293** | **8,89,07,543** |
| | Weighted average number of equity shares outstanding during the year for calculation of basic EPS | 8,90,96,560 | 8,89,68,868 | 8,83,86,489 |
| | Options granted | 13,39,429 | 20,58,026 | 20,58,933 |
| | Compulsory convertible preference shares | 4,13,23,204 | 4,13,23,204 | 4,13,23,204 |
| D | Weighted average number of equity shares outstanding during the year for calculation of diluted EPS | 13,17,59,193 | 13,23,50,098 | 13,17,68,626 |
| | Face value per share | 10.00 | 10.00 | 10.00 |
| E | **Restated Earnings per share** | | | |
| E1 | Basic (E1 = A / C) | 34.61 | 25.85 | 19.52 |
| E2 | Diluted (E2 = A / D) | 23.40 | 17.38 | 13.09 |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**35 Leases**

The Group has operating lease agreement primarily for office premises. The leases typically run for a period of 1.5 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement. The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

**(i) Movement in carrying value of right of use assets**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Opening Balance** | **96.66** | **112.17** | **98.54** |
| Additions during the year | 106.41 | 13.44 | 72.25 |
| Acquisition of specified assets and liabilities (Refer note 48) | - | 0.83 | - |
| Depreciation | (54.40) | (29.78) | (48.20) |
| Derecognition on termination of lease | (1.44) | - | (10.42) |
| **Closing balance** | **147.23** | **96.66** | **112.17** |

**(ii) Movement in lease liabilities**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Opening Balance** | **116.63** | **142.92** | **112.74** |
| Additions during the year | 106.41 | 14.27 | 72.25 |
| Interest on lease liabilities | 17.50 | 14.61 | 14.70 |
| Rent payment | (69.11) | (55.17) | (42.25) |
| Derecognition on termination of lease | (1.61) | - | (14.52) |
| **Closing balance** | **169.82** | **116.63** | **142.92** |

**(iii) Amounts recognised in the Statement of Profit and Loss**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| a) Depreciation charge for right-of-use assets | 54.40 | 29.78 | 48.20 |
| b) Interest expense (included in finance cost) | 17.50 | 14.61 | 14.70 |
| c) Expense relating to short-term leases | 95.87 | 98.77 | 44.86 |
| d) Gain recognised on derecognition of leases | 0.12 | - | 4.10 |
| e) Rent concession related to COVID-19 | - | - | 0.31 |

**(iv) Cash Flows**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| The total cash outflow of leases | 69.11 | 51.56 | (19.89) |

**(v) Maturity analysis of undiscounted lease liabilities**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Not later than one year | 51.07 | 44.51 | 52.72 |
| Later than one year and not later than five years | 151.01 | 51.15 | 103.51 |
| Later than five years | 15.49 | 20.98 | 33.21 |

Lease liabilities are recognised at weighted average incremental borrowing rate ranging between 9.70% and 14.25%.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**36 Maturity Analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment .With regard to loans and advances to customers, the group uses the same basis of expected repayment behaviour as used for estimating the EIR.

| Particulars | As at March 31, 2024 | | | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 1,794.01 | - | 1,794.01 | 2,323.40 | - | 2,323.40 | 7,151.74 | - | 7,151.74 |
| Bank balances other than cash and cash equivalents | 1,887.67 | 395.76 | 2,283.43 | 818.81 | 1,083.78 | 1,902.59 | 730.93 | 142.51 | 873.44 |
| Derivative financial instruments | 5.41 | 542.78 | 548.19 | - | 610.48 | 610.48 | 4.19 | 11.00 | 15.19 |
| Trade receivables | 253.49 | - | 253.49 | 286.14 | - | 286.14 | 191.84 | - | 191.84 |
| Loans | 62,110.38 | 29,985.51 | 92,095.89 | 50,094.64 | 18,791.42 | 68,886.06 | 33,531.97 | 18,555.59 | 52,087.56 |
| Investments | 9,583.67 | 8,223.38 | 17,807.05 | 6,839.99 | 10,787.35 | 17,627.34 | 7,502.83 | 10,154.68 | 17,657.51 |
| Other financial assets | 779.55 | 59.60 | 839.15 | 433.85 | 72.05 | 505.90 | 661.54 | 34.98 | 696.52 |
| Current tax assets (net) | - | 240.43 | 240.43 | - | 291.16 | 291.16 | - | 420.87 | 420.87 |
| Deferred tax assets (net) | - | 347.59 | 347.59 | - | 351.79 | 351.79 | - | 136.91 | 136.91 |
| Property, plant and equipment | - | 66.62 | 66.62 | - | 38.13 | 38.13 | - | 19.55 | 19.55 |
| Intangible assets under development | - | 23.12 | 23.12 | - | 9.89 | 9.89 | - | 2.84 | 2.84 |
| Other Intangible assets | - | 117.93 | 117.93 | - | 133.71 | 133.71 | - | 94.29 | 94.29 |
| Investmente in associates | - | 38.86 | 38.86 | - | 272.66 | 272.66 | - | - | - |
| Right of use asset | - | 147.23 | 147.23 | - | 96.66 | 96.66 | - | 112.17 | 112.17 |
| Goodwill | - | 234.77 | 234.77 | - | 240.70 | 240.70 | - | 17.46 | 17.46 |
| Other non- financial assets | 236.55 | 2.28 | 238.83 | 139.11 | - | 139.11 | 252.25 | 11.02 | 263.27 |
| **Total Assets** | **76,650.73** | **40,425.86** | **1,17,076.59** | **60,935.94** | **32,779.78** | **93,715.72** | **50,027.29** | **29,713.87** | **79,741.16** |
| **Liabilities** | | | | | | | | | |
| Derivative financial instruments | | 29.87 | 29.87 | - | 22.76 | 22.76 | 1.73 | 62.65 | 64.38 |
| Trade payables | | | | | | | | | |
| Total outstanding dues of micro and small enterprises | - | - | - | - | - | - | - | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | 1,284.83 | - | 1,284.83 | 1,096.12 | - | 1,096.12 | 558.17 | - | 558.17 |
| Debt securities | 8,807.51 | 5,329.74 | 14,137.25 | 5,049.85 | 7,193.31 | 12,243.16 | 7,326.19 | 6,109.78 | 13,435.97 |
| Borrowings (Other than debt secuities) | 45,811.36 | 30,528.95 | 76,340.31 | 26,172.91 | 31,530.08 | 57,702.99 | 21,400.57 | 24,593.69 | 45,994.26 |
| Subordinated liabilities | - | - | - | 399.51 | - | 399.51 | - | 399.35 | 399.35 |
| Other financial liabilities | 1,345.44 | 205.14 | 1,550.58 | 920.42 | 181.51 | 1,101.93 | 584.57 | 84.87 | 669.44 |
| Provisions | 233.04 | 87.62 | 320.66 | 206.49 | 127.05 | 333.54 | 133.49 | 91.08 | 224.57 |
| Current tax liabilities (net) | 46.15 | - | 46.15 | - | - | - | - | - | - |
| Deferred tax liabilities (net) | - | 7.19 | 7.19 | - | 2.00 | 2.00 | - | 7.23 | 7.23 |
| Other non-financial liabilities | 155.64 | - | 155.64 | 130.89 | 5.52 | 136.41 | 61.71 | 4.96 | 66.67 |
| **Total Liabilities** | **57,683.98** | **36,188.51** | **93,872.48** | **33,976.19** | **39,062.23** | **73,038.42** | **30,066.43** | **31,353.61** | **61,420.04** |
| **Total equity** | **-** | **-** | **23,204.11** | **-** | **-** | **20,677.30** | **-** | **-** | **18,321.12** |

**36A Change in Liabilities arising from financing activities**

| Particulars | As at March 31, 2023 | Cash flows | Exchange difference | Others* | New Leases | As at March 31, 2024 |
|---|---|---|---|---|---|---|
| Debt Securities | 12,243.16 | 2,083.63 | - | (189.54) | - | 14,137.25 |
| Borrowings (other than debt securities) | 57,702.99 | 18,781.53 | 861.48 | (1,005.69) | - | 76,340.31 |
| Sub-ordinated Liabilities | 399.51 | (399.51) | - | (0.00) | - | - |
| Lease Liabilities | 116.63 | (69.11) | - | 15.89 | 106.41 | 169.82 |

| Particulars | As at April 1, 2022 | Cash flows | Exchange difference | Others* | New Leases | As at March 31, 2023 |
|---|---|---|---|---|---|---|
| Debt Securities | 13,435.97 | (1,296.91) | - | 25.27 | - | 12,243.16 |
| Borrowings (other than debt securities) | 45,994.26 | 10,759.41 | 741.54 | 207.78 | - | 57,702.99 |
| Sub-ordinated Liabilities | 399.35 | - | - | 0.16 | - | 399.51 |
| Lease Liabilities | 142.92 | (51.56) | - | 11.01 | 14.27 | 116.63 |

| Particulars | As at April 1, 2021 | Cash flows | Exchange difference | Others* | New Leases | As at March 31, 2022 |
|---|---|---|---|---|---|---|
| Debt Securities | 16,395.68 | (3,093.08) | - | 133.37 | - | 13,435.97 |
| Borrowings (other than debt securities) | 22,525.83 | 23,284.12 | 292.91 | (108.60) | - | 45,994.26 |
| Sub-ordinated Liabilities | 398.88 | - | - | 0.47 | - | 399.35 |
| Lease Liabilities | 112.74 | 19.89 | - | (61.96) | 72.25 | 142.92 |

*Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees, decrease in lease liability on account of termination.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**36 B Analysis of financial assets and liabilities by remaining contractual maturities**

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at March 31, 2024, March 31, 2023 and 31 March, 2022. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately

| Particulars | As at March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | On Demand | Less than 3 months | 3 to 12 Months | 1 to 5 years | Over 5 years | Total |
| **Finacial Assets** | | | | | | |
| Cash and cash equivalents | 1,586.46 | 207.55 | - | - | - | 1,794.01 |
| Bank balances other than cash and cash equivalents | 0.02 | 444.93 | 1,547.03 | 462.13 | - | 2,454.11 |
| Derivative financial instruments | - | - | 5.41 | 542.78 | - | 548.19 |
| Trade receivables | - | 253.49 | - | - | - | 253.49 |
| Loans | - | 27,503.72 | 40,219.08 | 38,894.99 | 7,095.20 | 1,13,712.99 |
| Investments | 216.45 | 1,727.58 | 9,143.51 | 8,829.41 | 136.13 | 20,053.08 |
| Other financial assets | - | 516.92 | - | 17.88 | - | 534.80 |
| **Total financial assets (undiscounted)*** | **1,802.93** | **30,654.19** | **50,915.03** | **48,747.19** | **7,231.33** | **1,39,350.67** |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Derivative financial instruments | - | - | - | 29.87 | - | 29.87 |
| Trade payables | - | - | - | - | - | |
| -total outstanding dues of micro and small enterprises | - | - | - | - | - | - |
| -total outstanding dues of creditors other than micro and small enterprises | - | 1,284.83 | - | - | - | 1,284.83 |
| Debt securities | - | 3,349.46 | 6,182.38 | 6,192.94 | - | 15,724.78 |
| Borrowings (Other than debt securities) | - | 15,293.99 | 34,187.33 | 32,466.61 | - | 81,947.93 |
| Subordinated liabilities | - | - | - | - | - | - |
| Other financial liabilities | 1.73 | 1,148.52 | 201.67 | 224.06 | 15.49 | 1,591.47 |
| **Total financial liabilities (undiscounted) *** | **1.73** | **21,076.80** | **40,571.38** | **38,913.48** | **15.49** | **1,00,578.88** |
| **Net financial assets/(liabilities) (undiscounted)*** | **1,801.20** | **9,577.39** | **10,343.65** | **9,833.71** | **7,215.84** | **38,771.79** |
| | | | | | | |
| *** Excludes gross settled derivatives not held for trading** | | | | | | |

| Particulars | As at March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | On Demand | Less than 3 months | 3 to 12 Months | 1 to 5 years | Over 5 years | Total |
| **Finacial Assets** | | | | | | |
| Cash and cash equivalents | 2,123.03 | 200.37 | - | - | - | 2,323.40 |
| Bank balances other than cash and cash equivalents | 0.27 | 125.73 | 686.74 | 1,089.85 | - | 1,902.59 |
| Derivative financial instruments | - | - | - | 610.48 | - | 610.48 |
| Trade receivables | - | 286.14 | - | - | - | 286.14 |
| Loans | - | 21,460.82 | 35,678.01 | 22,534.30 | 1,409.78 | 81,082.91 |
| Investments | - | 2,202.72 | 5,624.47 | 11,269.99 | 589.08 | 19,686.26 |
| Other financial assets | - | 204.93 | 117.14 | 36.53 | 10.66 | 369.26 |
| **Total financial assets (undiscounted)*** | **2,123.30** | **24,480.71** | **42,106.36** | **35,541.15** | **2,009.52** | **1,06,261.04** |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Derivative financial instruments | - | - | - | 22.76 | - | 22.76 |
| Trade payables | - | - | - | - | - | |
| -total outstanding dues of micro and small enterprises | - | - | - | - | - | - |
| -total outstanding dues of creditors other than micro and small enterprises | - | 1,096.12 | - | - | - | 1,096.12 |
| Debt securities | - | 1,758.26 | 3,982.88 | 8,566.83 | - | 14,307.97 |
| Borrowings (Other than debt securities) | - | 10,235.84 | 19,325.12 | 33,895.77 | - | 63,456.73 |
| Subordinated liabilities | - | 410.00 | - | - | - | 410.00 |
| Other financial liabilities | 50.79 | 813.78 | 139.51 | 84.62 | 3.50 | 1,092.20 |
| **Total financial liabilities (undiscounted) *** | **50.79** | **14,314.00** | **23,447.51** | **42,569.98** | **3.50** | **80,385.78** |
| **Net financial assets/(liabilities) (undiscounted)*** | **2,072.51** | **10,166.71** | **18,658.85** | **(7,028.83)** | **2,006.02** | **25,875.26** |
| | | | | | | |
| *** Excludes gross settled derivatives not held for trading** | | | | | | |

| Particulars | As at March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | **On Demand** | **Less than 3 months** | **3 to 12 Months** | **1 to 5 years** | **Over 5 years** | **Total** |
| **Finacial Assets** | | | | | | |
| Cash and cash equivalents | 2,419.00 | 4,732.74 | - | - | - | 7,151.74 |
| Bank balances other than cash and cash equivalents | 0.27 | 244.06 | 486.60 | 142.51 | - | 873.44 |
| Derivative financial instruments | - | - | 4.19 | 11.00 | - | 15.19 |
| Trade receivables | - | 191.84 | - | - | - | 191.84 |
| Loans | - | 14,246.44 | 26,487.97 | 18,153.71 | 15.32 | 58,903.44 |
| Investments | - | 2,119.90 | 5,578.36 | 9,534.91 | 563.00 | 17,796.17 |
| Other financial assets | 28.51 | 654.37 | 0.62 | 25.04 | 8.22 | 716.76 |
| **Total financial assets (undiscounted)*** | **2,447.78** | **22,189.35** | **32,557.74** | **27,867.17** | **586.54** | **85,648.58** |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Derivative financial instruments | - | - | 1.73 | 62.65 | - | 64.38 |
| Trade payables | | | | | | |
| -total outstanding dues of micro and small enterprises | - | - | - | - | - | - |
| -total outstanding dues of creditors other than micro and small enterprises | - | 558.17 | - | - | - | 558.17 |
| Debt securities | - | 3,667.90 | 4,208.89 | 7,224.10 | - | 15,100.89 |
| Borrowings (Other than debt securities) | 142.79 | 7,700.01 | 16,303.34 | 27,168.69 | - | 51,314.83 |
| Subordinated liabilities | - | 10.22 | 30.78 | 410.00 | - | 451.00 |
| Other financial liabilities | 194.46 | 317.52 | 72.60 | 75.15 | 121.27 | 781.00 |
| **Total financial liabilities (undiscounted) *** | **337.25** | **12,253.82** | **20,617.34** | **34,940.59** | **121.27** | **68,270.27** |
| **Net financial assets/(liabilities) (undiscounted)*** | **2,110.53** | **9,935.53** | **11,940.40** | **(7,073.42)** | **465.27** | **17,378.31** |
| | | | | | | |
| *** Excludes gross settled derivatives not held for trading** | | | | | | |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**37 Financial instrument**

**A Fair value measurement**

***Valuation principles***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions i.e., exit price. This is regardless of whether that price is directly observable or estimated using a valuation technique.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Following methodologies and assumptions were used to estimate the fair values of the financial assets or liabilities

i) For all assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amount approximates fair value except as in (a) stated below.
a) The fair value of loans other than fixed rate instruments are estimated by discounted cash flow models considering all significant characteristics of the loans. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs (discount rate). For fixed rate instruments not carried at fair value, carrying amount approximates fair value.
b) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.

ii) There has been no transfer in between level I, level II and level III.
iii) The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

***Financial instruments by category***

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2024 were as follows

| | Carrying amount | | Fair value | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **FVTPL** | **FVOCI** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets:** | | | | | | |
| Loans | - | 26,148.39 | - | - | 26,148.39 | 26,148.39 |
| Investments | | | | | | |
| - Commercial papers | - | - | - | - | - | - |
| - Pass through certificates | - | 577.24 | - | - | 577.24 | 577.24 |
| - Non convertible debentures | - | 12,464.48 | - | - | 12,464.48 | 12,464.48 |
| - Market Linked debentures | 1,899.25 | - | - | - | 1,899.25 | 1,899.25 |
| - Alternate Investment Funds | 1,437.41 | - | - | - | 1,437.41 | 1,437.41 |
| - Share warrants | 0.10 | - | - | - | 0.10 | 0.10 |
| - Commercial Papers | - | - | - | - | - | - |
| - Mutual funds | 216.45 | - | 216.45 | - | - | 216.45 |
| Derivative financial instruments | 8.16 | 540.03 | - | - | 548.19 | 548.19 |
| **Financial liabilities:** | - | - | - | - | - | |
| Derivative financial instruments | 11.01 | 18.86 | - | - | 29.87 | 29.87 |

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2023 were as follows

| | Carrying amount | | Fair value | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **FVTPL** | **FVOCI** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets:** | | | | | | |
| Loans | - | 18,282.94 | - | - | 18,282.94 | 18,282.94 |
| Investments | | | | | | |
| - Pass through certificates | - | 1,312.04 | - | - | 1,312.04 | 1,312.04 |
| - Non convertible debentures | - | 10,785.51 | - | - | 10,785.51 | 10,785.51 |
| - Market Linked debentures | 2,935.75 | - | - | - | 2,935.75 | 2,935.75 |
| - Alternate Investment Funds | 1,430.19 | - | - | - | 1,430.19 | 1,430.19 |
| - Share warrants | 0.16 | - | - | - | 0.16 | 0.16 |
| - Commercial Papers | - | 340.92 | - | - | 340.92 | 340.92 |
| - Mutual funds | 97.02 | - | 97.02 | - | - | 97.02 |
| Derivative financial instruments | - | 610.48 | - | - | 610.48 | 610.48 |
| **Financial liabilities:** | | | | | | |
| Derivative financial instruments | - | 22.76 | - | - | 22.76 | 22.76 |

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2022 were as follows:

| | Carrying amount | | Fair value | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **FVTPL** | **FVOCI** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets:** | | | | | | |
| Loans | - | 9,788.00 | - | - | 9,788.00 | 9,788.00 |
| Investments | | | | | | |
| - Pass-through certificates | - | 1,450.41 | - | - | 1,450.41 | 1,450.41 |
| - Non convertible debentures | - | 10,626.34 | - | - | 10,626.34 | 10,626.34 |
| - Market Linked debentures | 2,515.93 | - | - | - | 2,515.93 | 2,515.93 |
| - Alternative Investment Funds | 2,735.97 | - | - | - | 2,735.97 | 2,735.97 |
| - Share warrants | 0.16 | - | - | - | 0.16 | 0.16 |
| - Mutual funds | 229.33 | - | 229.33 | - | - | 229.33 |
| Derivative financial instruments | - | 15.19 | - | - | 15.19 | 15.19 |
| **Financial liabilities:** | | | | | | |
| Derivative financial instruments | - | 64.38 | - | - | 64.38 | 64.38 |

***Reconciliation of level 3 fair value measurement is as follows***

| **Particulars** | **Year ended March 31, 2024** | **Year ended March 31, 2023** | **Year ended March 31, 2022** |
|---|---|---|---|
| ***Financial assets measured at FVOCI*** | | | |
| Balance at the beginning of the year | 206.82 | 296.82 | 494.99 |
| Total gains measured through OCI for additions made during the year | 151.55 | (90.00) | (198.17) |
| **Balance at the end of the year** | **358.37** | **206.82** | **296.82** |

| **Particulars** | **Year ended March 31, 2024** | **Year ended March 31, 2023** | **Year ended March 31, 2022** |
|---|---|---|---|
| ***Financial assets measured at FVTPL*** | | | |
| Balance at the beginning of the year | 1,430.35 | 2,736.13 | 2,249.61 |
| Total gains measured through P&L for additions made during the year | 2,131.02 | (1,305.78) | 486.52 |
| **Balance at the end of the year** | **3,561.37** | **1,430.35** | **2,736.13** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

***Sensitivity analysis - Increase/ decrease of 100 basis points of discount rate***

| | As at March 31, 2024 | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| **Financial assets:** | | | | | | |
| Loans | (191.65) | 191.65 | 182.83 | (182.83) | 97.88 | (97.88) |
| Investments | | | - | | | |
| - Pass through securities | (5.30) | 5.30 | 13.12 | (13.12) | 14.50 | (14.50) |
| - Non convertible debentures | (133.25) | 133.25 | 107.86 | (107.86) | 106.26 | (106.26) |
| - Market Linked debentures | (8.53) | 8.53 | 29.36 | (29.36) | 25.16 | (25.16) |
| - Alternative Investment Funds | (13.42) | 13.42 | 14.30 | (14.30) | 27.36 | (27.36) |
| - Investment in Government securities | - | - | | - | - | - |
| - Commercial paper | - | - | - | - | - | - |
| - Mutual funds | 2.16 | (2.16) | 0.97 | (0.97) | 2.29 | (2.29) |
| - Share warrants | 0.00 | (0.00) | 0.00 | (0.00) | 0.00 | (0.00) |
| Derivative financial instruments | 5.48 | (5.48) | 6.11 | (6.11) | 0.15 | (0.15) |
| **Financial liabilities:** | | | - | | | |
| Derivative financial instruments | 0.30 | (0.30) | 0.23 | (0.23) | 0.64 | (0.64) |

**A Fair value measurement**

The carrying value and fair value of other financial instruments by categories as of March 31, 2024 were as follows:

| Particulars | Carrying amount | Fair value | | | |
|---|---|---|---|---|---|
| | Amortised cost | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets not measured at fair value:** | | | | | |
| Cash and cash equivalents | 1,794.01 | - | - | 1,794.01 | 1,794.01 |
| Bank balances other than cash and cash equivalents | 2,283.43 | - | - | 2,283.43 | 2,283.43 |
| Trade receivables | 253.49 | - | - | 253.49 | 253.49 |
| Loans | 67,004.91 | - | - | 67,334.04 | 67,334.04 |
| Investments | 1,212.12 | - | - | 1,212.12 | 1,212.12 |
| Other financial assets | 839.15 | - | - | 839.15 | 839.15 |
| **Financial liabilities not measured at fair value:** | | | | | - |
| Trade payables | | | | | |
| -total outstanding dues of micro and small enterprises | - | - | - | - | - |
| -total outstanding dues of creditors other than micro and small enterprises | 1,284.83 | - | - | 1,284.83 | 1,284.83 |
| Debt securities | 14,137.25 | - | - | 14,137.25 | 14,137.25 |
| Borrowings (Other than debt securities) | 76,340.31 | - | - | 76,340.31 | 76,340.31 |
| Subordinated liabilities | - | - | - | - | - |
| Other financial liabilities | 1,550.58 | - | - | 1,550.58 | 1,550.58 |

The carrying value and fair value of other financial instruments by categories as of March 31, 2023 were as follows:

| Particulars | Carrying amount | Fair value | | | |
|---|---|---|---|---|---|
| | Amortised cost | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets not measured at fair value:** | | | | | |
| Cash and cash equivalents | 2,323.40 | - | - | 2,323.40 | 2,323.40 |
| Bank balances other than cash and cash equivalents | 1,902.59 | - | - | 1,902.59 | 1,902.59 |
| Trade receivables | 286.14 | - | - | 286.14 | 286.14 |
| Loans | 51,493.34 | - | - | 42,961.04 | 42,961.04 |
| Investments | 725.86 | - | - | 725.86 | 725.86 |
| Other financial assets | 505.90 | - | - | 505.90 | 505.90 |
| **Financial liabilities not measured at fair value:** | | | | | |
| Trade payables | | | | | |
| -total outstanding dues of micro and small enterprises | - | - | - | - | - |
| -total outstanding dues of creditors other than micro and small enterprises | 1,096.12 | - | - | 1,096.12 | 1,096.12 |
| Debt securities | 12,243.16 | - | - | 12,243.16 | 12,243.16 |
| Borrowings (Other than debt securities) | 57,702.99 | - | - | 57,702.99 | 57,702.99 |
| Subordinated liabilities | 399.51 | - | - | 399.51 | 399.51 |
| Other financial liabilities | 1,101.93 | - | - | 1,101.93 | 1,101.93 |

The carrying value and fair value of financial instruments by categories as of March 31, 2022 were as follows:

| Particulars | Carrying amount | Fair value | | | |
|---|---|---|---|---|---|
| | Amortised cost | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets not measured at fair value:** | | | | | |
| Cash and cash equivalents | 7,151.74 | - | - | 7,151.74 | 7,151.74 |
| Bank balances other than cash and cash equivalents | 873.44 | - | - | 873.44 | 873.44 |
| Trade receivables | 191.84 | - | - | 191.84 | 191.84 |
| Loans | 42,876.73 | - | - | 42,961.04 | 42,961.04 |
| Other financial assets | 696.52 | - | - | 696.52 | 696.52 |
| **Financial liabilities not measured at fair value:** | | | | | |
| Trade payables | | | | | |
| -total outstanding dues of micro and small enterprises | - | - | - | - | - |
| -total outstanding dues of creditors other than micro and small enterprises | 558.17 | - | - | 558.17 | 558.17 |
| Debt securities | 13,435.97 | - | - | 13,435.97 | 13,435.97 |
| Borrowings (Other than debt securities) | 45,994.26 | - | - | 45,994.26 | 45,994.26 |
| Subordinated liabilities | 399.35 | - | - | 399.35 | 399.35 |
| Other financial liabilities | 669.44 | - | - | 669.44 | 669.44 |

Note:
For all of the financial assets and liabilities which are not carried at fair value, the carrying amounts approximates the fair values except for loans where considering the limited / lack of availability of observable inputs for fair valuation and considering the nature of such items / transactions, management has disclosed the carrying amounts as the fair values.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**B Capital management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group's adjusted gearing ratio is as follows:

| | Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| i | Debt securities | 14,137.25 | 12,243.16 | 13,435.97 |
| ii | Borrowings (other than debt securities) | 76,340.31 | 57,702.99 | 45,994.26 |
| iii | Subordinated liabilities | - | 399.51 | 399.35 |
| iv | Less: cash and cash equivalents | (1,794.01) | (2,323.40) | (7,151.74) |
| v | **Adjusted net debt (v = i + ii + iii - iv)** | **88,683.55** | **68,022.26** | **52,677.84** |
| vi | Total equity | 23,204.11 | 20,677.30 | 18,321.12 |
| vii | **Gearing ratio (vii = v / vi)** | 3.82 | 3.29 | 2.88 |

The Holding Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Holding Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital, Compulsorily convertible preference share capital and other equity are considered for the purpose of Company's capital management.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2024, March 31, 2023 and March 31, 2022.

**Regulatory capital of the holding company**

| Particulars | Carrying amount | | |
|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
| Tier I Capital | 20,578.17 | 18,190.28 | 16,263.08 |
| Tier II Capital | 215.27 | 562.03 | 518.29 |
| **Total Capital** | **20,793.44** | **18,752.31** | **16,781.37** |
| Risk weighted assets | 1,13,868.32 | 90,286.09 | 73,641.83 |
| Tier I Capital Ratio (%) | 18.07% | 20.15% | 22.08% |
| Tier II Capital Ratio (%) | 0.19% | 0.62% | 0.71% |
| **CRAR (%)** | **18.26%** | **20.77%** | **22.79%** |
| Amount of subordinated debt raised as Tier-II capital | | - | 80.00 |
| Amount raised by issue of perpetual debt instruments | | - | - |

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier I). Tier I and Tier II has been reported on the basis of Ind AS financial information.

**38 Financial risk management objectives and policies**

The Group's principal financial liabilities comprise borrowings from banks, issue of debentures and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk, market risk and foreign currency risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee and asset liability committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

**Risk management framework**

The Groups's board of directors and risk management committee has overall responsibility for the establishment and oversight of the Groups's risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Groups's risk management policies.

The Groups's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**(I) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and investments.
The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The Group's exposure to credit risk for loans by type of counterparty is as follows. All these exposures are with in India.

| Particulars | Carrying amount | | |
|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
| Gross Term loans and structured cash credit | 93,153.30 | 69,776.28 | 52,664.73 |
| Less : Impairment loss allowance | (1,057.41) | (890.22) | (577.17) |
| | **92,095.89** | **68,886.06** | **52,087.56** |

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due and the type of risk exposures. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - Financial Instruments.

**Staging:**

As per the provision of Ind AS 109 all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.
In line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the Holding Company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of accounting.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**(I) Credit risk (Continued)**

The Group considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifetime of the instrument.

As per Ind AS 109, Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Group has staged the assets based on the days past dues criteria and other market factors which significantly impacts the portfolio.

| Days past dues | Stage | Provisions |
|---|---|---|
| Current | Stage 1 | 12 Months Provision |
| 1-30 Days | Stage 1 | 12 Months Provision |
| 31-90 Days | Stage 2 | Lifetime Provision |
| 90+ Days | Stage 3 | Lifetime Provision |

**Grouping**

As per Ind AS 109, the Group categorises the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:
- Loans
- Guarantees to pooled issuances
- Other guarantees
- Undrawn exposure
- Second loss credit enhancement
- Investments in pass through securities
- Investments in non convertible debentures

**Expected credit loss ("ECL"):**
ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

**Marginal probability of default:**
PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), internal rating matrix model, pluto tasche model, markov chains model and net flow rate model were used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Group has worked out on PD based on the last four years historical data.

**Marginal probability:**

The PDs derived from the autoregressive integrated moving average model (ARIMA), are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

**Conditional marginal probability:**
As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.
The probability of default was calculated for 3 scenarios: upside, downside and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

**LGD**

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. Considering the low expertise in default and recovery, the Group has considered an LGD of 65% as recommended by the Foundation Internal Ratings Based (FIRB) approach under Basel II guidelines issued by RBI.

**EAD:**
As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Group has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments.

The Group has considered expected cash flows , undrawn exposures and second loss credit enhancement (SLCE) for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

**Discounting:**
As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

**ECL computation:**
Conditional ECL at DPD pool level was computed with the following method:
Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

| Particulars | Provisions | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| Stage 1 | 12 month provision | 529.61 | 520.14 | 334.82 |
| Stage 2 | Life time provision | 114.20 | 49.45 | 41.63 |
| Stage 3 | Life time provision | 413.60 | 320.63 | 200.72 |
| **Amount of expected credit loss provided** | | **1,057.41** | **890.22** | **577.17** |

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ECL allowance - opening balance** | **890.22** | **577.17** | **742.48** |
| Addition during the year | 4,060.58 | 307.18 | 339.46 |
| Reversal during the year | (664.59) | 14.43 | (166.97) |
| Write offs during the year | (3,228.79) | (8.56) | (337.80) |
| **Closing provision of ECL** | **1,057.42** | **890.22** | **577.17** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Analysis of changes in the gross carrying amount of loans and the corresponding ECL allowance in relation to Loans:**

**Changes in gross carrying amount**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Gross carrying amount - loans** | | | | | | | | |
| **As at the beginning of the year** | **68,578.82** | **527.21** | **670.25** | **69,776.28** | **51,521.02** | **818.45** | **325.26** | **52,664.73** |
| New assets originated * | 78,831.55 | 962.44 | 1,892.42 | **81,686.41** | 52,204.48 | 369.81 | 258.80 | **52,833.09** |
| Asset derecognised or repaid (excluding write off) | (33,669.39) | (494.18) | (384.43) | **(34,548.00)** | (34,163.56) | (637.80) | (63.77) | **(34,865.13)** |
| Transfer to stage 1 | (21,192.26) | 546.01 | 145.79 | **(20,500.46)** | (1,125.13) | 129.54 | 261.07 | **(734.52)** |
| Transfer to stage 2 | 37.65 | (220.57) | 177.15 | **(5.77)** | 141.75 | (152.94) | 39.05 | **27.86** |
| Transfer to stage 3 | 14.38 | 5.56 | (46.30) | **(26.36)** | 0.26 | 0.15 | (150.16) | **(149.75)** |
| Write offs | (1,167.74) | (106.50) | (1,954.55) | **(3,228.79)** | - | - | - | - |
| **As at the end of the year** | **91,433.01** | **1,219.97** | **500.33** | **93,153.31** | **68,578.82** | **527.21** | **670.25** | **69,776.28** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Gross carrying amount - loans** | | | | |
| **As at the beginning of the year** | **35,087.69** | **2,671.77** | **390.69** | **38,150.15** |
| New assets originated * | 30,396.12 | 120.93 | 23.88 | **30,540.93** |
| Asset derecognised or repaid (excluding write off) | (13,496.37) | (2,154.77) | (37.72) | **(15,688.86)** |
| Transfer to stage 1 | (466.42) | 382.73 | 84.00 | **0.31** |
| Transfer to stage 2 | - | (81.24) | 81.24 | - |
| Transfer to stage 3 | - | - | - | - |
| Write offs | - | (120.97) | (216.83) | **(337.80)** |
| **As at the end of the year** | **51,521.02** | **818.45** | **325.26** | **52,664.73** |

* New assets originated are those assets which have originated during the year

**Reconciliation of ECL Balance**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Impairment loss allowance - loans** | | | | | | | | |
| **As at the beginning of the year** | **520.14** | **49.45** | **320.63** | **890.22** | **334.82** | **41.63** | **200.72** | **577.17** |
| New assets originated | 1,745.48 | 157.23 | 2,123.93 | **4,026.64** | 227.91 | 24.99 | 10.83 | **263.73** |
| Asset derecognised or repaid | (281.38) | (32.15) | (145.08) | **(458.61)** | (296.01) | (10.41) | (6.54) | **(312.96)** |
| Transfer to stage 1 | (296.93) | 55.25 | 36.87 | **(204.81)** | (23.54) | 2.78 | 108.54 | **87.78** |
| Transfer to stage 2 | 4.75 | (11.09) | 5.17 | **(1.17)** | 0.50 | (9.54) | 7.08 | **(1.96)** |
| Transfer to stage 3 | 5.31 | 2.01 | 26.63 | **33.95** | - | - | - | - |
| Write offs | (1,167.74) | (106.50) | (1,954.55) | **(3,228.79)** | - | - | - | - |
| **As at the end of the year** | **529.63** | **114.20** | **413.60** | **1,057.43** | **520.14** | **49.45** | **320.63** | **890.22** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Impairment loss allowance - loans** | | | | |
| **As at the beginning of the year** | **425.96** | **96.27** | **220.25** | **742.48** |
| New assets originated | 227.91 | - | - | **227.91** |
| Asset derecognised or repaid | (296.01) | 55.71 | 184.89 | **(55.41)** |
| Transfer to stage 1 | (23.54) | 12.66 | 10.87 | - |
| Transfer to stage 2 | 0.50 | (2.04) | 1.54 | - |
| Transfer to stage 3 | - | - | - | - |
| Write offs | - | (120.97) | (216.83) | **(337.80)** |
| **As at the end of the year** | **334.82** | **41.63** | **200.72** | **577.17** |

**Collateral and other credit enhancements**

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

**Exposure to credit risk**
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

**B** ***Investments***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk for investments is to other non-banking finance companies and financial institutions.

The risk committee has established a credit policy under which each new investee pool is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc. For investments the collateral is the underlying loan pool purchased from the financial institutions.

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the investments are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. Further, the risk management committee periodically assesses the credit rating information.

**Analysis of credit quality of exposure and changes in the gross carrying amount of Investments**
**Credit quality of exposure**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Performing | 17,807.06 | - | - | 17,807.06 | 17,627.46 | - | - | 17,627.46 |
| Sub-standard | | | | | - | - | - | - |
| **Total** | **17,807.06** | **-** | **-** | **17,807.06** | **17,627.46** | **-** | **-** | **17,627.46** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Performing | 17,584.44 | 48.17 | - | 17,632.61 |
| Sub-standard | - | - | 24.90 | 24.90 |
| **Total** | **17,584.44** | **48.17** | **24.90** | **17,657.51** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**Changes in gross carrying amount**

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Gross carrying amount - Investments** | | | | | | | | |
| **As at the beginning of the year** | **17,627.46** | **-** | **-** | **17,627.46** | **17,584.44** | **48.17** | **24.90** | **17,657.51** |
| New assets originated * | 12,314.67 | - | - | **12,314.67** | 11,501.86 | 14.16 | - | **11,516.02** |
| Asset derecognised or repaid | (12,135.07) | - | - | **(12,135.07)** | (11,458.84) | (62.33) | (24.90) | **(11,546.07)** |
| Transfer to stage 1 | - | - | - | **-** | - | - | - | **-** |
| Transfer to stage 2 | - | - | - | **-** | - | - | - | **-** |
| Transfer to stage 3 | - | - | - | **-** | - | - | - | **-** |
| Write offs | - | - | - | **-** | - | - | - | **-** |
| **As at the end of the year** | **17,807.06** | **-** | **-** | **17,807.06** | **17,627.46** | **-** | **-** | **17,627.46** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Gross carrying amount - investments** | | | | |
| **As at the beginning of the year** | **13,469.51** | **64.90** | **778.76** | **14,313.17** |
| New assets originated * | 11,501.86 | 14.17 | - | **11,516.03** |
| Asset derecognised or repaid | (7,386.93) | (30.90) | (3.86) | **(7,421.69)** |
| Transfer to stage 1 | - | - | - | **-** |
| Transfer to stage 2 | - | - | - | **-** |
| Transfer to stage 3 | - | - | - | **-** |
| Write offs | - | - | (750.00) | **(750.00)** |
| **As at the end of the year** | **17,584.44** | **48.17** | **24.90** | **17,657.51** |

**C.** ***Cash and cash equivalent and Bank deposits***

Credit risk on cash and cash equivalent and bank deposits is limited as the Group generally invests in term deposits with banks

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and plan accordingly the funding requirement. The Group manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Group liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

The table below provides details regarding the undiscounted contractual maturities of financial liabilities including interest as at March 31, 2024, March 31, 2023 and March 31, 2022:.

| Particulars | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months up 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 |
|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2024** | | | | | | | | |
| Borrowings (other than debt securities) | 5,696.38 | 3,918.29 | 5,189.61 | 16,693.08 | 14,313.99 | 27,922.27 | 2,606.68 | - |
| Debt securities | 299.61 | 450.00 | 2,767.12 | 2,076.83 | 3,213.95 | 4,739.24 | 590.50 | - |
| Subordinated liabilities | - | - | - | - | - | - | - | - |
| **As at March 31, 2023** | | | | | | | | |
| Borrowings (other than debt securities) | 3,295.98 | 3,245.24 | 3,453.71 | 6,473.52 | 10,103.86 | 27,194.75 | 4,335.43 | - |
| Debt securities | 407.95 | 346.57 | 1,162.17 | 1,834.02 | 1,299.14 | 5,686.14 | 1,507.17 | - |
| Subordinated liabilities | - | - | 400.00 | - | - | - | - | - |
| **As at March 31, 2022** | | | | | | | | |
| Borrowings (other than debt securities) | 2,191.07 | 2,978.50 | 1,931.16 | 7,665.83 | 6,607.41 | 20,529.45 | 4,019.89 | - |
| Debt securities | 785.69 | 725.00 | 2,197.86 | 1,941.67 | 1,675.98 | 5,011.54 | 1,202.57 | - |
| Subordinated liabilities | - | - | - | - | - | 400.00 | - | - |

**Note:**
- The balances are gross of accrued interest and unamortised borrowing costs.
- Estimated expected cashflows considering the moratorium availed from lenders.

Also refer note 36B for detailed disclosure on Analysis of financial assets and liabilities by remaining contractual maturities

**(iii) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, foreign currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The interest rate profile of the Group's interest bearing financial instruments is as follows:

| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Fixed rate instruments** | | | |
| Financial Assets | 69,203.25 | 29,258.35 | 14,128.29 |
| Financial Liabilities | 37,262.26 | 22,183.85 | 33,316.28 |
| | **1,06,465.51** | **51,442.20** | **47,444.57** |
| **Variable rate instruments** | | | |
| Financial Assets | 41,291.23 | 41,676.17 | 43,757.53 |
| Financial Liabilities | 53,215.30 | 48,161.80 | 26,513.30 |
| | **94,506.53** | **89,837.97** | **70,270.83** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

***Sensitivity analysis of interest rate - Increase/ decrease of 100 basis points***
***The Group's profit before tax is affected through the impact on floating rate instruments, as follows:***

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Bank deposits | - | - | 20.32 | (20.32) |
| Loans | 341.15 | (341.15) | 396.45 | 396.45 |
| Borrowings | (532.15) | 532.15 | (481.62) | (481.62) |

| Particulars | As at March 31, 2022 | |
|---|---|---|
| | Increase | Decrease |
| Bank deposits | 56.59 | (56.59) |
| Loans | 380.98 | (380.98) |
| Borrowings | (265.13) | 265.13 |

**(iv) Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arises majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering into cross currency interest rate swaps. When a derivative is entered into for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till payment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilites in active markets or inputs that are directly or indirectly observable in market place.

**(v) Collateral and other credit enhancements**

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

a. For corporate and small business lending, charges over trade receivables and

b. For retail lending, collateral in the form of first loss guarantee is obtained from the servicing entity or over identified fixed asset of the borrower

**(vi) Price risk**

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at as at March 31, 2024, profit or loss(pre-tax) for the year ended March 31, 2024 would increase/decrease by Rs. 2.16 millions by (As at March 31, 2023: INR 0.03 millions and as at March 31, 2022) with a corresponding increase/decrease in the Total Equity of the Group as at March 31, 2024.

(vii) **Technology risk**

Technology risk Technology risk may arise from potential impact to IT systems and data because of hardware or software failure, human errors, as well as engineered cyber-attacks. In an era where technology is an imperative to drive efficiency, effectiveness and innovation, it becomes essential for the NBFC to have well-defined policies and procedures, necessary infrastructure and controls, and periodic audits to guard itself against any looming threats. The Company has implemented the Master Directions on Technology notified by the Reserve Bank of India and has put in place the necessary policies, procedures, controls and governance mechanisms to mitigate this risk. In addition, the Company also undergoes an IT audit by an independent firm on a yearly basis, has periodic vulnerability and penetration tests conducted by a third-party agency to identify and plug any loopholes in its technology infrastructure, process controls and remediation preparedness. The IT Strategy Committee of the Company looks into all these aspects to protect the Company's technology and data assets, and ensure adequate preparedness to manage these risks

(All amounts are in Indian Rupees in millions unless otherwise stated)

| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **39** | **Commitments** | | | |
| | Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for | 80.00 | 2,855.00 | 80.00 |
| | Undrawn committed sanctions to borrowers | 1,359.90 | 1,373.38 | 4,056.96 |
| **40** | **Contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets** | | | |
| | Claims against the Group not acknowledged as debt | | | |
| | - Income tax related matters | 52.52 | 44.06 | 44.06 |
| | Guarantees outstanding | 644.16 | 1,638.82 | 2,371.64 |

i. Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books. Also refer note 19.
ii. Matters wherein management has concluded the Group's liability to be possible have accordingly been disclosed in above note.

Matters wherein management is confident of succeeding in these litigations and have concluded the Group's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims in different stages of process

**41 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

Under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is NIL. The disclosure provided below are based on the information and records maintained by the management and have been relied upon by the auditor.

| | **Particulars** | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| a. | The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period | | | |
| | Principal | - | - | - |
| | Interest | - | - | - |
| b. | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - | - |
| c. | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - | - |
| d. | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - | - |
| e. | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - | - |

**42 Retirement Benefit Plan**

**Defined contribution plans**

The Group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognized as an expenses in the statement of profit and loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 113.46 millions (March 31, 2023: INR 73.40 millions and March 31, 2022: INR 39.02 millions).

**Defined benefit plans**

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past services and the fair value of any plan assets are deducted. The Calculation of the Group's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

**Employee benefits**

**Details of actuarial valuation of gratuity pursuant to the Ind AS 19**

| **A. Change in present value of obligations** | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Present value of obligations at the beginning of the year | 105.45 | 74.64 | 46.84 |
| Current service cost | 18.61 | 20.09 | 9.76 |
| Interest cost | 6.64 | 5.50 | 2.76 |
| Past service cost | 0.13 | - | - |
| Benefits settled | (27.77) | (23.44) | (4.25) |
| Acquisition of specified assets and liabilities (Refer note 48) | - | 36.72 | - |
| Actuarial (gain) / loss recognised in the other comprehensive income | - | - | - |
| -Changes in demographic assumptions | - | - | - |
| -Changes in financial assumptions | (5.47) | (10.25) | 4.85 |
| -Experience adjustment | (6.19) | 2.19 | 14.68 |
| **Present value of obligations at the end of the year** | **91.40** | **105.45** | **74.64** |
| **B. Change in plan assets** | | | |
| Fair value of plan assets at the beginning of the year | - | - | - |
| Expected return on plan assets | - | - | - |
| Actuarial gains/ (loss) | - | - | - |
| Employer contributions | 27.77 | 23.44 | 4.25 |
| Benefits paid | (27.77) | (23.44) | (4.25) |
| **Fair value of plan assets at the end of the year** | **-** | **-** | **-** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**42 Employee benefits (Continued)**

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **C. Reconciliation of present value of the obligation and the fair value of the plan assets** | | | |
| **Change in projected benefit obligation** | | | |
| Present value of obligations at the end of the year | 91.40 | 105.45 | 74.64 |
| Fair value of plan assets | - | - | - |
| **Net liability recognised in balance sheet** | **91.40** | **105.45** | **74.64** |
| The liability in respect of the gratuity plan comprises of the following non-current and current portions: | | | |
| Current | 22.07 | 17.22 | 12.92 |
| Non-current | 69.33 | 88.23 | 61.72 |
| | **91.40** | **105.45** | **74.64** |
| **D. Expense recognised in statement of profit and loss** | | | |
| Current service cost | 18.61 | 20.09 | 9.76 |
| Interest on obligation | 6.64 | 5.50 | 2.76 |
| Past service cost | 0.13 | - | |
| **Total included in statement of profit and loss** | **25.38** | **25.59** | **12.52** |
| **E. Remeasurements recognized in other comprehensive income** | | | |
| Net actuarial loss recognised in the year | (11.65) | (8.07) | 19.53 |
| **Total included in other comprehensive income** | **(11.65)** | **(8.07)** | **19.53** |

| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **F. Assumptions at balance sheet date** | | | |
| Discount rate | 6.95% to 7.10% | 7.14% to 7.33% | 6.2% to 7.18% |
| Salary escalation | 5% to 8% | 5% to 8% | 5% to 10% |
| Attrition rate | 3% to 33% | 2% to 23% | 1% to 20% |

**Notes:**

a) The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.

b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the obligation.

**G. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 87.54 | 95.72 | 57.76 | 71.69 | 71.24 | 78.37 |
| Future salary growth (1% movement) | 97.27 | 86.24 | 62.82 | 77.81 | 78.53 | 71.02 |
| Attrition rate (1% movement) | 91.43 | 91.47 | 59.58 | 73.71 | 73.78 | 75.39 |

**Additional disclosures required under Ind AS 19**

| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Average duration of defined benefit obligation (in years) | 2.94 to 8.03 years | 4.6 to 6.9 years | 5.4 to 9 years |
| Projected undiscounted expected benefit outgo (mid year cash flows) | | | |
| Year 1 | 19.37 | 12.28 | 10.98 |
| Year 2 | 15.89 | 12.98 | 11.65 |
| Year 3 | 12.56 | 10.67 | 10.26 |
| Year 4 | 11.16 | 13.89 | 9.33 |
| Year 5 | 10.69 | 9.78 | 12.29 |
| Next 5 years | 96.41 | 29.35 | 27.69 |
| Expected benefit payments for the next annual reporting year | 19.37 | 12.28 | 10.98 |

(All amounts are in Indian Rupees in millions unless otherwise stated)

## 43 Share Based Payments

Employee Stock Option Plan 2016 (ESOP) has been approved by the Board at its meeting held on October 7, 2016 and by the members in the Extra Ordinary General Meeting held on October 7, 2016.

**43.1 Northern Arc Capital Employee Stock Option Plan 2016 – (“Scheme I”) formerly IFMR Capital Employee Stock Option Plan 2016 – (“Scheme I”)**

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries.
The options were issued on March 1, 2017, and will be exercised at INR 10. The options are vested over a period of 4 years in 40:20:20:20 proportion.

**Northern Arc Capital Employee Stock Option Plan 2016 – (“Scheme II”) formerly IFMR Capital Employee Stock Option Plan 2016 – ("Plan" or "ESOP") (“Scheme II”)**

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries.
The options were issued in seventeen tranches. The exercise price ranging between INR 110 to INR 275. The options are vested equally over a period of 5 years.

**Northern Arc Employee Stock Option Scheme 2023 – “Scheme- II B”**

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued on 9th September 2021. The exercise price is INR 275. The options are vested equally over a period of 5 years.

**Northern Arc Capital Employee Stock Option Plan 2018 – ("Plan" or "ESOP") (“Scheme III”)**

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries.
The options were issued in five tranches. The exercise price ranging between INR 10 to INR 275. The options are vested over a period of 3 years in 30:30:40. proportion

**Northern Arc Capital Employee Stock Option Scheme 2022 – “Scheme– IV” (“Scheme IV”)**

The Northern Arc Capital Employee Stock Option Scheme 2022 is applicable to all employees including employees of subsidiaries.
The options under this scheme were issued on 21st July, 2021 . The exercise price shall be at the discount to the IPO price per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

**Northern Arc Capital Employee Stock Option Scheme 2023 – “Scheme– IVB” (Scheme IVB)**

The Northern Arc Capital Employee Stock Option Scheme 2023 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on five tranches. The exercise price is 275 per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

**43.2 Options outstanding under Scheme I, Scheme II, Scheme IIB, Scheme III, Scheme IV and Scheme IVB**

| | As at March 31, 2024 | | | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|---|---|
| Plan | **Scheme II** | **Scheme IIB** | **Scheme III** | **Scheme IV** | **Scheme IV B** | **Scheme 1** | **Scheme II** | **Scheme III** |
| Grant date | **Various** | **13 Sep 2023** | **Various** | **13 Sep 2023** | **Various** | **Various** | **Various** | **Various** |
| Number ofoptions | 15,03,000 | 2,79,500 | 8,32,254 | 1,50,000 | 21,60,000 | 8,000 | 23,78,000 | 8,99,984 |
| Exercise price in INR | 110 to 275 | 275 | 10 to 275 | 324 | 275 | 10 | 110 to 275 | 181 to 275 |
| Vesting period | 1 to 5 years | 1 to 5 years | 1 to 3 years | 1 to 4 years | 1 to 4 years | 1 to 4 years | 1 to 5 years | 1 to 3 years |
| Option Price | 31.85 to 121.09 | 160.14 | 65.57 to 298.36 | 56.14 | 128.88 to 146.45 | 113.65 | 31.85 to 121.09 | 65.57 to 92.33 |
| Weighted average exercise price in INR | 147.01 | 275.00 | 172.71 | 324.00 | 275.00 | 10.00 | 163.21 | 203.79 |
| Weighted average remaining contractual life (in years) | 0.22 | 5.00 | 0.20 | 0.40 | 1.49 | - | 0.74 | 0.27 |
| Weighted average remaining contractual life including exercise period(in years) | 2.58 | 7.46 | 3.85 | 5.31 | 6.90 | 1.92 | 3.92 | 4.30 |
| Vesting condition | Time based vesting | | | | | Time based vesting | | |

| | As at March 31, 2022 | | |
|---|---|---|---|
| Plan | **Scheme 1** | **Scheme 2** | **Scheme 3** |
| Grant date | **Various** | **Various** | **Various** |
| Number ofoptions | 23,000 | 32,26,950 | 12,19,363 |
| Exercise price in INR | 10 | 110 to 275 | 181 to 275 |
| Vesting period | 1 to 4 years | 1 to 5 years | 1 to 3 years |
| Option Price | 113.65 | 31.85 to 121.09 | 65.57 to 92.33 |
| Weighted average exercise price in INR | 10.00 | 161.37 | 207.15 |
| Weighted average remaining contractual life (in years) | - | 1.63 | 1.02 |
| Vesting condition | Time based vesting | | |

**43.3 Reconciliation of outstanding options**

The details of options granted under the above schemes are as follows.

| **Particulars** | **March 31, 2024** | | **March 31, 2023** | | **March 31, 2022** | |
|---|---|---|---|---|---|---|
| | **Weighted average exercise price per option (in Rs.)** | **Number of options** | **Weighted average exercise price per option (in Rs.)** | **Number of options** | **Weighted average exercise price per option (in Rs.)** | **Number of options** |
| Outstanding at beginning of year | 173.95 | 32,85,984 | 173.08 | 44,69,313 | 131.43 | 50,34,654 |
| Less: Forfeited during the year | 196.01 | 3,72,603 | 176.13 | 10,47,179 | 197.35 | 9,26,848 |
| Less: Exercised during the year and allotted | 140.34 | 3,54,127 | 112.20 | 1,23,750 | 114.56 | 9,85,993 |
| Less: Exercised during the year but not allotted | 112.43 | 74,500 | 181.13 | 12,400 | - | - |
| Add: Granted during the year | 263.89 | 24,40,000 | - | - | 250.69 | 13,47,500 |
| Outstanding as at end of year | **216.84** | **49,24,754** | **173.95** | **32,85,984** | **173.08** | **44,69,313** |
| **Vested and exercisable as at end of year** | **175.64** | **21,76,354** | **158.67** | **30,26,466** | **143.53** | **22,19,587** |
| Amount expensed of in Statement of Profit and Loss (in Rs. Millions) | | 177.59 | | 15.74 | | 32.07 |

**43.4 Fair value methodology**

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The shares of the Holding company are not listed on any stock exchange. Accordingly, the Holding company has considered the volatility of the Company's stock price based on historical volatility of similar listed enterprise. The various assumptions considered in the pricing model for the stock options granted by the Holding company are as follows:

| | **As at March 31, 2024** | **As at March 31, 2023** | **As at March 31, 2022** |
|---|---|---|---|
| Dividend yield | 0% | NA | 0% |
| Historical volatility estimate | 34.41% - 45.13% | NA | 48.40% |
| Risk free interest rate | 6.96% - 7.11% | NA | 5.62% |
| Expected life of option (in years) | 1.07 - 3 | NA | 5.42 |

**43.5 ESOP disclsoure related to Pragati Finserv Private Limited (Subsidiary)**

The Company offers equity based option plans to its selected employees through the Company’s stock option plan introduced in 2021.

**i) Description of share based payments**
**Pragati Employee Stock Option Scheme 2021 - Scheme I [ESOP 2021 - Scheme 1]**

The Company introduced an Employee Stock Option Scheme 2021 - Scheme I, which was approved by the Pragati Finserv Private Limited shareholders with an intention to provide equity settled incentive to high performing employees of the Company.

The options granted on 7th May 2021 will be exercised at Rs.10 per option and will vest over 5 years in the proportion of 15.75 : 15.75 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being definitive vesting.It shall be exercised within the period mentioned in the grant letter.It shall be settled by way of equity shares of the company.

The options granted on 2nd August 2022 will be exercised at Rs.10 per option and will vest over 4 years in the proportion of 31.5 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being definitive vesting.It shall be exercised within the period mentioned in the grant letter.It shall be settled by way of equity shares of the company.

No modification has been made to the plan during the reporting period.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**ii) Summary of share based payments**

| Particulars | ESOP 2021 - Scheme 1 | | |
|---|---|---|---|
| | **2023-24** | **2022-23** | **2021-22** |
| | (In Nos.) | (In Nos.) | (In Nos.) |
| Outstanding balance at the beginning of the period | 1,73,92,756 | 1,61,93,182 | - |
| Options granted | - | 42,50,000 | 1,61,93,182 |
| Options vested | (37,31,676) | (25,50,426) | |
| Options exercised | - | - | - |
| Options forfeited | - | - | - |
| Options expired | - | - | - |
| Options lapsed | - | (5,00,000) | - |
| Options outstanding at the end of the period | 1,36,61,080 | 1,73,92,756 | 1,61,93,182 |
| Options exercisable at the end of the period | 62,82,102 | 25,50,426 | - |

| | | | |
|---|---|---|---|
| For share options exercised: | | | |
| Weighted average exercise price at date of exercise | N.A. | N.A. | N.A. |
| Money realized by exercise of options (in actual rupees) | - | - | - |

| **For share options outstanding:** | **As at 31 March 2024** | | **As at 31 March 2023** | |
|---|---|---|---|---|
| | **ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares** | **ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares** | **ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares** | **ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares** |
| Range of exercise prices | 10 | 10 | 10 | 10 |
| Average remaining contractual life of options ( years) | 3.31 | 4.06 | 4.31 | 5.06 |
| Modification of plans | N.A. | N.A. | N.A. | N.A. |
| Incremental fair value on modification | N.A. | N.A. | N.A. | N.A. |

| **For share options outstanding:** | **As at 31 March 2022** |
|---|---|
| | **ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares** |
| Range of exercise prices | 10 |
| Average remaining contractual life of options ( years) | 6.10 |
| Modification of plans | N.A |
| Incremental fair value on modification | N.A |

**Valuation of stock options**

| **Particulars** | **ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares** | **ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares** |
|---|---|---|
| Share price | 10 | 10 |
| Exercise Price | 10 | 10 |
| Fair value of option | 5.93 | 5.98 |
| Valuation date | 31-Dec-21 | 02-Aug-22 |
| Valuation model used | Blackscholes model | Blackscholes model |
| Expected Volatility | 0.54 | 0.56 |
| Basis of determination of expected volatility | Median historical volatility of comparable | Median historical volatility of |
| Contractual Option Life ( years ) | 6.1 | 5.72 |
| Expected dividends * | 0 | 0 |
| Risk free interest rate | 6.27% | 7.08% |
| Valuation of incremental fair value on modification | N.A | N.A |

* Expected Dividends is considered zero, as no dividend payout is expected in the foreseeable future.

Options granted and inputs used for measurement of fair value of options, for the key managerial employees and other senior employees

| **Name of the Employee** | **ESOP 2021 - Scheme 1** | | | | | |
|---|---|---|---|---|---|---|
| | **As at 31 March 2024** | | **As at 31 March 2023** | | **As at 31 March 2022** | |
| | **KMP** | **Others** | **KMP** | **Others** | **KMP** | **Others** |
| | **(In Nos.)** | **(In Nos.)** | **(In Nos.)** | **(In Nos.)** | **(In Nos.)** | **(In Nos.)** |
| Options Granted | 1,61,93,182 | 42,50,000 | 1,61,93,182 | 42,50,000 | 1,61,93,182 | - |
| Options Vested | 51,00,852 | 11,81,250 | 25,50,426 | - | - | - |
| Options Lapsed | - | 5,00,000 | - | 5,00,000 | - | - |
| Options yet to vest | 1,10,92,330 | 25,68,750 | 1,36,42,756 | 37,50,000 | 1,61,93,182 | - |
| Options Exercised | - | - | - | - | | |

**Impact on Statement of profit and loss and balance sheet for such share-based payments - NIL**

**Expense recognized for employee services received during the year are as below:**

| **Particulars** | **March 31, 2024** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|---|
| Expense arising from equity-settled share-based payment transactions (Refer Note-29) | 22.19 | - | - |

**44 Related party disclosures**

**44.1 Disclosure post elimination of intra-group transactions:**

Related party relationships and transactions are as identified by the management.

| | |
|---|---|
| (i) Associate | Finreach Solutions Private Limited (w.e.f 30th April, 2022)<br>Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto 26th April, 2023)<br>IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024) |
| (ii) Key Managerial Personnel (KMP) | Mr. Ashish Mehrotra, Managing Director & CEO (Director w.e.f 14 February 2022; Managing Director & CEO w.e.f April 1, 2022)<br>Mr. Atul Tibrewal, Chief Financial Officer ( from May 18, 2021)<br>Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023)<br>Ms. Kshama Fernandes (Chief executive officer and Managing director - Upto March 31,2022)<br>Mrs. Srividhya, Company Secretary (upto November 20, 2023)<br>Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)<br>Mr.Prakash Chandra Panda, Company Secretary (w.e.f April 23, 2024) |
| (iii) Director and relative of Key Management Personnel/ Director | Ms. Kshama Fernandes , Non - Executive Director (w.e.f. April 1, 2022)<br>Mr. Ashutosh Arvind Pednekar - Independent director<br>Mr. Amit Mehta - Nominee Director (Upto May 2, 2022)<br>Mr. P S Jayakumar - Independent director ( from October 15, 2020)<br>Ms. Anuradha Rao - Independent director<br>Mr. Michael Jude Fernandes - Nominee director<br>Mr. Vijay Nallan Chakravarthi - Nominee director<br>Mr Arunkumar Nerur Thiagarajan - Independent Director<br>Mr. T.S. Anantharaman - Nominee director (w.e.f. February 9, 2023)<br>Mr. Samir Shah - Nominee Director (upto December 28, 2022) |

Northern Arc Capital Limited
Annexure V - Consolidated summary material accounting policy information and other explanatory information
(All amounts are in Indian Rupees in millions unless otherwise stated)

44 **Related party disclosures (Continued)**

A. **Transactions during the year:**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Finreach Solutions Private Limited (w.e.f 30th April, 2022)** | | | |
| Investments | 44.91 | 39.44 | - |
| Guarantee Management Service Fee | 1.73 | 1.12 | - |
| Fee Income | - | 3.70 | - |
| **Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto 26th April, 2023)** | | | |
| Investments in Alternate Investment Funds | - | 250.00 | - |
| Distribution of surplus | 4.35 | 7.06 | - |
| Fee Income | 2.00 | - | - |
| Reimbursement of expenses | 0.33 | 0.35 | - |
| **IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024)** | | | |
| Distribution of surplus | 20.12 | - | - |
| Fee Income | 7.76 | - | - |
| Reimbursement of expenses | 5.00 | - | - |
| **Ms. Kshama Fernandes , CEO and MD - Upto March 31,2022 ; Non - Executive Director (w.e.f. April 1, 2022)** | | | |
| Remuneration and other benefits * | - | - | 24.01 |
| Commission | 6.50 | 7.09 | - |
| Sitting fees | 1.55 | 0.87 | - |
| Share based payment expense | - | 0.29 | 1.88 |
| Equity share capital | - | - | 2.47 |
| Share premium | - | - | 33.63 |
| **Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023)** | | | |
| Short term employee benefits | | | |
| - Remuneration and other benefits * | 21.55 | 25.13 | 2.47 |
| Share based payment expense | - | 0.25 | 1.40 |
| Equity share capital | - | - | 0.73 |
| Share premium | - | - | 9.14 |
| Post employment benefits | 6.18 | - | - |
| Receipt of money on issue of shares | 5.50 | - | - |
| **Mr. Atul Tibrewal, Chief Financial Officer ( from May 18, 2021)** | | | |
| Short term employee benefits | | | |
| - Remuneration and other benefits * | 19.06 | 17.33 | 14.67 |
| Share based payment expense | 5.72 | 3.94 | 5.52 |
| **Mr. P S Jayakumar - Independent director, Holding company** | | | |
| Commission | 9.00 | 8.45 | 3.27 |
| Sitting Fees | 1.90 | 1.15 | 1.55 |
| **Mr. Ashish Mehrotra, Managing Director & CEO (Director w.e.f 14 February 2022; Managing Director & CEO w.e.f April 1, 2022)** | | | |
| Short term employee benefits | | | |
| - Remuneration and other benefits * | 54.30 | 40.00 | 2.90 |
| Share based payment expense | 81.25 | 8.82 | 9.81 |
| Receipt of money on issue of shares | 21.00 | - | - |
| **Mrs. Srividhya, Company Secretary (upto November 20, 2023)** | | | |
| Short term employee benefits | | | |
| - Remuneration and other benefits * | 4.10 | 5.24 | 4.14 |
| Receipt of money on issue of shares | 1.87 | - | - |
| Share based payment expense | 0.06 | 0.20 | 0.26 |
| Post employment benefits | 1.76 | - | - |
| Advances given | 0.40 | - | - |
| Advances repaid | 0.40 | - | - |
| **Mr. Ashutosh Arvind Pednekar - Independent director** | | | |
| Sitting Fees | 1.65 | 0.87 | 1.30 |
| **Ms. Anuradha Rao - Independent director** | | | |
| Sitting Fees | 2.25 | 1.31 | 1.75 |
| **Mr Arunkumar Nerur Thiagarajan - Independent Director** | | | |
| Sitting Fees | 1.75 | 0.82 | - |
| **Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)** | | | |
| Short term employee benefits | | | |
| - Remuneration and other benefits * | 0.59 | - | - |
| Advances given | 0.03 | - | - |

* Amount attributable to post employment benefits (except actual payments) have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

B. **Balances as at year end:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Finreach Solutions Private Limited (w.e.f 30th April, 2022)** | | | |
| Investments | 84.35 | 39.44 | - |
| Trade Receivables | - | 3.70 | - |
| Trade Payables | 0.04 | 1.12 | - |
| **Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto 26th April, 2023)** | | | |
| Investments | - | 255.90 | - |
| **Ms. Kshama Fernandes , CEO and MD - Upto March 31,2022 ; Non - Executive Director (w.e.f. April 1, 2022)** | | | |
| Provision for share based payment | - | 21.77 | 21.48 |
| Employee stock option | - | - | - |
| **Ms. Bama Balakrishnan Executive Director and COO (upto November 13, 2023)** | | | |
| Provision for share based payment | - | 15.49 | 18.77 |
| Advances | - | - | - |
| Employee stock option | - | - | - |
| **Mr. Ashish Mehrotra, (Director w.e.f 14 February 2022; Managing Director & CEO w.e.f April 1, 2022)** | | | |
| Provision for share based payment | 99.48 | 18.63 | 9.81 |
| Advances | 1.03 | - | - |
| **Mr. P S Jayakumar - Independent director, Holding company** | | | |
| Commision Payable | 2.25 | - | - |
| **Mr. Atul Tibrewal, Chief Financial Officer ( from May 18, 2021), Holding company** | | | |
| Provision for share based payment | 15.18 | 9.46 | 5.52 |
| Advances | 0.40 | - | - |
| **Mrs. Srividhya, Company Secretary (upto November 20, 2023)** | | | |
| Provision for share based payment | - | 2.03 | 1.83 |
| **Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)** | | | |
| Advances | 0.03 | - | - |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**44 Related party disclosures (Continued)**
**44.2 Related party eliminations**
The following are the details of the transactions eliminated during the year ended March 31, 2024, March 31, 2023 and March 31, 2022 :

| Related Party Name | Nature of transaction | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **Northern Arc Capital Limited** | | | | |
| Pragati Finserv Private Limited | Interest income | - | - | 1.64 |
| Pragati Finserv Private Limited | Loans given | - | - | 30.50 |
| Pragati Finserv Private Limited | Loans repaid | - | - | 30.50 |
| Pragati Finserv Private Limited | Investment in Equity share | - | - | 225.34 |
| Pragati Finserv Private Limited | Transfer of assembled work force | - | 23.66 | - |
| Pragati Finserv Private Limited | Fees and commission expense | 963.23 | 385.03 | - |
| Pragati Finserv Private Limited | Other expenses | 1.24 | 10.48 | 1.37 |
| Pragati Finserv Private Limited | Reimbursement of expense | 1.73 | - | - |
| Northern Arc foundation | Other expenses | 31.30 | 35.05 | 16.53 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Reimbursement of expense | 40.30 | 33.65 | 0.01 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Distribution of surplus | 65.90 | 105.08 | 117.57 |
| Northern Arc Investment Managers Private Limited | Fee Income | - | 26.10 | 12.93 |
| Northern Arc Investment Managers Private Limited | Other expenses | 13.01 | 20.47 | 15.28 |
| Northern Arc Investment Managers Private Limited | Interest income | 36.31 | 8.91 | 21.38 |
| Northern Arc Investment Managers Private Limited | Loans given | 1,417.70 | 274.54 | 757.35 |
| Northern Arc Investment Managers Private Limited | Loans repaid | 452.67 | 393.17 | 832.20 |
| Northern Arc Investment Managers Private Limited | Sale of fixed assets | - | - | 1.05 |
| Northern Arc Investment Managers Private Limited | Reimbursement of expense | 40.41 | 4.59 | - |
| Northern Arc Investment Managers Private Limited | Transfer of security deposit | - | - | - |
| Northern Arc Investment Managers Private Limited | Sale of Investment | 1,086.88 | - | - |
| Northern Arc Investment Managers Private Limited | Receipt against ESOP receivable | 17.03 | - | - |
| Northern Arc Investment Adviser Services Private Limited | Transfer of security deposit | - | - | - |
| Northern Arc Investment Adviser Services Private Limited | Reimbursement of expense | 2.02 | 3.29 | - |
| Northern Arc Investment Adviser Services Private Limited | Receipt against ESOP receivable | - | - | 0.06 |
| Northern Arc Investment Adviser Services Private Limited | Other expense | 3.09 | - | - |
| Northern Arc Securities Private Limited (w.e.f. February 23, 2023) | Investment in Equity share | 5.00 | 10.00 | - |
| | | | | |
| **Northern Arc Investment Managers Private Limited** | | | | |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Distribution of Surplus | 5.36 | 28.51 | 28.51 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Management fees - Income | 18.54 | 8.10 | 8.16 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Reimbursement of expense | - | 0.77 | 0.18 |
| Northern Arc foundation | Other expenses | 2.40 | 1.93 | 1.10 |
| Northern Arc Capital Limited | Other expenses | 40.41 | 4.59 | - |
| Northern Arc Capital Limited | Finance costs | 36.31 | 8.91 | 21.38 |
| Northern Arc Capital Limited | Fee expense | - | 26.10 | 12.93 |
| Northern Arc Capital Limited | Reimbursement of expense | 13.01 | 20.47 | 15.28 |
| Northern Arc Capital Limited | Transfer of security deposit | - | - | - |
| Northern Arc Capital Limited | Borrowing availed | 1,417.70 | 274.54 | 757.35 |
| Northern Arc Capital Limited | Borrowing repaid | 452.67 | 393.17 | 832.20 |
| Northern Arc Capital Limited | Purchase of fixed asset | - | - | 1.05 |
| Northern Arc Capital Limited | Purchase of Investment | 1,086.88 | - | - |
| Northern Arc Capital Limited | Payment against ESOP Payable | 17.03 | - | - |
| | | | | |
| **Northern Arc Investment Adviser Services Private Limited** | | | | |
| Northern Arc Capital Limited | Transfer of security deposit | - | - | - |
| Northern Arc Capital Limited | Other expenses | 2.02 | 3.29 | - |
| Northern Arc Capital Limited | Payment against ESOP Payable | - | - | 0.06 |
| Northern Arc Capital Limited | Reimbursement of expense | 3.09 | - | - |
| | | | | |
| **IFMR Fimpact Long term credit fund (until November 22, 2023)** | | | | |
| Northern Arc Capital Limited | Other expenses | 40.30 | 33.65 | 0.01 |
| Northern Arc Capital Limited | Distribution of surplus | 65.90 | 105.08 | 117.57 |
| Northern Arc Investment Managers Private Limited | Distribution of surplus | 5.36 | 28.51 | 28.51 |
| Northern Arc Investment Managers Private Limited | Investment management fees | 18.54 | 8.10 | 8.16 |
| Northern Arc Investment Managers Private Limited | Other expenses | - | 0.77 | 0.18 |
| | | | | |
| **Pragati Finserv Private Limited** | | | | |
| Northern Arc Capital limited | Finance costs | - | - | 1.64 |
| Northern Arc Capital limited | Borrowings availed | - | - | 30.50 |
| Northern Arc Capital limited | Borrowings repaid | - | - | 30.50 |
| Northern Arc Capital limited | Issue of equity share capital | - | - | 225.34 |
| Northern Arc Capital limited | Transfer of assembled work force | - | 23.66 | - |
| Northern Arc Capital limited | Fees and commission income | 963.23 | 385.03 | - |
| Northern Arc Capital limited | Reimbursement of expenses | 1.24 | 10.48 | 1.37 |
| Northern Arc Capital limited | Other income | 1.73 | - | - |
| | | | | |
| **Northern Arc foundation** | | | | |
| Northern Arc Capital Limited | Other income | 31.30 | 35.05 | 16.53 |
| Northern Arc Investment Managers Private Limited | Other income | 2.40 | 1.93 | 1.10 |
| | | | | |
| **Northern Arc Securities Private Limited (w.e.f. February 23, 2023)** | | | | |
| Northern Arc Capital limited | Issue of equity share capital | 5.00 | 10.00 | - |

(All amounts are in Indian Rupees in millions unless otherwise stated)

The following are the details of the balances elimination as at year end March 31, 2024, March 31, 2023 and March 31, 2022 :

| Related Party Name | Nature of balances | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **Northern Arc Capital Limited** | | | | |
| Pragati Finserv Private Limited | Investments in shares | 225.34 | 225.34 | 225.34 |
| Pragati Finserv Private Limited | Receivable | 78.29 | 58.88 | - |
| Pragati Finserv Private Limited | Payable | 110.78 | 66.76 | - |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Investments in units | - | 834.30 | 1,085.20 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Receivable | - | 20.05 | 0.01 |
| Northern Arc foundation | Investments in shares | 0.10 | 0.10 | 0.10 |
| Northern Arc foundation | Receivable | 3.49 | 2.09 | - |
| Northern Arc Securities Private Limited (w.e.f. February 23, 2023) | Investments in shares | 15.00 | 10.00 | - |
| Northern Arc Securities Private Limited (w.e.f. February 23, 2023) | Receivable | 0.90 | 0.88 | - |
| Northern Arc Investment Adviser Services Private Limited | Investments in shares | 12.78 | 12.78 | 12.78 |
| Northern Arc Investment Adviser Services Private Limited | Receivable | 2.50 | - | - |
| Northern Arc Investment Adviser Services Private Limited | ESOP Receivable | - | 2.49 | 2.50 |
| Northern Arc Investment Adviser Services Private Limited | Advances | - | 1.19 | 3.10 |
| Northern Arc Investment Adviser Services Private Limited | Payable | - | 3.29 | - |
| Northern Arc Investment Managers Private Limited | Investments in shares | 36.10 | 36.10 | 36.10 |
| Northern Arc Investment Managers Private Limited | ESOP Receivable | 3.75 | 16.78 | 15.91 |
| Northern Arc Investment Managers Private Limited | Loans | 1,009.83 | 16.94 | 138.99 |
| Northern Arc Investment Managers Private Limited | Advances | 22.59 | 32.46 | 1.37 |
| Northern Arc Investment Managers Private Limited | Trade Payable | - | 22.01 | - |
| Northern Arc Investment Managers Private Limited | Payable | 5.85 | 4.59 | - |
| **Northern Arc Investment Adviser Services Private Limited** | | | | |
| Northern Arc Capital Limited | Equity share capital | 12.78 | 12.78 | 12.78 |
| Northern Arc Capital Limited | Esop Payable | 2.50 | 2.49 | 2.50 |
| Northern Arc Capital Limited | Advance received | - | 1.19 | 3.10 |
| Northern Arc Capital Limited | Payable | - | 3.29 | - |
| **Northern Arc Investment Managers Private Limited** | | | | |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Investments in units | - | 50.00 | 50.00 |
| IFMR Fimpact Long term credit fund (until November 22, 2023) | Receivable | - | 11.74 | 2.90 |
| Northern Arc Capital Limited | Payable | 22.59 | - | - |
| Northern Arc Capital Limited | Equity share capital | 36.10 | 36.10 | 36.10 |
| Northern Arc Capital Limited | ESOP payable | 3.75 | 16.78 | 17.28 |
| Northern Arc Capital Limited | Borrowings | 1,009.83 | 17.12 | 138.99 |
| Northern Arc Capital Limited | Payable | - | 32.46 | 1.37 |
| Northern Arc Capital Limited | Trade receivable | - | 22.01 | - |
| Northern Arc Capital Limited | Receivable | 5.85 | 4.59 | - |
| **IFMR Fimpact Long term credit fund (until November 22, 2023)** | | | | |
| Northern Arc Investment Managers Private Limited | Payable | - | 11.74 | 2.90 |
| Northern Arc Investment Managers Private Limited | Unit capital | - | 50.00 | 50.00 |
| Northern Arc Capital Limited | Unit capital | - | 834.30 | 1,085.20 |
| Northern Arc Capital Limited | Payable | - | 20.05 | 0.01 |
| **Pragati Finserv Private Limited** | | | | |
| Northern Arc Capital Limited | Equity share capital | 225.34 | 225.34 | 225.34 |
| Northern Arc Capital Limited | Payable | 78.29 | 58.88 | - |
| Northern Arc Capital Limited | Receivable | 110.78 | 66.76 | - |
| **Northern Arc Securities Private Limited (w.e.f. February 23, 2023)** | | | | |
| Northern Arc Capital Limited | Equity share capital | 15.00 | 10.00 | - |
| Northern Arc Capital Limited | Payable | 0.90 | 0.88 | - |
| **Northern Arc foundation** | | | | |
| Northern Arc Capital Limited | Payable | 3.49 | 2.09 | - |
| Northern Arc Capital Limited | Equity share capital | 0.10 | 0.10 | 0.10 |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**45** The details of the investments held by the group in the Alternative Investment Funds managed by the Company's wholly owned subsidiary, Northern Arc Investment Managers Private Limited, as disclosed in the respective standalone financial statements (aggregate amounts) are as follows:

| **Fund** | **For the year ended March 31, 2024** | | **For the year ended March 31, 2023** | |
|---|---|---|---|---|
| | **Purchases** | **Redemption #** | **Purchases** | **Redemption #** |
| IFMR Fimpact Investment Fund | - | - | - | - |
| IFMR Fimpact Long Term Multi Asset Fund | - | - | - | 642.82 |
| IFMR Fimpact Long Term Credit Fund | - | 556.22 | - | 218.64 |
| IFMR Fimpact Medium Term Opportunities Fund | - | - | - | 246.84 |
| IFMR Fimpact Income Builder Fund Fund | - | - | - | 232.34 |
| Northern Arc Money Market Alpha Trust Fund | 37,959.92 | 42,216.21 | 1,22,924.20 | 7,56,648.37 |
| Northern Arc India Impact Fund | 137.42 | 169.37 | 276.38 | - |
| Northern Arc Income Builder (Series II) Fund | - | 166.13 | 8.42 | 8.42 |
| Northern Arc Emerging corporates Bond Fund | 180.09 | 405.81 | 274.56 | - |

# represents the dividend received in respect of cum dividend investment

| **Fund** | **For the year ended March 31, 2022** | |
|---|---|---|
| | **Purchases** | **Redemption #** |
| IFMR Fimpact Investment Fund | - | - |
| IFMR Fimpact Long Term Multi Asset Fund | - | - |
| IFMR Fimpact Long Term Credit Fund | - | - |
| IFMR Fimpact Income Builder Fund | - | - |
| IFMR Fimpact Medium Term Opportunities Fund | - | 361.08 |
| IFMR Fimpact Income Builder Fund | - | - |
| Northern Arc Money Market Alpha Trust Fund | 715.01 | 500.00 |
| Northern Arc India Impact Fund | 420.00 | - |
| Northern Arc Income Builder (Series II) Fund | 1,222.42 | 973.91 |
| Northern Arc Emerging corporates Bond Fund | - | - |

# represents the dividend received in respect of cum dividend investment

| **Fund** | **Fair value changes** | | |
|---|---|---|---|
| | **For the year ended March 31, 2024** | **For the year ended March 31, 2023** | **For the year ended March 31, 2022** |
| IFMR Fimpact Long Term Multi Asset Fund | - | 8.30 | 66.40 |
| IFMR Fimpact Long Term Credit Fund | 37.94 | 104.94 | 141.21 |
| IFMR Fimpact Medium Term Opportunities Fund | - | 40.35 | 63.27 |
| IFMR Fimpact Income Builder Fund | - | 43.37 | 77.68 |
| Northern Arc Money Market Alpha Trust Fund | 5.19 | 15.74 | 61.54 |
| Northern Arc India Impact Fund | 27.26 | 107.92 | 8.22 |
| Northern Arc Income Builder (Series II) Fund | 43.74 | 56.25 | 8.08 |
| Northern Arc Emerging corporates Bond Fund | 22.66 | 7.17 | - |

**Outstanding balances (Investment) at carrying value**

| **Fund** | **As at March 31, 2024** | | **As at March 31, 2023** | |
|---|---|---|---|---|
| | **Units **** | **Carrying value** | **Units **** | **Carrying value** |
| IFMR Fimpact Long Term Multi Asset Fund | - | - | - | 3.44 |
| IFMR Fimpact Long Term Credit Fund # | 2,706.92 | 273.18 | 8,269.17 | 888.78 |
| IFMR Fimpact Medium Term Opportunities Fund | - | - | - | - |
| IFMR Fimpact Income Builder Fund | - | - | - | - |
| Northern Arc Money Market Alpha Trust Fund | 13,01,982.63 | 136.03 | 13,44,545.47 | 137.31 |
| Northern Arc India Impact Fund | 6,476.57 | 752.48 | 6,796.06 | 779.70 |
| Northern Arc Income Builder (Series II) Fund | 1,476.48 | 223.29 | 3,137.79 | 484.65 |
| Northern Arc Emerging corporates Bond Fund | 488.37 | 52.43 | 2,745.58 | 281.00 |

| **Fund** | **As at March 31, 2022** | |
|---|---|---|
| | **Units **** | **Carrying value** |
| IFMR Fimpact Long Term Multi Asset Fund | 6,428.16 | 528.89 |
| IFMR Fimpact Long Term Credit Fund # | 10,455.56 | 1,140.56 |
| IFMR Fimpact Medium Term Opportunities Fund | 2,468.35 | 279.46 |
| IFMR Fimpact Income Builder Fund | 2,323.43 | 292.61 |
| Northern Arc Money Market Alpha Trust Fund | 76,81,787.17 | 788.95 |
| Northern Arc India Impact Fund | 4,032.28 | 441.49 |
| Northern Arc Income Builder (Series II) Fund | 3,137.79 | 404.58 |
| Northern Arc Emerging corporates Bond Fund | - | - |

# Refer Note 9A
** The units disclosed are in absolute figures

(All amounts are in Indian Rupees in millions unless otherwise stated)

**46 Segment reporting**

The Group's operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or investments or guarantees, providing portfolio management, investment advisory and investment management services. The information relating to this operating segment is reviewed regularly by the Group's Board of Directors (Chief Operating Decision Maker (CODM)) to make decisions about resources to be allocated and to assess their performance.

The Group has four reportable segments Viz., Financing activity, Investment advisory services, Investment management services, Portfolio Management services. For each of the business, CODM reviews internal management reports on periodic basis.

**As of and for the year ended March 31, 2024**

| Particulars | Financing activity* | Investment advisory services | Investment Management services | Portfolio Management Services | Others/ Unallocated | Total reportable segments | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| **(i) Segment revenue (Within India)** | | | | | | | | |
| - External Revenue | 18,302.60 | - | 331.15 | 162.81 | 88.38 | 18,884.94 | - | 18,884.94 |
| - Inter segment revenue | 102.21 | - | 23.90 | - | 963.23 | 1,089.34 | (1,073.43) | 15.91 |
| **Total segment revenue** | 18,404.81 | - | 355.05 | 162.81 | 1,051.61 | 19,974.28 | (1,073.43) | 18,900.85 |
| *** Income from financing activities represents interest income** | | | | | | | | |
| | | | | | | | | |
| **(ii) Segment result before tax** | | | | | | | | |
| **Add:** | | | | | | | | |
| Other Income | 156.57 | - | 1.52 | - | 36.83 | 194.92 | (35.43) | 159.49 |
| | | | | | | | | |
| **Less:** | | | | | | | | |
| Finance costs | 7,258.64 | - | 36.31 | - | 5.215 | 7,300.17 | (36.31) | 7,263.86 |
| Fees and commission expense | 3,171.42 | - | - | - | - | 3,171.42 | (963.23) | 2,208.19 |
| Impairment on financial instruments | 1,231.35 | - | - | - | - | 1,231.35 | (6.97) | 1,224.38 |
| Employee benefits expenses | 1,796.10 | - | 101.93 | - | 518.04 | 2,416.07 | - | 2,416.07 |
| Depreciation and amortisation | 146.70 | - | 0.01 | - | 22.73 | 169.44 | - | 169.44 |
| Other expenses | 1,084.73 | 0.63 | 218.24 | 23.56 | 293.11 | 1,620.27 | (53.97) | 1,566.30 |
| **Restated profit/(loss) before tax** | **3,872.44** | **(0.63)** | **0.08** | **139.25** | **249.34** | **4,260.48** | **(58.10)** | **4,202.38** |
| | | | | | | | | |
| **(iii) Segment Assets (Within India)** | 1,16,195.66 | 39.76 | 1,673.19 | - | 710.52 | 1,18,619.13 | (1,542.54) | 1,17,076.59 |
| **(iv) Investments accounted for using equity method** | 84.35 | - | - | - | - | 84.35 | (45.49) | - |
| **(v) Segment liabilities** | 93,692.13 | 3.06 | 1,134.56 | - | 274.71 | 95,104.46 | (1,231.99) | 93,872.47 |
| **(vi) Capital Expenditure** | 213.39 | - | - | - | 30.01 | 243.40 | - | 243.40 |
| **(Vii) Share of profit/(loss) from investments** | - | - | - | - | - | - | 0 | |
| **accounted for using equity method** | - | - | - | - | - | - | (9.72) | (9.72) |

**As of and for the financial year period ended March 31, 2023**

| Particulars | Financing activity* | Investment advisory services | Investment Management services | Portfolio Management Services | Others/ Unallocated | Total reportable segments | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| **(i) Segment revenue (Within India)** | | | | | | | | |
| - External Revenue | 12,387.20 | 3.51 | 361.96 | 269.74 | 27.30 | 13,049.71 | - | 13,049.71 |
| - Inter segment revenue | 137.30 | - | 41.52 | - | 360.81 | 539.63 | (539.63) | - |
| **Total segment revenue** | 12,524.50 | 3.51 | 403.48 | 269.74 | 388.11 | 13,589.34 | (539.63) | 13,049.71 |
| *** Income from financing activities represents interest income** | | | | | | | | |
| **(ii) Segment result before tax** | | | | | | | | |
| **Add:** | | | | | | | | |
| Other Income | 54.25 | 0.26 | 0.36 | - | 48.87 | 103.74 | (41.45) | 62.29 |
| **Less:** | | | | | | | | |
| Depreciation and amortisation expense | 102.61 | - | 0.52 | - | 17.31 | 120.44 | - | 120.44 |
| Finance costs | 5,569.07 | - | 8.91 | - | 5.42 | 5,583.40 | (8.91) | 5,574.49 |
| Employee benefit expense | 1,095.74 | 1.64 | 99.70 | - | 310.34 | 1,507.42 | (18.17) | 1,489.25 |
| Fees and commission expense | 1,594.76 | - | - | - | - | 1,594.76 | (380.56) | 1,214.20 |
| Impairment on financial instruments | 389.44 | - | - | - | - | 389.44 | 2.70 | 392.14 |
| Other expenses | 796.63 | 0.91 | 166.90 | 36.32 | 155.59 | 1,156.35 | (65.85) | 1,090.50 |
| **Restated profit/(loss) before tax** | **3,030.50** | **1.22** | **127.81** | **233.42** | **(51.68)** | **3,341.27** | **(129.02)** | **3,212.25** |
| **(iii) Segment Assets (Within India)** | 92,047.44 | 39.92 | 597.41 | 2,006.27 | 366.65 | 95,057.69 | (1,341.97) | 93,715.72 |
| **(iv) Investments accounted for using equity method** | 295.34 | - | - | - | - | 295.34 | (22.68) | 272.66 |
| **(v) Segment liabilities** | 72,775.93 | 4.70 | 131.54 | 103.67 | 187.35 | 73,203.19 | (164.77) | 73,038.42 |
| **(vi) Capital Expenditure** | 139.35 | - | 0.52 | - | 42.09 | 181.96 | - | 181.96 |
| **(vii)Share of profit from investments accounted for using equity method** | - | - | - | - | - | - | (18.73) | (18.73) |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**As of and for the financial year period ended March 31, 2022**

| Particulars | Financing activity* | Investment advisory services | Investment Management services | Portfolio Management Services | Others/ Unallocated | Total reportable segments | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| **(i) Segment revenue (Within India)** | | | | | | | | |
| - External Revenue | 8,548.77 | 2.34 | 266.34 | 276.01 | 1.93 | 9,095.39 | - | 9,095.39 |
| - Inter segment revenue | 122.37 | - | 36.67 | - | - | 159.04 | (159.04) | - |
| **Total segment revenue** | **8,671.14** | **2.34** | **303.01** | **276.01** | **1.93** | **9,254.43** | **(159.04)** | **9,095.39** |
| *** Income from financing activities represents interest income** | | | | | | | | |
| **(ii) Segment result before tax** | | | | | | | | |
| **Add:** | | | | | | | | |
| Other Income | 70.06 | - | - | - | 17.33 | 87.39 | (17.33) | 70.06 |
| **Less:** | | | | | | | | |
| Depreciation and amortisation expense | 91.19 | - | 0.53 | - | 4.04 | 95.76 | - | 95.76 |
| Finance costs | 4,102.69 | - | 21.38 | - | 5.67 | 4,129.74 | (23.02) | 4,106.72 |
| Employee benefit expense | 877.16 | 1.83 | 72.86 | - | 27.57 | 979.42 | - | 979.42 |
| Fees and commission expense | 527.32 | - | - | - | - | 527.32 | - | 527.32 |
| Impairment on financial instruments | 368.47 | - | - | - | - | 368.47 | (3.38) | 365.09 |
| Other expenses | 503.47 | 0.83 | 88.40 | 36.38 | 24.02 | 653.10 | (45.85) | 607.25 |
| **Restated profit/(loss) before tax** | **2,270.90** | **(0.32)** | **119.84** | **239.63** | **(42.04)** | **2,588.01** | **(104.12)** | **2,483.89** |
| **(iii) Segment Assets (Within India)** | 78,352.08 | 41.14 | 595.90 | 2,044.33 | 267.44 | 81,300.89 | (1,559.73) | 79,741.16 |
| **(iv) Investments accounted for using equity method** | - | - | - | - | - | - | - | - |
| **(v) Segment liabilities** | 61,252.93 | 6.87 | 220.22 | 82.09 | 59.40 | 61,621.51 | (201.47) | 61,420.04 |
| **(vi) Capital Expenditure** | 61.56 | - | 1.05 | - | 41.46 | 104.07 | - | 104.07 |
| **(vii)Share of profit from investments accounted for using equity method** | - | - | - | - | - | - | - | - |

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Reconciliation of profits** | | | |
| Segment results | 4,260.48 | 3,341.27 | 2,588.01 |
| Impairment on financial instruments | - | (2.70) | (0.21) |
| Share of loss from assocaites | (9.72) | (18.73) | (10.48) |
| Net gain on fair value changes | (55.35) | (107.59) | (93.43) |
| **Segment result before tax** | **4,195.41** | **3,212.25** | **2,483.89** |
| | | | |
| **Reconciliation of assets** | | | |
| Segment Assets | 1,18,619.13 | 95,057.69 | 81,300.89 |
| Trade receivables | (112.25) | (66.75) | - |
| Loans | (1,002.86) | (16.94) | (138.98) |
| Investments | (289.32) | (896.13) | (1,414.86) |
| Other financial assets | (110.09) | (112.66) | (23.35) |
| Deferred tax assets (net) | - | 5.70 | - |
| Goodwill | 17.46 | 17.46 | 17.46 |
| Investments in Associate | (45.49) | (272.65) | - |
| **Total Assets** | **1,17,076.58** | **93,715.72** | **79,741.16** |
| | | | |
| **Reconciliation of liabilities** | | | |
| Segment liabilities | 95,104.46 | 73,203.19 | 61,621.51 |
| Trade payables | (110.78) | (40.11) | (23.35) |
| Borrowings (Other than debt securities) | (1,009.83) | (16.94) | (138.98) |
| Other financial liabilities | (111.38) | (107.72) | (39.14) |
| **Total liabilities** | **93,872.47** | **73,038.42** | **61,420.04** |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**47 Impact of hedging activities**

**a) Disclosure of effects of hedge accounting on balance sheet:**

**As at March 31, 2024**

| Type of hedge risks | Notional Amount | Carrying amount of hedging instrument | | Maturity Date | Changes in fair value of hedging | Change in the value of hedged item as the basis for recognising hedge | Line item in Balance Sheet |
|---|---|---|---|---|---|---|---|
| Cash flow hedge | | Assets | Liabilities | | | | |
| Cross currency swaps | 8,425.69 | 534.62 | 18.85 | November 15, 2025 to December 15,2026 | (57.23) | 57.23 | Borrowings (Other than debt securities) |
| Forward contract | - | 5.41 | - | September 29, 2024 | 5.41 | (5.41) | Borrowings (Other than debt securities) |
| Overnight Indexed Swap | 5,932.50 | 8.17 | 11.01 | December 15, 2026 to September 21, 2027 | (17.58) | 17.58 | - Debt Securities<br>- Borrowings (Other than debt securities) |

**As at March 31, 2023**

| Type of hedge risks | Notional Amount | Carrying amount of hedging instrument | | Maturity Date | Changes in fair value of hedging instrument | Change in the value of hedged item as the basis for recognising hedge effectiveness | Line item in Balance Sheet |
|---|---|---|---|---|---|---|---|
| Cash flow hedge | | Assets | Liabilities | | | | |
| Cross currency swaps | 10,553.43 | 587.93 | 14.93 | November 15, 2025 to September 15,2026 | 624.65 | (624.65) | Borrowings (Other than debt securities) |
| Overnight Indexed Swap | 5,932.50 | 22.55 | 7.83 | December 15, 2026 to September 21, 2027 | 14.72 | (14.72) | - Debt Securities<br>- Borrowings (Other than debt securities) |

**As at March 31 2022**

| Type of hedge risks | Notional Amount | Carrying amount of hedging instrument | | Maturity Date | Changes in fair value of hedging instrument | Change in the value of hedged item as the basis for recognising hedge effectiveness | Line item in Balance Sheet |
|---|---|---|---|---|---|---|---|
| Cash flow hedge | | Assets | Liabilities | | | | |
| Cross currency swaps | 8,070.90 | 11.00 | 62.65 | November 15, 2025 to March 4, 2026 | 38.20 | (38.20) | Borrowings (Other than debt securities) |
| Forward contract | 2,500.00 | 4.19 | 1.73 | July 18, 2022 to August 23, 2022 | 2.45 | (2.45) | |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**b) Disclosure of effects of hedge accounting on profit and loss:**

**For the year ended March 31, 2024**

| Type of hedge | Change in value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in statement of profit and loss | Amount reclassified from cash flow hedge reserve to statement of profit and loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash flow hedge** | | | | |
| Cross currency swaps | (57.23) | - | - | NA |
| Forward Contract | 5.41 | - | - | NA |

| Type of hedge | Change in value of the hedging instrument recognised in statement of profit and loss | Hedge ineffectiveness recognised in statement of profit and loss | Amount reclassified from cash flow hedge reserve to statement of profit and loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Fair value hedge** | | | | |
| Overnight Indexed Swap | (17.58) | - | - | NA |

**For the year ended March 31, 2023**

| Type of hedge | Change in value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in statement of profit and loss | Amount reclassified from cash flow hedge reserve to statement of profit and loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash flow hedge** | | | | |
| Cross currency swaps | 624.65 | - | - | NA |

| Type of hedge | Change in value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in statement of profit and loss | Amount reclassified from cash flow hedge reserve to statement of profit and loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Fair value hedge** | | | | |
| Overnight Indexed Swap | 14.72 | - | - | NA |

**For the year ended March 31, 2022**

| Type of hedge | Change in value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in statement of profit and loss | Amount reclassified from cash flow hedge reserve to statement of profit and loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash flow hedge** | | | | |
| Cross currency swaps | 38.20 | - | - | NA |
| Forward Contract | 2.45 | - | - | NA |

**48 Business Combination - Acquisitions during the year ended March 31, 2023**

**A) Acquisition of identified assets and liabilities of S.M.I.L.E Microfinance Limited**

During the previous year ended March 31, 2023, the holding company had acquired specifically identified assets and liabilities of S.M.I.L.E Microfinance Limited (S.M.I.L.E), a un-listed company based in India. The excess of the purchase consideration over the value of specifically identified assets and liabilities resulted in a goodwill of INR 208.51 Million for the holding company, which comprises the value of expected synergies arising from the acquisition and Intangibles assets recognised in accordance with Ind AS 38 (ie, Technical know-how, Non Compete, Order book etc). The entire amount of goodwill is considered to be associated with Pragati portfolio (CGU), which is part of the business of the holding company (arranging or facilitating or providing finance either in the form of loans or investments or guarantees).

**B) Assets and Liabilities assumed:** The fair values of the identifiable assets and liabilities as at the date of acquisition were:

| Particulars | Amount |
|---|---|
| **Assets:** | |
| ***Financial assets:*** | |
| Cash and cash equivalents | 43.38 |
| Bank Balances other than cash and cash equivalents | 16.19 |
| Loans at Fair Value | 2,321.83 |
| Loans given to staff - at amortised cost | 1.10 |
| Other Financial assets | 10.70 |
| ***Non-financial assets:*** | |
| Property, Plant and Equipment | 8.53 |
| Intangible assets | 3.01 |
| Right of Use | 0.84 |
| Other non-financial assets | 15.08 |
| **Total Assets (A)** | **2,420.66** |
| **Liabilities:** | |
| ***Financial liabilities:*** | |
| Borrowings (including loans given by NACL) | 1,472.22 |
| Trade payables | 2.88 |
| Lease liabilities | 0.92 |
| Other financial liabilities | 1.45 |
| ***Non-financial liabilities:*** | |
| Provisions (including employee benefits) | 49.50 |
| Other non financial liabilities | 9.58 |
| **Total Liabilities (B)** | **1,536.55** |
| **Net Assets taken over (C=A-B)** | **884.11** |
| Purchase Consideration (F) | 1,116.29 |
| **Goodwill on acquisition (F-E)** | **232.18** |
| **Less: Transferred to Subsidiary** | **(23.66)** |
| **Balance goodwill** | **208.52** |

**Other Matters**

i The fair value of the Loans amounts to INR 2,321.83 millions. The gross amount of loans is INR 2,928.79 millions. However, none of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.
The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:
•An assumed discount rate of 23.88%
•There is no terminal value since the entire loan is estimated to end before three years.

ii The entire purchase consideration was paid through cash. There is no contingent consideration to be paid as per the definite agreements and transactions has to be recognised separately from acquisition of assets and assumption of liabilities.

iii The goodwill of INR 208.52 millions comprises the value of expected synergies arising from the acquisition and Intangibles assets recognised in accordance with Ind AS 38 (ie, Technical know-how, Non Compete, Order book etc). None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, the business contribution on revenue and Profit/ (Loss) before tax from continuing operations of the Company during the perious year is as follows:

| Particulars | Amount in millions |
|---|---|
| Revenue | 991.10 |
| Profit/ (Loss) before tax from continuing operations | 518.27 |

iv Transaction costs of ₹ 2.26 million was expensed and included in other expenses in the previous year.
v The deferred tax liability mainly comprises the tax effect of the fair value of tangible and intangible assets due to the acquisitions.
vi If the combination had taken place at the beginning of the year ended 31st March 2023, the contribution to group's revenue from operations and profit before tax would have been as follows

| Particulars | Amount in millions |
|---|---|
| Revenue | 991.10 |
| Profit / (Loss) before tax from continuing Operation | 518.27 |

(All amounts are in Indian Rupees in millions unless otherwise stated)

**A) Goodwill Impairment**

The Holding performed its annual impairment test for year ended March 31, 2024 and March 31, 2023. The Group considers the relationship between recoverable value of net assets taken over and its carrying value, among other factors, when reviewing for indicators of impairment. As at March 31, 2024 and March 31, 2023 , the recoverable value of the net assets taken over was higher than the carrying value and no other indicators of impairment were identified. Therefore, no impairment loss allowance is provided for the year ended March 31, 2024 and March 31, 2023.

| Particulars | Goodwill | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| **Pragathi** | 208.51 | 208.51 |
| **NAIM** | 16.88 | 16.88 |
| **NAIA** | 0.58 | 0.58 |
| **Total** | **225.97** | **225.97** |

**Specified assets taken over – CGU**

The recoverable amount of the CGU, INR 8044.11 millions as at March 31, 2024, has been determined based on a value in use calculation using future cash flows from existing loan asset balances. The future cash flows have been adjusted for the direct service cost that will be incurred for the purpose of servicing the loan assets. The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 7.16%. It was concluded that the recoverable value or value in use exceeded the carrying value of the loan assets. As a result of this analysis, management has not recognised any impairment charge in the current or previous year.

**Assumptions:**

a. Discount rate of 7.16% used represents the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the portfolio.

**B) Goodwill in Subsidiary:**

| Particulars | Pragati Finserv Private Limited | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| **Opening Balance** | 14.73 | 23.67 |
| **Less: Impairment** | (5.93) | (8.94) |
| **Total** | **8.80** | **14.73** |

These goodwill related to transfer of employees from S.M.I.L.E Microfinance Limited (acquired entity as specified above) to Pragati. Impairment on the same is made annually by considering the attrition of employees.

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(All amounts are in Indian Rupees in millions unless otherwise stated)

**49 Impact of Covid 19**

**March 31, 2022**

The COVID-19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022, Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses However with the gradual lifting of the lockdown restrictions during the year, the operations of the Group have returned to normal levels of activity. The Group has been lending actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrices of the Group have improved from the prior year and the Group has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Group the impact of COVID 19 on its financial metrices are no longer significantly uncertain. The Group has evaluated the impact on the business and operations of the Group as at March 31, 2022 and of the view that it does not have any material impact on the financial results of the Group on the basis of the facts and events upto the date of approval of these financial statements/results

However in view of the dynamic nature of the pandemic, the Group will continue to monitor future events / developments that may result in an adverse effect on the business and operations of the Group.

**50 Other Statutory Information***

A **For the year ended March 31, 2024**

The Group is maintaining its books of accounts in electronic mode and these books of accounts are accessible at all time and the back-up of books of accounts has been kept in servers physically located in india on a daily basis from the applicability date of the Accounts rule, i.e August 5, 2022 onwards. Also refer note 51.

**For the year ended March 31, 2023**

Proper books of account as required by law have been kept by the group. Back-up of the books of account and other books and papers maintained in electronic mode on servers physically located in India, except in case of books of accounts maintained in electronic mode with respect to certain application maintained by third parties. In respect of such application, the backups are taken on a periodic basis and maintained outside India. Subsequent to the year end, the parent company is taking steps to ensure backups for such applications maintained by third party are taken on a daily basis in a server physically located in India.

B Stage wise Overdue (DPD) based Loan disclosure

| Particulars | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Count | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross amount | | | | | |
| Accounts with No Overdues | 16,33,093 | 89,688.42 | 45.02 | 13.18 | 89,746.62 |
| Accounts with Overdues | 1,75,351 | 1,744.60 | 1,174.94 | 487.15 | 3,406.69 |
| **Total** | **18,08,444** | **91,433.02** | **1,219.96** | **500.33** | **93,153.31** |

| Particulars | As at March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Count | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross amount | | | | | |
| Accounts with No Overdues | 9,85,324 | 67,881.41 | 250.74 | 44.33 | 68,176.48 |
| Accounts with Overdues | 1,86,826 | 761.54 | 275.09 | 586.76 | 1,623.39 |
| **Total** | **11,72,150** | **68,642.95** | **525.83** | **631.09** | **69,799.87** |

| Particulars | As at March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Count | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross amount | | | | | |
| Accounts with No Overdues | 1,60,842 | 38,055.08 | 74.95 | 0.94 | 38,130.97 |
| Accounts with Overdues | 56,911 | 5,496.74 | 7,895.69 | 529.56 | 13,921.99 |
| **Total** | **2,17,753** | **43,551.82** | **7,970.64** | **530.50** | **52,052.96** |

C **For the year ended March 31, 2024**

(i) The Group does not have any transactions with companies struck off as per section 248 of Companies Act, 2013, except as stated below:

| Name of the Struck off Company | Nature of transactions | Balance as at | | | Relationship with the Struck off company |
|---|---|---|---|---|---|
| | | March 31, 2024 | March 31, 2023 | March 31, 2022 | |
| TVMServer Hosting Solutions Private | Loans | - | 0.19 | - | None |

**For the year ended March 31, 2024, March 31, 2023 and March 31, 2022**

(ii) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv)The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

As part of the normal business, the Group invests in Alternate Investment Fund managed by the subsidiary of the Company and also lends loan to the subsidiary for onward investment into these AIFs. The AIFs invests in debt instruments issued by various originators based on decision made by the investment committee of the respective funds. These transactions are part of the Group's normal investment activities/ business, which is conducted after exercising proper due diligence including adherence to terms of private placement memorandum of respective AIFs and other guidelines. Other than the nature of transactions described above: ((v) & (vi))

(v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

* Disclosure applicable only for NACL, NAIM, NAIA, NAF, Northern Arc Securities Private Limited and Pragati Finserv Private Limited in the group.

**51 Audit trial as per MCA Requirement (For the year ended March 31, 2024)**

The Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that

a. in respect of general ledger application which is a (SaaS), cloud-based service provided by a third party, the audit trail feature was enabled, operated throughout the year and was not tampered with at the application level. However, management is not in possession of Service Organisation Controls report to determine whether audit trail feature of the said application was enabled and operated throughout the year for all relevant transactions recorded in the application at a database level. In respect to the underlying database for SaaS application, any change to the supporting database can only be made using a service request to third party vendor support team. The management is in discussion with the third-party software service provider to report on the audit trail feature in their Service Organisation Controls report going forward.

b. the holding company uses various loan management systems (LMS) for the various loan products offered. Management is not in possession of Service Organization Controls report to determine whether audit trail feature of LMS managed by third party was enabled and operated throughout the year. Further, for the loan management systems, there are system limitation in testing the operation of audit trail feature. The Company is in discussion with the vendor of the application to assess feasibility to enable testing of such feature as per the requirements of regulation. The Company currently relies on alternate manual controls in place around reports produced from the loan management systems.

The subsidiary companies and associate company which are companies incorporated in India and whose financial statements have been audited under the Act, have used accounting software for maintaining their respective books of account which has a feature of recording audit trail (edit log) facility, and the same has operated throughout the year for all relevant transactions recorded in the software, except that

a. In respect of Northern Arc Investment Managers Private Limited and Northern Arc Investment Advisers Private Limited, management is not in possession of Service Organisation Controls report to determine whether audit trail feature of the said application was enabled and operated throughout the year for all relevant transactions recorded in the application at a database level.

b. In respect of Pragathi Finserv Private Limited, the audit trail feature was enabled from May 29,2023 for all relevant transactions recorded in the software used.

(All amounts are in Indian Rupees in millions unless otherwise stated)

**52 Statement of adjustments to audited consolidated financial statements**

The accounting policies applied as at and for each of the years ended March 31, 2023 and March 31, 2022 are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2024..

Material Restatement Adjustments:
These Restated Consolidated Summary Statements have been compiled from the Historical Audited Consolidated Financial Statements and
(a) there were no changes in accounting policies during the yearss of these consolidated financial statements
(b) there were no material amounts which have been adjusted for in arriving at profit/ loss of the respective years; and
(c) there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Historical Audited Consolidated Financial Statements of the Group and the requirements of the SEBI Regulations.

**Material Regroupings:**
In the month of March 2023, Companies (Indian Accounting Standards) Rules, 2015 has been further amended vide the Government Notification dated March 31, 2023 to include certain additional presentation and disclosures requirements and changes to some of the existing requirements, which was applicable to the Company for preparation and presentation of its financial statements from financial year starting April 01, 2023. It may be noted that in preparing and presenting the financial statements for the years ended March 31, 2023 and March 31, 2022, the Company had reclassified the comparative figures, as applicable, in accordance with the requirements of the Ind AS and above stated Government notification. Accordingly, this Restated Summary Statements has been prepared based on the above requirements. The adoption of the said amendments does not impact recognition and measurement principles followed for preparation of the audited financial statements.

**A Reconciliation of total equity as per audited consolidated financial statements with total equity as per Restated Consolidated Financial Statements**

Summarised below are the restatement adjustments made to the total equity as per the audited consolidated financial statements of the Group for the years ended March 31, 2024, March 31, 2023 and March 31, 2022:

| **Particulars** | **As at 31 March 2024** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|---|
| Total equity (as per audited consolidated financial statements) | 23,204.11 | 20,677.30 | 18,321.12 |
| **Adjustments due to prior period items / other adjustments** | | - | - |
| **Total equity (as per Restated Consolidated Summary Statements)** | **23,204.11** | **20,677.30** | **18,321.12** |

**B Reconciliation of total comprehensive income as per audited consolidated financial statements with total comprehensive income as per Restated Consolidated Summary Statements**

Summarised below are the restatement adjustments made to total comprehensive income as per the audited consolidated financial statements of the Group for the years ended March 31, 2024, March 31, 2023 and March 31, 2022.

| **Particulars** | **For the year ended March 31, 2024** | **For the year ended March 31, 2023** | **For the year ended March 31, 2022** |
|---|---|---|---|
| **A. Total comprehensive income as per audited consolidated financial statements** | 3,379.47 | 2,275.98 | 1,484.68 |
| **B. Adjusments** | | | |
| **Material restatement adjustments:** | | | |
| **(i) Audit qualifications** | - | - | - |
| **Total** | - | - | - |
| **(ii) Adjustments due to prior period items / other adjustments** | - | - | - |
| **Total** | - | - | - |
| **(iii) Deferred tax impact on adjusments in (i) and (ii) as applicable** | - | - | - |
| **Total** | - | - | - |
| **C. Total impact of adjustments (i+ii+iii)** | - | - | - |
| **D. Total comprehensive income as per Restated Consolidated Summary Statements (A+C)** | **3,379.47** | **2,275.98** | **1,484.68** |

**C Other non adjusting items**

**As at and for the year ended March 31, 2024**
Modification in audit report with respect to books of accounts:

In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors, except for the matters stated in the paragraph (f) below on reporting under Rule 11(g);

The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g).

Based on our examination which included test checks and as explained in note 51 and that performed by the respective auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company, subsidiaries and associate have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except for the instances mentioned below. Further, for the applications and periods for which audit trail feature is enabled and operated, we and respective auditors of the subsidiaries and associate did not come across any instance of audit trail feature being tampered with:

As regards the Holding Company:

In respect of application relating to general ledger, the audit trail feature at the database level could not be commented in the absence of Service Organisation Report from the third party service provider;
In respect of Loan Management systems, such applications either have limitation in those applications in obtaining relevant information with regard to audit trail due to which we are unable to perform testing of audit trail feature, or for third party managed loan management systems, the service organization controls (SOC) report covering the audit trail feature was not available;

As regards subsidiary companies incorporated in India:

In respect of two subsidiaries, in the absence of Service Organisation Report from the third party service provider, the audit trail feature at the database level could not be commented upon;
In respect of one subsidiary, the audit trail feature, was enabled for only part of the year for all relevant transactions recorded in the software used;

**Clause (i)(b) of CARO:**
The Company has a planned programme of physically verifying property plant and equipment once in three years, However, such Property, Plant and Equipment have not been completely physically verified by the management during the year as per the planned programme. No material discrepancies were noticed to the extent assets were physically verified.

**Clause (vii)(a) of CARO:**
Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases

**Northern Arc Investment Managers Private Limited:**
**Clause (vii)(a) of CARO:**
Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

**V. Adverse Remark in the Auditors' report with reference to the financial statements**

**As at and for the year ended March 31, 2023**

In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statement have been kept so far as it appreas from our examination of those books and reports of the other auditors, except that the Company does not have server physically located in India for the daily backup of certain books of account and ther books and papers maintained in electronic mode on daily basis as stated in note 50 of the financial statement .

**Clause (vii)(a) of CARO :**

**Northern Arc Capital Limited**

The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, goods and service tax, cess and other statutory dues applicable to it. However, there are delays in depositing of employee state insurance dues. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, except in case of employees' state insurance which were outstanding, at the year end for a period of more than six months from the date they became payable, as follows:

| Name of the Statute | Nature of the Due | Amount - INR in millions | Period to which amount relates | Due Date | Date of Payment | Remarks, if any |
|---|---|---|---|---|---|---|
| Employees' State Insurance Corporation | ESI Payable | 0.04 | January 22 to October 22 | 15th of the following month | Not Paid | NA |
| Employees' State Insurance Corporation | ESI Payable | 0.02 | Mar-23 | 15-Apr-23 | 17-Apr-23 | NA |

**Pragati Finserv Private Limited**

The Company has generally been regular in depositing undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Service Tax, Duty of Excise, Value Added Tax , Cess and any other statutory due to the appropriте authoriate except for the followings. Pending Profession Tax Registration an amount of Rs. 2,322/- and Rs. 1,100/- of undisputed due towards remittance of Professional tax deductions in the states to Madhya Pradesh And Jharkhand repectively remains to be paid for more than six months as on March 31, 2023.

**53 Events after reporting period (till date of adoption of respective historical consolidated financial statements)**
**For the year ended March 31, 2024**

Subsequent to year end, the holding company made private placement offer and raise funds up to INR 3819.99 million by offering and issuing

(i) 84,91,048 Series C CCPS having a face value of INR 20 each for a consideration of INR 391 per Series C CCPS, amounting to a consideration of INR 3319.99 million and;

(ii) 12,78,772 Series C2 CCPS having a face value of INR 20 each for a consideration of INR 391 per Series C2 CCPS, amounting to a consideration of INR 499.99 million on a private placement basis by way of preferential allotment pursuant to the approbal by the Board of Directors at its meeting held on April 04, 2024 which was followed by the approval of shareholders in the Extraordinary General Meeting held on April 15, 2024.

**For the year ended March 31, 2022**
During the year ended March 31, 2022 on February 22, 2022, the Group entered into a business transfer agreement with S.M.I.L.E Microfinance Limited towards purchase of specified business undertaking covering specified assets, liabilities, systems and processes, subject to completion of certain conditions precedent. Upon completion of the conditions precedent and payment of consideration amounting to Rs 1116.29 Million, the Group purchased the undertaking on April 12, 2022. This financial statements/results does not reflect the results of this transaction effective subsequent to March 31, 2022. Management is in the process of determining the fair value of assets, liabilities and the goodwill arising out of the take over as per the requirements of INDAS 103.

As per our report of even date attached
**for S.R. Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm Registration no.: 101049W/E300004

For and on behalf of the board of directors of
**Northern Arc Capital Limited**
CIN: U65910TN1989PLC017021

**per Bharath N S**
*Partner*
ICAI Membership No. 210934

**P.S. Jayakumar**
Chairman
DIN : 01173236

**Ashish Mehrotra**
Managing Director
and Chief Executive Officer
DIN: 07277318

**Atul Tibrewal**
Chief Financial Officer

**Prakash Chandra Panda**
Company Secretary
Membership No: A22585

Place : Chennai
Date : August 6, 2024

Place : Mumbai
Date : August 6, 2024

## OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

| Particulars | As at and for the year ended March 31, 2024 | As at and for the year ended March 31, 2023 | As at and for the year ended March 31, 2022 |
|---|---|---|---|
| Restated earnings per equity share of ₹10 each- Basic (in ₹)(1) | 34.61 | 25.85 | 19.52 |
| Restated earnings per equity share ₹10 each - Diluted (in ₹)(1) | 23.40 | 17.38 | 13.09 |
| Return on net worth (%)(2) | 13.32 | 11.76 | 9.92 |
| Net asset value per equity share (in ₹)(3) | 177.06 | 150.01 | 133.54 |
| EBITDA (₹ million)(4) | 11,635.65 | 8,907.18 | 6,686.37 |

(1) *Restated earnings per equity share of ₹10 each – Basic and Restated earnings per equity share of ₹10 each – Diluted are calculated in accordance with Ind AS 33 – Earnings per share, prescribed under the Companies (Indian Accounting Standard) Rules, 2015*

(2) *Return on net worth %:*
*Return on Net Worth (%) is calculated as Restated Profit for the year attributable to Owners of the holding company as a percentage of Net Worth.*

(3) *Net assets value per equity share (in ₹):*
*Net asset value per equity share is calculated as net worth as of the end of relevant year divided by the total number of equity shares and instruments entirely equity in nature outstanding at the end of such year*

(4) *EBITDA:*
*EBITDA represents restated profit after tax after adding back total tax expenses, finance costs and depreciation and amortization of the relevant year.*

*Accounting and other ratios are derived from the Restated Consolidated Summary Statements.*

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company as at and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022 (the "**Audited Financial Statements**") are available on our website at www.northernarc.com/investor.

*Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements and the reports thereon do not constitute, a part of this Red Herring Prospectus; or the Prospectus, a statement in lieu of a Prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements and the reports thereon should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision.*

## RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards *i.e.*, Ind AS 24 – Related Party Disclosures, read with the SEBI ICDR Regulations, as at and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, and as reported in the Restated Consolidated Summary Statements, see "*Restated Consolidated Summary Statements – Related party disclosures*" beginning on page 428.

## CAPITALIZATION STATEMENT

The following table sets forth our Company's capitalization as on March 31, 2024, derived from Restated Consolidated Summary Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors*" on pages 448 and 38, respectively.

| **Particulars** | **As at March 31, 2024** | **As adjusted for the proposed Offer*** |
|---|---|---|
| | (*₹ million, unless indicated otherwise*) | |
| Debt securities | 14,137.25 | [●] |
| Borrowings (Other than debt securities) | 76,340.31 | [●] |
| Subordinated liabilities | - | [●] |
| **Total borrowings (A)** [(1)] | **90,477.56** | **[●]** |
| | | |
| **Equity** | | |
| - Equity share capital | 893.85 | [●] |
| - Instruments entirely equity in nature | 826.46 | [●] |
| - Other Equity | 21,423.54 | [●] |
| - Non-controlling interest (NCI) | 60.26 | [●] |
| **Total equity (B)** | **23,204.11** | **[●]** |
| | | |
| **Ratio: Total borrowings/ Total Equity (A/B)** | **3.90** | **[●]** |

**These amounts (as adjusted for the Offer) are not determinable at this stage pending the completion of the book building process and hence have not been furnished.*

*[(1)]Total Borrowings represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) as of the last day of the relevant Fiscal. Also see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
*[(2)] Subsequent to March 31, 2024, our Company allotted:*
*(i) 311,966 Equity Shares of face value of ₹10 each pursuant to the exercise of options under ESOP Scheme; and*
*(ii) 52,616,624 Equity Shares of face value of ₹10 each pursuant to the conversion of 51,093,024 CCPS.*

## FINANCIAL INDEBTEDNESS

Our Company has availed loans and entered into other financing arrangements in the ordinary course of business, typically for the purposes of on-lending and for working capital and general corporate purposes. For the purposes of the Offer, our Company has obtained the necessary consents required under the relevant documentation for its borrowings in relation to the Offer, including for undertaking activities such as change in its capital structure, change in its shareholding pattern or change or amendment to the constitutional documents of our Company. For details regarding the borrowing powers of our Board, see "*Our Management – Borrowing Powers of our Board*" on page 340. Also see "*Risk Factors– We are subject to certain conditions and restrictions in terms of our financing arrangements and we have not been in compliance with certain of these covenants in the past. An inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and results of operations"* on page 44.

A brief summary of the financial indebtedness of our Company as of March 31, 2024 is disclosed below:(1)

| Nature of Borrowing | Amount Sanctioned as of March 31, 2024 | (%) of Total Borrowings | Amount Outstanding as of March 31, 2024 | (%) of Total Borrowings |
|---|---|---|---|---|
| | *(₹ million)* | | | |
| *Secured Borrowings* | | | | |
| Term loans (including external commercial borrowings) | 94,570.84 | 77.21% | 66,207.62 | 73.18% |
| Cash credit, working capital and overdraft facilities (including overdraft facilities against fixed deposits limits) | 7,960.00 | 6.50% | 7,278.75 | 8.04% |
| Non-convertible debentures(2) | 12,361.00 | 10.09% | 9,844.88 | 10.88% |
| Pass through certificates | 3,149.90 | 2.57% | 2,853.95 | 3.15% |
| *Unsecured Borrowings* | | | | |
| Term loans | Nil | Nil | Nil | Nil |
| Non-convertible debentures(2) | Nil | Nil | Nil | Nil |
| Commercial papers | 4,450.00 | 3.63% | 4,292.36 | 4.75% |
| **Total** | **122,491.74** | **100%** | **90,477.56** | **100%** |

*(1) As certified by M/s Kumbhat & Co, Chartered Accountants, by way of their certificate dated September 9, 2024.*
*(2) Includes both listed and unlisted NCDs*

Key ratios in relation to our fund based facilities, as of March 31, 2024 are disclosed below:

| Particulars | As of March 31, 2024 |
|---|---|
| Loans and Investments* to Total Assets Ratio (%) | 93.87 |
| Net Stage 3 Loans and Investments as % of Total Loans and Investments | 0.08 |
| Provision Coverage Ratio – Stage 3 Assets (%) | 82.67 |

**Net Carrying amount derived from Restated Consolidated Summary Statements*

Additionally, our Company enters into derivative contracts to hedge against interest rate and foreign currency risk.

Principal terms of the borrowings availed by our Company are disclosed below:

1. *Interest:* The interest rate applicable to our Company's borrowing facilities is typically tied to the respective lender's lending rate prevailing at the time (linked to the marginal cost of fund based lending rate / 364-day treasury bill rate / long term lending reference rate amongst other benchmarks) and may vary for each facility. The spread applicable to the borrowings, excluding non-convertible debentures, ranges from 10.50% p.a. below to 4.49% p.a. above the relevant lender's lending rate payable at such intervals as may be stipulated by the lender. However, in certain cases, the interest rates applicable to the Company's borrowings, excluding non-convertible debentures, are fixed by the lender and range from 7.40% p.a. to 10.20% p.a. payable at such intervals as may be stipulated by the lender. With respect to our Company's outstanding non-convertible debentures with fixed coupon rates, the coupon rate ranges from 8.95% p.a. to 10.00% p.a. payable at such intervals as may be stipulated. Further, our Company has also issued market linked non-convertible debentures where the interest depends on a reference index. In such cases, where the movement in the index exceeds specified thresholds, a fixed interest rate is applicable which is 9.10% p.a. Commercial papers issued by our Company carry a discount rate typically ranging from 8.85% p.a. to 10.20% p.a.

2. *Tenor:* The tenor of the term loan facilities availed by our Company typically ranges from 12 months to 60 months. Our Company has also availed certain working capital facilities that may be repayable on demand. These working capital facilities generally have a tenor of two months to 13 months and may be rolled over within the period specified in the respective facility documents. Further, the redemption period of the non-convertible debentures and non-convertible market linked debentures issued by our Company ranges from 13 months to 60 months. Our Company has also issued commercial papers with tenors typically ranging from 90 days to 364 days.

3. *Security:* Our Company's borrowings are typically secured by a first exclusive charge by way of hypothecation on book debts both present & future. The nature of the securities described is indicative and there may be additional requirements for creation of security under various borrowing arrangements entered into by our Company.

4. *Pre-payment and premature redemption:* Facilities availed by our Company typically have pre-payment provisions which allow for pre-payment of the outstanding loan amount, by serving a prior written notice to the relevant lender or on receiving prior approval from the relevant lender, subject to such pre-payment penalties as may be decided by the lender at the time of such prepayment, or as set out in the facility agreements or the debenture trust deeds, as the case may be.

   Among the facilities which specify a pre-payment penalty, the penalty typically ranges from 1.00% to 4.00% of the amount proposed to be pre-paid in the case of our Company's borrowing facilities and 1.00% to 2.00% of the amount proposed to be redeemed prematurely in the case of non-convertible debentures issued by our Company.

5. *Events of Default:* The financing arrangements entered into by our Company contain standard events of default including, among others:

   (i) non-payment or default of any amounts due on the facility or any part thereof;
   (ii) breach of or default in the performance of or observance of any of the terms, covenants, obligations or undertakings stipulated in the relevant documents;
   (iii) failure to create and perfect security;
   (iv) non-payment of moneys due to any person or lender as and when they fall due or when demanded;
   (v) the occurrence of any event or circumstance which prejudicially or adversely affects or is likely to prejudicially or adversely affect the capacity of our Company to repay the facilities availed;
   (vi) any notice or action in relation to actual or threatened proceedings relating to bankruptcy, liquidation or insolvency being initiated against us; and
   (vii) our Company ceasing or threatening to cease to carry on its business.

6. *Consequences of occurrence of events of defaults*:

   In terms of our borrowing arrangements, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:

   (i) accelerate repayment of facilities or declare all sums outstanding as immediately due and payable;
   (ii) enforce their security interest over the hypothecated / mortgaged assets;
   (iii) demand the Company to furnish additional unencumbered collateral as a security;
   (iv) suspend or cancel any undisbursed amount of the facility;
   (v) convert whole or part of the outstanding amount into fully paid-up Equity Shares
   (vi) disclosure of information to the Credit Information Bureau (India) Limited / information utility and / or any other agency so authorized by RBI as may be required under applicable law.

7. *Penalty:* Facilities availed by our Company contain provisions prescribing penalties for delayed payment or delay in submission of documents required under such facility documents, non-creation of security and default in our Company's repayment obligations, which typically ranges from 1.00% to 5.00% p.a. of the amounts due and payable.

8. *Restrictive Covenants:* Certain borrowing arrangements entered into by our Company contain restrictive covenants, including covenants restricting certain actions except with the prior approval of the lender. An indicative list of such restrictive covenants is disclosed below.

   (i) lender's right to recall the whole advance or balance thereof outstanding with the prior permission of the RBI;
   (ii) restriction on assignment of our Company's obligations under the facility documents;

(iii) restriction on undertaking certain corporate actions except with the prior approval of the lender, including:

- effecting any change in our ownership, control or management;
- effecting any material change of our Company's capital structure or shareholding pattern;
- amendments to the constitutional documents of our Company;
- any change in the name or trade name of our Company;
- enter into any scheme of amalgamation or reconstruction;
- change in the management set up of our Company, including key managerial personnel;
- carrying out any change in the general nature of business;
- making any pre-payment of principal amounts due under the facilities;
- buy back, cancel, reduce or otherwise acquire our share capital;
- declaring and paying dividends if payment of any installment towards the principal or interest is due and payable and except out of the profits of our Company for that year;
- creating charge, lien or encumbrance over the assets secured under the facility documents, if any, in favour of persons other than the lender; and
- effecting any change in the organization structure.

The details provided above, in relation to the principal terms of our borrowings are indicative and there may be additional terms, conditions and requirements under the specific borrowing arrangements entered into by us. The details on interest rates, tenors, pre-payment penalties, penalties set out above are in relation to the borrowings availed by our Company are as of March 31, 2024.

*Loans to Subsidiary*

Our Company has granted loans to our Subsidiary, NAIM. For details, see "*Other Financial Information – Related Party Transactions*" beginning on page 443. As of March 31, 2024, the aggregate outstanding amount due on such facilities given by our Company to NAIM is ₹1,009.83 million.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Consolidated Summary Statements, which is included in this Red Herring Prospectus. The following discussion and analysis of our financial condition and results of operations are based on our Restated Consolidated Summary Statements, including the related notes and reports, which are based on our audited financial statements as at and for Fiscals 2024, 2023 and 2022, prepared under Ind AS, and restated in accordance with requirements of the Companies Act and the SEBI ICDR Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries, and our assessment of the factors that may affect our prospects and performance in future periods. Accordingly, the degree to which our Restated Consolidated Summary Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Risk Factors" and "Forward Looking Statements" on pages 38 and 36, respectively.*

*Unless otherwise indicated or the context requires otherwise, the financial information included herein is derived from our Restated Consolidated Summary Statements for Fiscals 2024, 2023 and 2022, included in this Red Herring Prospectus. For further information, see "Financial Information" on page 354. In addition, certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Red Herring Prospectus. Such non-GAAP financial measures should be read together with the nearest GAAP measure. See "Certain Conventions, Presentation of Financial, Industry and Market Data–Non-GAAP measures" on page 33. Our fiscal year ends on March 31 of each year, and references to a particular Fiscal are to the twelve months ended March 31 of that year.*

*Unless the context otherwise requires, in this section, references to "we", "us", "our" or "the Group" refers to our Company, our Subsidiaries and our Associates, on a consolidated basis, as applicable, and references to "the Company" or "our Company" are to Northern Arc Capital Limited on a standalone basis.*

*Unless otherwise indicated, industry and market data used in this section have been derived from the report titled "Analysis of NBFC sector and select asset classes" dated June 2024 (the "**CRISIL Report**") prepared and released by CRISIL Research, exclusively commissioned and paid for by us in connection with the Offer, pursuant to a technical proposal dated October 6, 2023 (read with the addendum dated June 17, 2024). A copy of the CRISIL Report is available on the website of our Company at www.northernarc.com/assets/uploads/pdf/crisil-investor-report.pdf and has also been included in "Material Contracts and Documents for Inspection –Material Documents" on page 579. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors - Internal Risk Factors - Certain sections of this Red Herring Prospectus disclose information from the CRISIL Report which has been prepared exclusively for the Offer and commissioned and paid for by us exclusively in connection with the Offer, and any reliance on such information for making an investment decision in the Offer is subject to inherent risks." on page 88.*

**Overview**

We are a diversified financial services platform set up primarily with the mission of catering to the diverse retail credit requirements of the under-served households and businesses in India. Over the last 15 years, our approach has been to create a differentiated and comprehensive play on the retail credit ecosystem in India spread across sectors. Since 2009, when we entered the financial inclusion space, we have facilitated financing of over ₹1.73 trillion that has impacted over 101.82 million lives across India, as of March 31, 2024. According to the CRISIL Report, we are one of the leading players amongst India's diversified NBFCs in terms of Assets under Management ("**AUM**") as of March 31, 2024, with a business model diversified across offerings, sectors, products, geographies and borrower categories. Further, we have one of the lowest industry-wide credit costs amongst diversified NBFCs in India, as of March 31, 2024 (*Source: CRISIL Report*).

We have developed domain expertise in enabling credit across our focused sectors in India, namely, micro, small and medium enterprises ("**MSMEs**") financing, microfinance ("**MFI**"), consumer finance, vehicle finance, affordable housing finance and agricultural finance. We have been operating in the MSME, MFI and consumer finance sectors for over 14 years, 15 years and nine years, respectively.

The retail credit market (includes housing finance, vehicle financing, gold loans, education loans, consumer durables, personal loans, credit cards and microfinance) in India was ₹75.2 trillion, as of Fiscal 2024 and has rapidly grown at a CAGR of 16.0% during Fiscals 2020 and 2024 (*Source: CRISIL Report*). We cater to this retail credit market through a multi-channel approach that includes: (i) extending financing from our balance sheet ("**Lending**"), to Originator Partners in the form of loans or investment in their debt to enable on-lending to the retail customer ("**Intermediate Retail Lending**") and directly to under-served households and businesses ("**Direct to Customer Lending**") either in collaboration with our Retail Lending Partners or through our branch network to offer rural finance and MSME lending, with AUM of ₹117,100.19 million across 671 districts, 28 states and seven union territories in India, as of March 31, 2024; (ii) enabling credit for our Originator Partners through various financing products ("**Placements**"), with aggregate Placements volume of ₹1,019,038.92 million, as of March 31, 2024; and (iii) managing debt funds and providing portfolio management services ("**Fund Management**"), with aggregate fund deployed of ₹120,785.58 million across 10 alternate investment funds ("**AIFs**") and three portfolio management service ("**PMS**") funds, as of March 31, 2024.

We have built an efficient and scalable business model, supported by our proprietary end-to-end integrated technology product suite customised to multiple sectors. Our in-house technology stack consists of: (i) *Nimbus*, a curated debt platform that enables end-to-end processing of debt transactions; (ii) *nPOS*, a co-lending and co-origination technology solution based on application programming interfaces ("**API**"); (iii) *Nu Score*, a customised machine learning based analytical module designed to assist our Originator Partners in the loan underwriting process; and (iv) *AltiFi*, an alternative retail debt investment platform.

Our differentiated credit underwriting processes and risk models have helped us deliver strong asset quality and risk adjusted returns consistently across business cycles and macro events. Our risk models are supported by a substantial data repository comprising over 35.17 million data points, as of March 31, 2024, on portfolios across multiple sectors that we have assessed throughout our journey, and qualitative field-level insights that aid credit assessment and monitoring. According to the CRISIL Report, we had one of the lowest gross non-performing assets ("**GNPA**") of 0.45% and net non-performing assets ("**NNPA**") of 0.08%, as of Fiscal 2024.

**Significant Factors Affecting our Financial Condition and Results of Operations**

Our financial condition and results of operations are primarily influenced by the factors described below, which affect the quality and value of our loan portfolio, the amount of credit we disburse and therefore, our overall growth prospects and our ability to implement our strategies:

***Availability of cost-effective sources of funding***

We have a well-diversified funding profile supported by our liquidity management system, credit ratings and brand equity. Our financing requirements historically have been met by several sources, including banks, development finance institutions, NBFCs, offshore financial institutions, family offices and HNIs. Finance costs represent a significant majority of our expenses. In Fiscals 2022, 2023 and 2024, finance costs were ₹4,106.72 million, ₹5,574.49 million and ₹7,263.85 million, respectively, which represented 45.15%, 42.72% and 38.43%, respectively, of our total revenue from operations. Our Average Cost of Borrowings (*i.e.*, adjusted finance costs (*i.e.*, finance costs less interest on lease liability) divided by average total borrowings) was 8.55%, 8.84% and 9.23% in Fiscals 2022, 2023 and 2024, respectively. The table below sets out details of our borrowings as of the dates indicated:

| **Particulars** | **As of March 31, 2024** | **As of March 31, 2023** | **As of March 31, 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Borrowings (other than debt securities) (A) | 76,340.31 | 57,702.99 | 45,994.26 |
| Debt securities (B) | 14,137.25 | 12,243.16 | 13,435.97 |
| Subordinated Liabilities (C) | - | 399.51 | 399.35 |
| **Total Borrowings (D=A+B+C)** | **90,477.56** | **70,345.66** | **59,829.58** |

We have a rating of AA- (Stable) from ICRA for certain of our long-term bank loans, market linked debenture and non-convertible debentures, AA- (Stable) from India Ratings for certain of our non-convertible debentures and A1+ (Stable) from ICRA for our commercial papers and short-term facilities as well as A1+ from CARE for our commercial papers. For further details, see "*– Credit Ratings*" on page 489. We maintain diversified sources of capital which we believe ensures that we are not overly dependent on any one type of source for financing. As of March 31, 2024, we had borrowing relationships with 49 lenders. We maintain relationships with our lenders, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. For further details, see *"Selected Statistical Information - Borrowings"* beginning on page 502.

The availability for financing as well as the overall cost of funds depends on many external factors, including developments in the Indian economy and its credit markets and, in particular, movements in interest rate and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include our credit ratings and available credit limits.

Our ability to continue to grow our operations depends primarily on our ability to raise funds by issuing equity and debt securities and to borrow from various external sources at suitable interest rates and competitive terms in a timely manner.

***Ability to maintain our net interest income and net interest margin***

Our results of operations depend substantially on the level of our net interest income and net interest margin. The interest rates that we charge or realize on our interest-earning assets and the interest rates that we pay on our borrowings, and the volume of such assets and borrowings determine our net interest income and, consequently, our net interest margin.

The table below sets out certain details in relation to our net interest income and net interest margin along with certain key financial parameters for the Fiscals indicated:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ million, unless otherwise indicated) | | |
| Total revenue from operations | 18,900.84 | 13,049.71 | 9,095.39 |
| Interest income | 17,121.12 | 11,483.88 | 7,808.45 |
| Finance costs | 7,263.85 | 5,574.49 | 4,106.72 |
| Fees and commission expense | 2,208.19 | 1,214.20 | 527.32 |
| Net interest income(1) | 9,857.27 | 5,909.39 | 3,701.73 |
| Net interest margin (%)(2) | 8.42% | 6.31% | 4.64% |
| Adjusted net interest income(3) | 8,637.07 | 5,461.19 | 3,670.06 |
| Adjusted net interest margin (%)(4) | 8.33% | 6.48% | 5.53% |

*Notes:*

1. *Net interest income represents interest income less finance costs for the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
2. *Net interest margin (%) represents interest income reduced by finance costs for the relevant Fiscal as a percentage of total assets for such Fiscal.*
3. *Adjusted net interest income represents adjusted interest income (i.e., aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fees and commission expense) less adjusted finance costs (i.e., finance costs less interest on lease liability) for the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
4. *Adjusted net interest margin (%) represents adjusted net interest income (as calculated above) for the relevant Fiscal as a percentage of average total assets for such Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*

Of the loans we have advanced as of March 31, 2024, 44.70% earn interest at floating rates that are linked to our Floating Benchmark Lending Rate ("**FBLR**") and 1.14% earn interest at floating rates that are linked to SBI Marginal Cost Lending Rate (SBI-MCLR). We compute the FBLR based on the interest rates we pay on our borrowings and other factors. Our asset-liability committee ("**ALCO**") reviews the FBLR on a monthly basis. We paid interest on 70.39% of our borrowings based on floating rates that are usually linked to the respective lenders' benchmark rates, as of March 31, 2024. The FBLR mechanism allows us to pass on any increases in our cost of borrowings to our borrowers and thereby enables us to protect our net interest income.

Interest rates are sensitive to many factors beyond our control, including the monetary policy of the RBI, deregulation of the financial sector in India and domestic and international economic conditions. Moreover, interest rates in India are typically correlated with the inflation rate of an economy. Our results of operations are thus affected by changes in interest rates and accordingly, our ability to re-price our interest-earning assets.

Our asset/liability management strategy is to maximize net interest and similar income by matching the mix and maturities of our assets and our funding liabilities in order to maximize returns across our loan portfolio. Our strategies must accommodate the nature of our portfolio and customer demands for particular types of loan products while maintaining control over interest rate risk. We aim to ensure that while we optimize our net interest income, we do not have any cumulative asset/liability mismatches in the near term. A key element of our asset/liability plan is to protect net interest and similar income from changes in interest rates by managing the maturity or repricing mismatch between our interest-earning assets and rate-sensitive liabilities. As of March 31, 2024, we had a cumulatively positive asset-liability position in each maturity bucket. For details, see "*Selected Statistical Information – Asset Liability Management*" on page 504. Under the guidance of our ALCO, we monitor various critical parameters such as the duration of our assets and liabilities, with the objective of limiting the impact of interest rate movements on our net worth.

***Credit quality and provisioning***

The performance of our loan portfolio depends on the strength of our origination and credit approval processes, quality of underwriting and our ability to collect each expected installment payment on a timely basis. We have developed and improved our underwriting framework and credit review mechanism and have built an infrastructure to support the implementation of our credit review process for our loan and investment products. Our profits and financial condition are affected by our ability to manage the credit quality of our loans, which we measure in part through non-performing assets ("**NPAs**").

We perform an impairment analysis at each reporting date based on the facts and circumstances existing on that date to identify impaired assets and measure expected losses on financial assets on account of time value of money and credit risk. For the purposes of this analysis, we categorize financials assets into stages based on days past due and the type of risk exposures. We follow a "three stage" model for classification of financial assets based on changes in credit quality since initial recognition and subsequently recognizing allowance for expected credit losses ("**ECL**") based on Ind AS 109 - Financial Instruments. Financial assets are classified as Stage 1 at the time of initial recognition and so long as the credit risk of the financial assets have not significantly increased since the time they are first recognized. For financial assets classified as Stage 1, we recognize an allowance based on the 12-month expected credit loss ("**ECL**"). Stage 1 financial assets also includes facilities where credit risk has been improved and the financial asset has been reclassified from Stage 2 or Stage 3. Financial assets that show a significant increase in credit risk since initial recognition are classified as Stage 2 and we record an allowance for the lifetime ECL. This allowance is based on the credit losses expected to arise over the life of the financial asset (also referred to as the "**Lifetime ECL**"). Stage 2 assets also include financial assets where the credit risk has improved, and the loan has been reclassified from Stage 3. Financial assets are considered impaired and classified as Stage 3 when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, including if they are past due for more than 90 days. We recognize Lifetime ECL for Stage 3 assets. We stage the assets based on the 'days past dues' (DPD) criteria and other market factors which significantly impacts the portfolio. The following table presents the provisioning we follow based on the staging criteria:

| Days past dues | Stage | Provisions |
|---|---|---|
| Current | Stage 1 | 12 Months Provision |
| 1-30 Days | Stage 1 | 12 Months Provision |
| 31-90 Days | Stage 2 | Lifetime Provision |
| 90+ Days | Stage 3 | Lifetime Provision |

The following table illustrates our asset quality as of the dates indicated. Also, see "*Selected Statistical Information - Asset Quality*" on page 504.

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Gross Carrying Amount - Loans - Stage 3 (₹ million) | 500.33 | 670.25 | 325.26 |
| Gross Carrying Amount - Investments - Stage 3 (₹ million) | - | - | 24.90 |
| Gross Stage 3 – Loans and Investments (%) [(1)] | 0.45% | 0.77% | 0.50% |
| Net carrying amount - Loans - Stage 3 [(2)] (₹ million) | 86.73 | 349.62 | 124.54 |
| Net carrying amount - Investments - Stage 3[(3)](₹ million) | - | - | 24.90 |
| Net Stage 3 (%) [(4)] | 0.08% | 0.40% | 0.21% |

*Notes:*

1. *Gross Stage 3 – Loans and Investments (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans - total and gross carrying amount - investments – total as of the last day of the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
2. *Net carrying amount - Loans - Stage 3 represents gross carrying amount of loans - Stage 3 less the impairment loss allowance – loans - Stage 3 loans as of the last day of the relevant Fiscal. For details on reconciliation, see "Selected Statistical Information – Reconciliation of non-GAAP Measures" on page 510.*
3. *Net carrying amount - Investments - Stage 3 represents gross carrying amount - investments - Stage 3 less the impairment loss allowance - investments - Stage 3 as of the last day of the relevant Fiscal.*
4. *Net Stage 3 (%) represents aggregate of net carrying amount - loans - Stage 3 and net carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount – investments – total as of the last day of the relevant Fiscal.*

***Performance of the Indian economy and the impact on various asset classes***

Our financial condition and results of operations are influenced by the general economic conditions prevailing in India. Overall economic growth, an increase in GDP and fall in interest rates are likely to result in an increase in incomes and spending of small business owners and individuals in India, which may lead to an increase in demand for loans. Conversely, a slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Various factors beyond our control, such as rise in unemployment, prolonged recessionary conditions, a rise in interest rates, movements in exchange rates, outbreak of an epidemic or pandemic such as the COVID-19 pandemic, movements in global commodity markets, increased competition and changes in Indian laws, regulations and policies could have an adverse impact on the Indian economy and the quality of our loan portfolio. Any trends or events which have a significant impact on the economic situation in India could also have an adverse impact on our business and the quality of our AUM. For further details on the industries in which we operate, see "*Our Business*" and "*Industry Overview*" beginning on pages 264 and 194, respectively.

***Government Policy and Regulation***

As an NBFC, we will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, capital adequacy norms, pricing guidelines and other lending stipulations and other operational restrictions. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. Any change in the regulatory framework affecting NBFCs, and in particular those requiring maintaining certain financial ratios, accessing funds or lending to NBFCs by banks, among others, including priority-sector lending norms, would adversely affect our results of operations and growth. For instance, the Digital Lending Guidelines require NBFCs and lending service providers engaged by them to comply as well as the digital lending applications of such lending service providers comply with the technology standards and cyber security requirements prescribed by the RBI. Further, the DLG Guidelines, *inter alia*, set out requirements in relation to default loss guarantee ("**DLG**") arrangements including the structure of DLG arrangements, eligibility of the DLG provider, tenor of the DLG, disclosure requirements and also sets out an upper limit on the DLG provided. For further details on certain additional key regulations and policies, see "*Key Regulations and Policies*" beginning on page 297. Also, see "*Risk Factors – External Risk Factors –Changing laws, rules and regulations and legal uncertainties, including adverse application or interpretation of corporate and tax laws and regulations, may adversely affect our business, prospects and results of operations.*" on page 90.

***Ability to manage our expenses***

Controlling our expenses is critical in maintaining our profitability. Our results of operations will be affected by our ability to manage expenses as we expand, in particular our employee benefits expense, fees and commission expense (which primarily represents the servicer fee to partners originating Direct to Customer Lending, *i.e.*, Retail Lending Partners) and other expenses primarily comprising legal and professional expenses, travelling and conveyance, repairs and maintenance, rent, advertisement and business promotion, distribution fee expense, corporate social responsibility expenditure, subscription charges and communication expenses.

The table below sets out details in relation to certain of our expenses for the Fiscals indicated.

| Particulars | Fiscal 2024 | | Fiscal 2023 | | Fiscal 2022 | |
|---|---|---|---|---|---|---|
| | Amount (₹ million) | % of total income (%) | Amount (₹ million) | % of total income (%) | Amount (₹ million) | % of total income (%) |
| Employee benefits expenses | 2,416.08 | 12.68% | 1,489.25 | 11.36% | 979.42 | 10.69% |
| Fees and commission expense | 2,208.19 | 11.59% | 1,214.20 | 9.26% | 527.32 | 5.75% |
| Other expenses | 1,566.31 | 8.22% | 1,090.50 | 8.32% | 607.25 | 6.63% |

We continue to identify and implement measures that we believe will enable us to improve the ratio of our expenses to our total revenue. For example, we continue to invest in our technology products and systems and digitization to improve operational and management efficiencies. For further details, see "*Our Business – Strategies*" on page 277.

Further, we have strategically focused on scaling our Direct to Customer Lending, where the yields are relatively higher compared to our Intermediate Retail Lending in line with the relatively higher risk on the portfolio and higher operating cost, and where we believe there is higher growth potential. In addition to our technology platforms, our Direct to Customer Lending relies on our physical branch infrastructure network of 316 branches in India, as of March 31, 2024, to meet the credit requirements of the under-served households and businesses. As we grow our Direct to Customer Lending, we plan to open more branches in the regions where we operate and also explore nearby geographies with a strong credit culture for potential expansion. Our results of operations will depend upon our ability to expand our operational network in a cost effective and efficient manner and manage our operating expenses associated with such new branches. We believe, as our operations expand, we will be able to derive benefits from economies of scale, which will assist us in optimizing our operating expenses.

***Investment in technology***

We are a technology and data-driven financial services platform, which enables us to expand and scale our businesses and drive growth in revenue. Our in-house technology stack consists of: (i) *Nimbus*, a curated debt platform that enables end-to-end processing of debt transactions; (ii) *nPOS*, a co-lending and co-origination technology solution based on application programming interfaces; (iii) *Nu Score*, a customised machine learning based analytical module designed to assist our Originator Partners in the loan underwriting process; and (iv) *AltiFi*, an alternative retail debt investment platform. Our technology systems enable us to capitalize on economies of scale, thereby enhancing productivity, reducing turnaround times, and minimizing transaction costs. Our ability to grow our customer base, improve customer experience and increase our revenues will depend, in part, on our ability to leverage technology. We plan to continue investing in technology and digitization, and to ensure that our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time. Such investments also open up opportunities to monetize technology platforms in the long run.

***Competition***

The financial services market in India is highly competitive and each of our channels competes against distinct sets of market players. The factors on which we compete include product offerings, deeper access to the market, turnaround times and customer relationships. Our lending offerings, especially to larger, better rated clients, face competition from various types of lenders including private and public sector banks, certain NBFCs, development financial institutions, debt funds (including venture debt funds). Further, due to our increased Direct to Customer Lending activities, our competition from certain other banks, NBFCs, MFIs, informal money lenders and commercial banks, operating in the same space has significantly increased. A variety of players operate in the Placements channel space and compete with our business, including the syndication desks of various private sector banks and merchant bankers, certain NBFCs and other entities that act as arrangers and/or structurers. Our Fund Management business faces competition from private debt funds and venture debt funds, as also the credit risk schemes of various mutual funds. Some of the businesses we operate have limited entry barriers, and this may lead competition to further intensify. Further, technological advances and lending platforms have increased accessibility to various finance products and services for customers and resulted in an increase in competition.

We extend financing to various Originator Partners and also facilitate raising funds for them from various banks, institutions and from the capital markets, enabling the Originator Partners to scale up their businesses. At a higher scale, banks, institutions and capital markets players may be willing to lend larger sums to the Originator Partner at lower interest rates than we can offer, which may affect their willingness to borrow from us. Further, on a larger scale, Originator Partners may find it feasible to maintain in-house teams to work on raising funds for themselves which may affect the extent to which they need to obtain structuring and syndication services from us.

**Summary of Significant Accounting Policies**

Revenue from contract with customers

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at transaction price *i.e.*, the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group consider the terms of the contract and its customary business practices to determine the transaction price. The Group applies the five-step approach for the recognition of revenue.

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the group satisfies a performance obligation.

*Trade Receivables*

A receivable is recognised if an amount of consideration that is unconditional (*i.e.,* only the passage of time is required before payment of the consideration is due).

*Recognition of interest income on loans*

Under Ind AS 109, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Group calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Revenue recognition for different heads of income is as under:

i. Interest income on deposits

Interest income on deposits is recognised on a time proportionate basis using the effective interest rate.

ii. Fees and commission income

Fees and commission income such as guarantee commission, professional fee, service income etc. are recognised on an accrual basis in accordance with term of the contract with customer.

iii. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

iv. Other Income

All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

Financial instruments - initial recognition

*Date of recognition*

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

*Initial measurement of financial instruments*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

*Measurement categories of financial assets and liabilities*

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) Fair value through other comprehensive income ('FVOCI')

iii) Fair value through profit and loss ('FVTPL')

Financial assets and liabilities

A. Financial assets

*Business model assessment*

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

*Financial assets and liabilities*

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

*Sole Payments of Principal and Interest (SPPI) test*

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i. Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost.

ii. Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.

The Group records investments in alternative investment funds, mutual funds and treasury bills at FVTPL.

iv. Investment in equity instruments

The Group measures all equity investments at fair value through profit or loss except, for Investment in subsidiaries and associates are recognised at cost, subject to impairment if any at the end of each reporting period. Cost of investment represents amount paid for acquisition of the investment.

B. Financial liabilities

i. Initial recognition and measurement

All financial liabilities are measured at amortised cost except for financial guarantees, and derivative financial liabilities.

ii. Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest rate method.

*Debt securities and other borrowed funds*

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The holding company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

*Embedded derivatives*

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financial assets are classified as Stage 1 for ECL measurement purposes.

If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial instruments other than due to substantial modification

i. Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

ii. Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

Impairment of financial assets

A. Overview of Expected Credit Loss ('ECL') principles

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii. Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.
Based on the above, the Group categorises its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When financial assets are first recognised, the Group recognises an allowance based on 12-months ECL. Stage 1 financial assets includes those financial assets where there is no significant increase in credit risk observed and also includes facilities where credit risk has been improved and the financial asset has been reclassified from stage 2 or stage 3.

Stage 2:

When a financial asset has shown a significant increase in credit risk since initial recognition, the Group records an allowance for the life time ECL. Stage 2 financial assets also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Financial assets are considered credit impaired if they are past due for more than 90 days. The Group records an allowance for life time ECL.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of financial assets and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the original EIR.

Stage 2:

When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

*Significant increase in credit risk*

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward looking information.

Stage 3:

For financial assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

*Credit-impaired financial assets*

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

a. significant financial difficulty of the borrower;

b. a breach of contract such as a default or past due event;

c. the lender of the borrower, for economic or contractual reasons relating to the borrower's financial;

d. difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

e. the disappearance of an active market for a security because of financial difficulties; or

f. the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Further, in line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the Holding Company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of accounting.

*Loan commitments*

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

*Financial guarantee contracts*

The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

C. Financial assets measured at FVOCI

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Group relies on forward looking macro parameters such as consumer spending and interest rates to estimate the impact on probability of the default at a given point of time.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Write-offs

The gross carrying amount of a financial asset is written-off when there is no reasonable expectation of recovering the asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group has taken into account the characteristics of the asset or liability as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or

► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments. Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for financial instruments.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Group follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| **Asset category** | **Estimated Useful life** |
|---|---|
| Plant and machinery | 15 years |
| Furniture and fittings | 10 years |
| Office equipment’s | 5 years |
| Computers and accessories | 3 years |
| Servers | 6 years |

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.

Depreciation on additions (disposals) is provided on a pro-rata basis *i.e.,* from (upto) the date on which asset is ready for use (disposed of).

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

i. Intangible assets

Intangible assets including those acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Internally generated: Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Developing expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. Otherwise, it is recognised in profit or loss as incurred.

Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

During the period of development, the asset is tested for impairment annually.

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

| **Asset category** | **Estimated Useful life** |
|---|---|
| Computer softwares | 5 years |

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

v. Derecognition

An intangible asset is derecognised upon disposal (*i.e.,* at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

Employee benefits

i. Post-employment benefits

*Defined contribution plan*

The Group's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

*Defined benefit plans*

*Gratuity*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

*Compensated absences*

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Share based payment

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

*Equity Settled Plan:*

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and

- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (*i.e.*, the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group determines the lease term as the initial period agreed in the lease agreement, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the initial period agreed in the lease agreement.

Taxes

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax is measured at the tax rates and tax laws that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

iii. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

a. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

b. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the Effective Interest Rate Method.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Segment reporting- Identification of segments:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

Earnings per share

The Group reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Group are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Group has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its 8.25% fixed rate secured loan.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

The Group designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

► Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Holding Company entered into to replace share based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

► Assets that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

► Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

*Investment in Associates*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss outside operating profit.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as share of profit of an associate in the statement of profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Changes in significant accounting policies and recent accounting pronouncements**

As on the date of this Red Herring Prospectus, there are no changes in the significant accounting policies in the last three Fiscals. Further, as on the date of this Red Herring Prospectus, there are no recent accounting pronouncements, which, we believe, would have a material effect on our financial condition or results of operations.

**Principal Components of our Profit and Loss Statement**

***Total Income***

Our total income comprises revenue from operations and other income.

*<u>Revenue from operations</u>*

Our revenue from operations comprises: (i) interest income; (ii) fee and commission income; (iii) net gain on fair value changes; and (iv) net gain on derecognition of financial instruments.

Interest income includes (a) interest on loans; (b) interest from investments such as pass through certificates, commercial paper and non-convertible debentures; (c) interest income from T-bills; and (d) interest on deposit with banks.

Fee and commission income includes (a) revenue from contract with customers; (b) income from guarantee facility; (c) income from other financial services such as professional fee from our Placements channel, management fee from our Fund Management channel and arranger fee for guarantee facility; and (d) others such as operating fees received on managed funds.

Net gain on fair value changes includes net gain on financial instruments at fair value through profit or loss on alternative investment funds, market linked debentures and mutual fund investments, and profit on sale of investments in non-convertible debentures and pass-through certificates.

Net gain on derecognition of financial instruments includes upfront gain recognised as per Ind AS 109 – 'Financial Instruments' on direct assignment of loans by our Company.

*<u>Other income</u>*

Our other income includes: (i) interest income from income tax refund; (ii) profit on sale of property, plant and equipment; (iii) recovery from assets written off; (iv) provision no longer required written back and (v) other non-operating income comprising charges collected from customer in the nature of penal, pre-closure charges and other charges as applicable.

***Expenses***

Our expenses includes: (i) finance costs; (ii) fees and commission expenses; (iii) impairment on financial instruments; (iv) employee benefits expenses; (v) depreciation and amortisation; and (vi) other expenses.

*Finance costs*

Our finance costs comprises finance costs on financial liabilities measured at amortised costs which includes: (i) interest on deposits; (ii) interest on borrowings such as term loans from banks and others, cash credits and overdraft and securitized portfolio; (iii) interest on debt securities; (iv) interest on lease liability; (v) amortisation of discount on commercial papers; and (vi) other borrowing costs.

*Fees and commission expenses*

Our fees and commission expenses primarily represents the servicer fee to partners originating Direct to Customer Lending, *i.e.*, Retail Lending Partners.

*Employee benefits expense*

Our employee benefits expense includes: (i) salaries, wages and bonus; (ii) contribution to provident fund; (iii) employee share option expenses; (iv) gratuity expenses; and (v) staff welfare expenses.

*Impairment on financial instruments*

Our impairment on financial instruments comprises (i) write off on financial instruments (net of recovery) which include loans and investments; and (ii) impairment loss allowance on financial instruments which include loans, investments and others such as trade receivables, undrawn commitments and guarantees. Impairment allowance on financial assets is based on the ECL expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. Please see "- *Summary of Significant Accounting Policies*" on page 453.

*Depreciation and amortisation expense*

Our depreciation and amortisation expense comprises (i) depreciation of property, plant and equipment; (ii) depreciation on right of use asset; (iii) impairment on goodwill; and (iv) amortisation of intangible assets. Tangible assets are depreciated on the written down method over the useful life of the assets. Intangible assets are amortised over their estimated useful lives using the straight line method. Please see "- *Summary of Significant Accounting Policies - Property, plant and equipment*" and "- *Summary of Significant Accounting Policies - Intangible Assets*" on pages 482 and 463, respectively.

*Other expenses*

Our other expenses primarily comprises: (i) legal and professional expenses; (ii) travelling and conveyance; (iii) repairs and maintenance; (iv) rent expenses; (v) advertisement and business promotion expenses; (vi) distribution fee expense; (vi) corporate social responsibility expenditure; (vii) subscription charges; and (viii) communication expenses.

**Results of Operations**

The following table sets forth a summary of our statement of profit and loss for the Fiscals indicated:

| **Particulars** | **Fiscal 2024** | | **Fiscal 2023** | | **Fiscal 2022** | |
|---|---|---|---|---|---|---|
| | **Amount (₹ million)** | **% of total income (%)** | **Amount (₹ million)** | **% of total income (%)** | **Amount (₹ million)** | **% of total income (%)** |
| **Revenue from operations** | | | | | | |
| Interest income | 17,121.12 | 89.83% | 11,483.88 | 87.58% | 7,808.45 | 85.19% |
| Fee and commission income | 849.28 | 4.46% | 856.16 | 6.53% | 860.45 | 9.39% |
| Net gain on fair value changes | 456.19 | 2.39% | 506.25 | 3.86% | 426.49 | 4.65% |
| Net gain on derecognition of financial instruments | 474.25 | 2.49% | 203.42 | 1.55% | - | - |

| Particulars | Fiscal 2024 | | Fiscal 2023 | | Fiscal 2022 | |
|---|---|---|---|---|---|---|
| | Amount (₹ million) | % of total income (%) | Amount (₹ million) | % of total income (%) | Amount (₹ million) | % of total income (%) |
| **Total revenue from operations** | **18,900.84** | **99.16%** | **13,049.71** | **99.52%** | **9,095.39** | **99.24%** |
| Other income | 159.49 | 0.84% | 62.29 | 0.48% | 70.06 | 0.76% |
| **Total income** | **19,060.33** | **100.00%** | **13,112.00** | **100.00%** | **9,165.45** | **100.00%** |
| **Expenses** | | | | | | |
| Finance costs | 7,263.85 | 38.11% | 5,574.49 | 42.51% | 4,106.72 | 44.81% |
| Fees and commission expense | 2,208.19 | 11.59% | 1,214.20 | 9.26% | 527.32 | 5.75% |
| Employee benefits expenses | 2,416.08 | 12.68% | 1,489.25 | 11.36% | 979.42 | 10.69% |
| Impairment on financial instruments | 1,224.38 | 6.42% | 392.14 | 2.99% | 365.09 | 3.98% |
| Depreciation and amortisation | 169.44 | 0.89% | 120.44 | 0.92% | 95.76 | 1.04% |
| Other expenses | 1,566.31 | 8.22% | 1,090.50 | 8.32% | 607.25 | 6.63% |
| **Total expenses** | **14,848.25** | **77.90%** | **9,881.02** | **75.36%** | **6,681.56** | **72.90%** |
| **Restated profit before share of profit/loss of associate and taxes** | **4,212.08** | **22.10%** | **3,230.98** | **24.64%** | **2,483.89** | **27.10%** |
| Share of loss from Associates | (9.72) | (0.05)% | (18.73) | (0.14)% | - | - |
| **Restated Profit before tax** | **4,202.36** | **22.05%** | **3,212.25** | **24.50%** | **2,483.89** | **27.10%** |
| **Tax expense** | | | | | | |
| Current tax | 1,088.11 | 5.71% | 970.23 | 7.40% | 505.02 | 5.51% |
| Adjustment of tax relating to earlier periods | 4.69 | 0.02% | - | - | - | - |
| Deferred tax charge/ (benefit) | (67.37) | (0.35)% | (180.12) | (1.37)% | 159.49 | 1.74% |
| **Total tax expense** | **1,025.43** | **5.38%** | **790.11** | **6.03%** | **664.51** | **7.25%** |
| **Restated Profit for the year** | **3,176.93** | **16.67%** | **2,422.14** | **18.47%** | **1,819.38** | **19.85%** |
| **Other comprehensive income** | | | | | | |
| *Items that will not be reclassified to profit or loss in subsequent periods* | | | | | | |
| Remeasurement gain / (loss) on defined benefit plans | 11.65 | 0.06% | 8.07 | 0.06% | (19.53) | (0.21)% |
| Income tax relating to items that will not be reclassified to profit or loss | (2.93) | (0.02)% | (2.66) | (0.02)% | 4.91 | 0.05% |
| | **8.72** | **0.05%** | **5.41** | **0.04%** | **(14.62)** | **(0.16)%** |
| *Items that will be reclassified to profit or loss in subsequent periods* | | | | | | |
| Net gain/ (loss) on Financial Instruments through other comprehensive income | 122.90 | 0.64% | (90.00) | (0.69)% | (198.17) | (2.16)% |
| Income tax relating to items that will be reclassified to profit or loss | (30.93) | (0.16)% | 14.07 | 0.11% | 34.66 | 0.38% |
| | **91.97** | **0.48%** | **(75.93)** | **(0.58)%** | **(163.51)** | **(1.78)%** |
| Net gain/ (loss) on effective portion of cash flow hedges | 136.22 | 0.71% | (101.08) | (0.77)% | (209.24) | (2.28)% |

| Particulars | Fiscal 2024 | | Fiscal 2023 | | Fiscal 2022 | |
|---|---|---|---|---|---|---|
| | Amount (₹ million) | % of total income (%) | Amount (₹ million) | % of total income (%) | Amount (₹ million) | % of total income (%) |
| Income tax relating to items that will be reclassified to profit or loss | (34.29) | (0.18)% | 25.44 | 0.19% | 52.67 | 0.57% |
| | **101.93** | **0.53%** | **(75.64)** | **(0.58)%** | **(156.57)** | **(1.71)%** |
| Share of other comprehensive income from associates | (0.08) | 0.00% | - | - | - | - |
| Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - | - |
| | **(0.08)** | **0.00%** | **-** | **-** | **-** | **-** |
| **Restated other comprehensive income for the year (net of income taxes)** | **202.54** | **1.06%** | **(146.16)** | **(1.11)%** | **(334.70)** | **(3.65)%** |
| **Restated total comprehensive income for the year (net of income taxes)** | **3,379.47** | **17.73%** | **2,275.98** | **17.36%** | **1,484.68** | **16.20%** |

***<u>Fiscal 2024 compared to Fiscal 2023</u>***

***Total Income***

Our total income increased by 45.37% from ₹13,112.00 million in Fiscal 2023 to ₹19,060.33 million in Fiscal 2024 primarily as a result of an increase in our revenue from operations on account of broad based growth across certain of our focused sectors, namely, consumer finance sectors, MSME and MFI.

<u>Revenue from operations</u>

Our total revenue from operations increased by 44.84% from ₹13,049.71 million in Fiscal 2023 to ₹18,900.84 million in Fiscal 2024 primarily due to an increase in interest income on account of an increase in disbursements by way of loans or subscription to debt instruments, primarily led by our strategic focus on growing our Direct to Customer Lending channel, particularly in the consumer finance, MSME and MFI sector. For further details, see "*Selected Statistical Information – Disbursements*" on page 501.

*Interest income:* Our interest income increased by 49.09% from ₹11,483.88 million in Fiscal 2023 to ₹17,121.12 million in Fiscal 2024. Interest income primarily comprises interest on loans, which significantly increased by 61.33% from ₹9,549.55 million in Fiscal 2023 to ₹15,406.63 million in Fiscal 2024. This increase in interest income was primarily attributable to increase in loans which increased by 33.69% from ₹68,886.06 million as of March 31, 2023 to ₹92,095.89 million as of March 31, 2024. This growth in loans was supported by a significant increase in our Direct to Customer Lending channel. We have been strategically focusing on scaling our Direct to Customer Lending, where the yields are relatively higher compared to our Intermediate Retail Lending and where we believe there is higher growth potential. Our Total Yield has also increased in Fiscal 2024 compared to Fiscal 2023 primarily due to increase in our Direct to Customer Lending. For further details, see "*Selected Statistical Information – Earning Assets and AUM*" and "*Selected Statistical Information – Yields*" on pages 500 and 502, respectively.

*Fee and commission income:* Our fee and commission income marginally decreased by 0.80% from ₹856.16 million in Fiscal 2023 to ₹849.28 million in Fiscal 2024. This decrease was primarily due to a decrease in the professional fee generated from our Placements channel, which was partially offset by the increase in fee and commission income - others comprising marketing and other fees earned by one of our subsidiary focused on rural financing, and management fee from our Fund Management channel. Income from other financial services – professional fee decreased by 23.50% from ₹502.40 million in Fiscal 2023 to ₹384.34 million in Fiscal 2024 primarily on account of decrease in Placements Fee Yield due to lesser proportion of offshore Placements business and reduction in placement volume on account of market conditions. The marginal decrease in fee and commission income was partially offset by an increase in fee and commission income - others by 384.05% from ₹29.84 million in Fiscal 2023 to ₹144.44 million in Fiscal 2024 primarily due to increase in volume of marketing and other services provided by one of our subsidiary focused on rural financing, and income from other financial services – management fee, which increased by 7.21% from ₹261.58 million in Fiscal 2023 to ₹280.45 million in Fiscal 2024 primarily due to income earned for the full year from funds launched in Fiscal 2023. For further details, see "*Selected Statistical Information – Network Metrics*" and "*Selected Statistical Information – Fund Management*" on pages 496 and 508, respectively.

*Net gain on fair value changes*: Our net gain on fair value changes decreased by 9.89% from ₹506.25 million in Fiscal 2023 to ₹456.19 million in Fiscal 2024. This decrease was primarily on account of a decrease in net gain on financial instruments at fair value through profit or loss – on alternative investment funds by 29.06% from ₹272.80 million in Fiscal 2023 to ₹193.53 million in Fiscal 2024 primarily due to reduction in the AIF units held at the year end due to sell down of the units during the year and profit on sale of investments by 33.32% from ₹169.62 million in Fiscal 2023 to ₹113.10 million in Fiscal 2024 primarily due to reduction in quantum of sales of market linked debentures during Fiscal 2024. This decrease was partially offset by an increase in net gain on financial instruments at fair value through profit or loss - on market linked debentures to ₹94.24 million in Fiscal 2024 compared to ₹(18.29) million in Fiscal 2023 primarily on account of movement in the fair value of quoted market linked debentures.

*Net gain on derecognition of financial instruments*: Our net gain on derecognition of financial instruments significantly increased by 133.14% from ₹203.42 million in Fiscal 2023 to ₹474.25 million in Fiscal 2024 primarily on account of increase in upfront income recognized on sell down of assets through direct assignment and increase in the number of assignment transactions executed during the Fiscal 2024. In Fiscal 2023, the total number of loans assigned by our Company were 170,130 with a total sale consideration received for loans assigned of ₹3,853.80 million, compared to the total number of loans assigned by our Company were 311,589 with a total sale consideration received for loans assigned of ₹9,654.95 million in Fiscal 2024.

<u>*Other income*</u>

Our other income significantly increased by 156.04% from ₹62.29 million in Fiscal 2023 to ₹159.49 million in Fiscal 2024 primarily due to an increase in other non-operating income by 327.38% from ₹35.16 million in Fiscal 2023 to ₹150.27 million in Fiscal 2024 primarily on account of gain arising from portfolio acquired from S.M.I.L.E. Microfinance Limited compared to initially estimated fair value and increase in penal, pre-closure and other charges collected from customers.

***Expenses***

Our total expenses increased by 50.27% from ₹9,881.02 million in Fiscal 2023 to ₹14,848.25 million in Fiscal 2024 in line with the increase in our revenue from operations. This increase was primarily due to an increase in finance costs, fees and commission expense, employee benefits expense, impairment on financial instruments and other expenses.

<u>*Finance costs*</u>

Our finance costs increased by 30.31% from ₹5,574.49 million in Fiscal 2023 to ₹7,263.85 million in Fiscal 2024 primarily due to the increase in our financing operations, particularly Direct to Customer Lending. Interest on borrowings - term loans from banks and others increased by 38.96% from ₹4,287.35 million in Fiscal 2023 to ₹5,957.72 million in Fiscal 2024 in line with the increase in borrowings (other than debt securities) by 32.30% from ₹57,702.99 million as of March 31, 2023 to ₹76,340.31 million as of March 31, 2024. Our borrowings has increased primarily as an outcome of continued measures as well as focused approach on availing borrowings from various lenders/ investors categories namely offshore investors, development financial institutions, scheduled commercial banks, HNIs and family offices during Fiscal 2024. With a higher focus towards Direct to Customer Lending in consumer, MSME and MFI sectors, the quantum of sanction of loans also increased. These fructified through various transactions in Fiscal 2024 requiring us to increase the quantum of borrowing significantly.

The increase in finance costs was partially offset by a decrease in interest on debt securities by 9.02% from ₹1,158.07 million in Fiscal 2023 to ₹1,053.63 million in Fiscal 2024 due to change in mix of borrowings resulting in reduction in borrowings through NCDs.

Our Average Cost of Borrowings (*i.e.*, adjusted finance costs divided by average total borrowings) increased from 8.84% in Fiscal 2023 to 9.23% in Fiscal 2024 account of impact of increase in REPO rate by RBI in Fiscal 2023. However, this increase was offset by refinancing of high-cost loans with offshore loans with lower cost of borrowing. Also, see *"Selected Statistical Information – Borrowings"* on page 502.

*Fees and commission expense*

Our fees and commission expense significantly increased by 81.86% from ₹1,214.20 million in Fiscal 2023 to ₹2,208.19 million in Fiscal 2024 in line with our strategic focus to grow our Direct to Customer Lending.

*Employee benefits expenses*

Our employee benefits expenses increased by 62.23% from ₹1,489.25 million in Fiscal 2023 to ₹2,416.08 million in Fiscal 2024 primarily due to an increase in salaries, wages and bonus by 51.62% from ₹1,317.81 million in Fiscal 2023 to ₹1,998.03 million in Fiscal 2024 primarily attributable to an increase in number of employees, particularly on account of increase in our Direct to Customer Lending, and annual increments. Our total number of employees, on a consolidated basis, increased from 1,775 employees as of March 31, 2023 to 2,695 employees as of March 31, 2024.

*Impairment on financial instruments*

Our impairment on financial instruments significantly increased by 212.23% from ₹392.14 million in Fiscal 2023 (consisting of ₹(18.11) million in write off on financial instruments – net of recovery and ₹410.25 million in impairment loss allowance on financial instruments) to ₹1,224.38 million in Fiscal 2024 (consisting of ₹974.35 million in write off on financial instruments – net of recovery and ₹250.03 million in impairment loss allowance on financial instruments). This significant increase was primarily due to the increase in write off on financial instruments which were under stress primarily in the Direct to Customer Lending channel on account of change in write-off estimates and change in terms and conditions with the Retail Lending Partners. This increase was partially offset by decrease in impairment loss allowance on financial instruments – loans by 35.27% from ₹396.69 million in Fiscal 2023 to ₹256.79 million in Fiscal 2024 due to reduction in Stage 3 loans and investments in Fiscal 2024 compared to Fiscal 2023. Also, see *"Selected Statistical Information – Credit Cost"* on page 505.

*Depreciation and amortisation*

Our depreciation and amortisation increased by 40.68% from ₹120.44 million in Fiscal 2023 to ₹169.44 million in Fiscal 2024 primarily due to an increase in depreciation on right of use asset by 82.67% from ₹29.78 million in Fiscal 2023 to ₹54.40 million in Fiscal 2024 and depreciation on property, plant and equipment by 45.95% from ₹41.27 million in Fiscal 2023 to ₹60.23 million in Fiscal 2024.

*Other expenses*

Our other expenses significantly increased by 43.63% from ₹1,090.50 million in Fiscal 2023 to ₹1,566.31 million in Fiscal 2024 primarily due to an increase in the overall business activities in Fiscal 2024. Legal and professional charges increased by 29.20% from ₹521.77 million in Fiscal 2023 to ₹674.11 million in Fiscal 2024 primarily on account of increase in information technology consulting in Fiscal 2024 to support our technology initiatives. Subscription charges by 258.57% from ₹32.52 million in Fiscal 2023 to ₹116.61 million in Fiscal 2024 primarily due to increase in cloud storage and other technology related subscriptions. Miscellaneous expenses significantly increased by 2,111.55% from ₹4.53 million in Fiscal 2023 to ₹100.18 million in Fiscal 2024 primarily due to increase in the operational expenses of one of our subsidiary focused on rural financing, in line with increase in our rural financing business. Travelling and conveyance by 44.50% from ₹106.85 million in Fiscal 2023 to ₹154.40 million in Fiscal 2024 primarily on account of expansion of our Direct to Customer Lending, which requires extensive travel Repairs and maintenance expenses increased by 36.38% from ₹100.14 million in Fiscal 2023 to ₹136.57 million in Fiscal 2024 primarily on account of increase in software related licenses cost due to increase in business growth and employee head count.

***Restated profit before share of profit/loss of associate and taxes***

As a result of the factors discussed above, our restated profit before share of profit/ loss of associate and taxes increased by 30.37% from ₹3,230.98 million in Fiscal 2023 to ₹4,212.08 million in Fiscal 2024.

***Restated profit before tax***

As a result of the foregoing, our restated profit before tax increased by 30.82% from ₹3,212.25 million in Fiscal 2024 to ₹4,202.36 million in Fiscal 2024. This increase in restated profit before tax reflects the increase in our revenue from operations by 44.84% in Fiscal 2024 compared to Fiscal 2023. In Fiscal 2024, the share of loss from Associates was ₹9.72 million compared to ₹18.73 million in Fiscal 2023 on account of our investment in Associates in Fiscals 2023 and 2024.

***Total tax expense***

Our total tax expense increased by 29.78% to ₹1,025.43 million in Fiscal 2024 from ₹790.11 million in Fiscal 2023, primarily due to an increase in our restated profit before tax. Our effective tax rate (which represents the income tax expenses to profit before tax during the relevant year, expressed as a percentage) was 25.59% and 25.15% for the Fiscals 2023 and 2024, respectively. Current tax increased by 12.15% from ₹970.23 million in Fiscal 2023 to ₹1,088.11 million in Fiscal 2024. Deferred tax benefit was ₹67.37 million in Fiscal 2024 compared to ₹180.12 million in Fiscal 2023 primarily due to increase in deferred tax asset on impairment on financial assets and unamortised component of processing fee.

***Restated profit for the year***

Our restated profit for the year was ₹3,176.93 million in Fiscal 2024 compared to ₹2,422.14 million in Fiscal 2023, consequent to the reasons explained above.

***Restated other comprehensive income for the year (net of income taxes)***

Our restated other comprehensive income for the year (net of income taxes) increased from ₹(146.16) million in Fiscal 2023 to ₹202.54 million in Fiscal 2024, primarily due to an increase in fair valuation of loans and non-convertible debentures classified as fair value through other comprehensive income and fair valuation of derivatives designated as cash flow hedge.

***Restated total comprehensive income for the year (net of income taxes)***

Due to the factors discussed above, our restated total comprehensive income for the year (net of income taxes) increased by 48.48% from ₹2,275.98 million in Fiscal 2023 to ₹3,379.47 million in Fiscal 2024.

***Fiscal 2023 compared to Fiscal 2022***

***Total Income***

Our total income increased by 43.06% from ₹9,165.45 million in Fiscal 2022 to ₹13,112.00 million in Fiscal 2023 primarily as a result of an increase in our revenue from operations on account of broad-based growth across certain of our focused sectors, namely, MSME, MFI and consumer finance sectors.

*Revenue from operations*

Our total revenue from operations increased by 43.48% from ₹9,095.39 million in Fiscal 2022 to ₹13,049.71 million in Fiscal 2023 primarily due to an increase in interest income on account of an increase in disbursements by way of loans or subscription to debt instruments, primarily led by our strategic focus on growing our Direct to Customer Lending channel, particularly in the MFI and consumer finance sector. For further details, see "*Selected Statistical Information – Disbursements*" on page 501.

*Interest income:* Our interest income increased by 47.07% from ₹7,808.45 million in Fiscal 2022 to ₹11,483.88 million in Fiscal 2023. Interest income primarily comprises interest on loans, which increased by 49.94% from ₹6,368.96 million in Fiscal 2022 to ₹9,549.55 million in Fiscal 2023, and interest from investments – non – convertible debentures, which increased by 33.63% from ₹1,173.80 million in Fiscal 2022 to ₹1,568.52 million in Fiscal 2023. This increase in interest income was primarily attributable to increase in loans which increased by 32.25% from ₹52,087.56 million as of March 31, 2022 to ₹68,886.06 million as of March 31, 2023. This growth in loans was supported by a significant increase in our Direct to Customer Lending channel. Our Total Yield has also increased in Fiscal 2023 compared to Fiscal 2022 primarily due to increase in our Direct to Customer Lending and the benchmark repurchase ("**REPO**") rates by the RBI which impacts our marginal cost of funds ("**MCLR**") rate. For further details, see "*Selected Statistical Information – Earning Assets and AUM*" and "*Selected Statistical Information – Yields*" on pages 500 and 502, respectively.

*Fee and commission income:* Our fee and commission income marginally decreased by 0.50% from ₹860.45 million in Fiscal 2022 to ₹856.16 million in Fiscal 2023. This decrease was primarily due to a decrease in the professional fee generated from our Placements channel, which was partially offset by the increase in management fee from our Fund Management channel. Income from other financial services – professional fee decreased by 10.97% from ₹564.33 million in Fiscal 2022 to ₹502.40 million in Fiscal 2023 on account of decrease in Placements Fee Yield due to lesser proportion of offshore Placements business. However, despite this decrease in professional fee, our Placements volume increased on account of an increase in Placements in certain of our focused sectors, namely, consumer finance, MSME and MFI sectors.

The marginal decrease in fee and commission income was partially offset by an increase in income from other financial services – management fee, which increased by 28.62% from ₹203.38 million in Fiscal 2022 to ₹261.58 million in Fiscal 2023 primarily due to launch of new funds in Fiscal 2023. For further details, see "*Selected Statistical Information – Network Metrics*" and "*Selected Statistical Information – Fund Management*" on pages 496 and 508, respectively.

*Net gain on fair value changes*: Our net gain on fair value changes increased by 18.70% from ₹426.49 million in Fiscal 2022 to ₹506.25 million in Fiscal 2023. This increase was primarily on account of a significant increase in profit on sale of investments by 472.65% from ₹29.62 million in Fiscal 2022 to ₹169.62 million in Fiscal 2023 mainly attributable to realized gain on sale of market linked debentures during Fiscal 2023. This increase was partially offset by a decrease in net gain on financial instruments at fair value through profit or loss - on market linked debentures to ₹(18.29) million in Fiscal 2023 compared to ₹108.09 million in Fiscal 2022 primarily due to movement in the fair value of quoted market linked debentures.

*Net gain on derecognition of financial instruments*: Our net gain on derecognition of financial instruments was ₹203.42 million in Fiscal 2023 compared to nil in Fiscal 2022. In Fiscal 2022, we did not enter into fresh assignment transactions, while in Fiscal 2023, we generated upfront income recognized on sell down of assets through direct assignment. In Fiscal 2023, the total number of loans assigned by our Company were 170,130 with a total sale consideration received for loans assigned of ₹3,853.80 million.

<u>*Other income*</u>

Our other income decreased by 11.09% from ₹70.06 million in Fiscal 2022 to ₹62.29 million in Fiscal 2023 primarily due to a decrease in other non-operating income by 40.83% from ₹59.42 million in Fiscal 2022 to ₹35.16 million in Fiscal 2023 on account of reduction in penal, pre-closure and other charges collected from customers. This decrease was offset by an increase in recovery from assets written off to ₹9.76 million in Fiscal 2023, which were written off in earlier years, compared to nil in Fiscal 2022 and increase in interest income on income tax refund by 40.79% from ₹10.64 million in Fiscal 2022 to ₹14.98 million in Fiscal 2023 on account of income tax refund received from the income tax department pertaining to previous assessment years.

***Expenses***

Our total expenses increased by 47.88% from ₹6,681.56 million in Fiscal 2022 to ₹9,881.02 million in Fiscal 2023 in line with the increase in our revenue from operations. This increase was primarily due to an increase in finance costs, fees and commission expense, employee benefits expense and other expenses.

<u>*Finance costs*</u>

Our finance costs increased by 35.74% from ₹4,106.72 million in Fiscal 2022 to ₹5,574.49 million in Fiscal 2023 primarily due to the increase in our financing operations, particularly Direct to Customer Lending. Interest on borrowings - term loans from banks and others increased by 70.88% from ₹2,509.02 million in Fiscal 2022 to ₹4,287.35 million in Fiscal 2023 in line with the increase in borrowings (other than debt securities) by 25.46% from ₹45,994.26 million as of March 31, 2022 to ₹57,702.99 million as of March 31, 2023. Our borrowings has increased primarily as an outcome of continued measures as well as focused approach on availing borrowings from various lenders/ investors categories namely offshore investors, development financial institutions, scheduled commercial banks, HNIs and family offices during Fiscal 2023. With a higher focus towards Direct to Customer Lending in MSME, MFI and consumer finance sectors, the quantum of sanction of loans also increased. These fructified through various transactions in Fiscal 2023 allowing us to increase the quantum of borrowing significantly.

The increase in finance costs was partially offset by a decrease in interest on debt securities by 19.68% from ₹1,441.78 million in Fiscal 2022 to ₹1,158.07 million in Fiscal 2023 due to change in mix of borrowings resulting in reduction in borrowings through NCDs.

Our Average Cost of Borrowings (*i.e.*, adjusted finance costs divided by average total borrowings) increased from 8.55% in Fiscal 2022 to 8.84% in Fiscal 2023 account of increase in REPO rate by RBI. However, this increase was offset by refinancing of high-cost loans with offshore loans with lower cost of borrowing. Also, see *"Selected Statistical Information – Borrowings"* on page 502.

<u>*Fees and commission expense*</u>

Our fees and commission expense significantly increased by 130.26% from ₹527.32 million in Fiscal 2022 to ₹1,214.20 million in Fiscal 2023 in line with our strategic focus to grow our Direct to Customer Lending.

*Employee benefits expenses*

Our employee benefits expenses increased by 52.05% from ₹979.42 million in Fiscal 2022 to ₹1,489.25 million in Fiscal 2023 primarily due to an increase in salaries, wages and bonus by 51.60% from ₹869.27 million in Fiscal 2022 to ₹1,317.81 million in Fiscal 2023 primarily attributable to an increase in number of employees, particularly on account of increase in our Direct to Customer Lending, and annual increments. Our total number of employees, on a consolidated basis, increased from 323 employees as of March 31, 2022 to 1,775 employees as of March 31, 2023 in line with the increase in our Direct to Customer Lending.

*Impairment on financial instruments*

Our impairment on financial instruments marginally increased by 7.41% from ₹365.09 million in Fiscal 2022 (consisting of ₹1,068.86 million in write off on financial instruments – net of recovery and ₹(703.77) million in impairment loss allowance on financial instruments) to ₹392.14 million in Fiscal 2023 (consisting of ₹(18.11) million in write off on financial instruments – net of recovery and ₹410.25 million in impairment loss allowance on financial instruments). This increase was primarily due to the increase in loans and investments. However, despite the increase in loans and investments, impairment on financial instruments only marginally increased due to lower slippages of loans and investments into Stage 3 in Fiscal 2023 compared to Fiscal 2022 as a result of improvement in underwriting and risk monitoring and analytics, increased collection efforts supported by a benign macro-economic environment. Also, see *"Selected Statistical Information – Credit Cost"* on page 505.

*Depreciation and amortisation*

Our depreciation and amortisation increased by 25.77% from ₹95.76 million in Fiscal 2022 to ₹120.44 million in Fiscal 2023 primarily due to an increase in depreciation on property, plant and equipment by 129.92% from ₹17.95 million in Fiscal 2022 to ₹41.27 million in Fiscal 2023. This was partially offset by a decrease in depreciation on right of use asset by 38.22% from ₹48.20 million in Fiscal 2022 to ₹29.78 million in Fiscal 2023.

*Other expenses*

Our other expenses significantly increased by 79.58% from ₹607.25 million in Fiscal 2022 to ₹1,090.50 million in Fiscal 2023 primarily due to an increase in the overall business activities in Fiscal 2023 post resumption of business activities after the COVID-19 pandemic. Legal and professional charges increased by 57.12% from ₹332.09 million in Fiscal 2022 to ₹521.77 million in Fiscal 2023 primarily on account of the charge off of previous DRHP related expenses; (ii) travelling and conveyance by 203.64% from ₹35.19 million in Fiscal 2022 to ₹106.85 million in Fiscal 2023 primarily on account of expansion of our Direct to Customer Lending, which requires extensive travel; (iii) repairs and maintenance expenses by 81.18% from ₹55.27 million in Fiscal 2022 to ₹100.14 million in Fiscal 2023 primarily on account of increase in software related licenses cost due to increase in business growth and employee head count; (iv) rent expenses by 120.17% from ₹44.86 million in Fiscal 2022 to ₹98.77 million in Fiscal 2023 as a result of expanding our branch network for our Direct to Customer Lending, increase in short term lease premises and rent escalations; (v) advertisement and business promotion expenses by 300.45% from ₹13.37 million in Fiscal 2022 to ₹53.54 million in Fiscal 2023 due to increased promotional activity including campaign expenses for our *AltiFi* platform.

***Restated profit before share of profit/loss of associate and taxes***

As a result of the factors discussed above, our restated profit before share of profit/ loss of associate and taxes increased by 30.08% from ₹2,483.89 million in Fiscal 2022 to ₹3,230.98 million in Fiscal 2023.

***Restated profit before tax***

As a result of the foregoing, our restated profit before tax increased by 29.32% from ₹2,483.89 million in Fiscal 2022 to ₹3,212.25 million in Fiscal 2023. This increase in restated profit before tax reflects the increase in our revenue from operations by 43.48% in Fiscal 2023 compared to Fiscal 2022 and lower amount of impairment on financial instruments due to reduced stress on portfolio as business activities recovered from the COVID-19 pandemic, collection efforts increased supported by a benign macro-economic environment and our underwriting and risk monitoring and analytics improved. In Fiscal 2023, the share of loss from Associates was ₹18.73 million compared to nil in Fiscal 2022 on account of our investment in Associates in Fiscal 2023, namely, Finreach Solutions Private Limited and Northern Arc Emerging Corporates Bond Trust.

***Total tax expense***

Our total tax expense increased by 18.90% to ₹790.11 million in Fiscal 2023 from ₹664.51 million in Fiscal 2022, primarily due to an increase in our restated profit before tax. Our effective tax rate (which represents the income tax expenses to profit before tax during the relevant year, expressed as a percentage) was 27.81% and 25.59% for the Fiscals 2022 and 2023, respectively. Current tax increased by 92.12% from ₹505.02 million in Fiscal 2022 to ₹970.23 million in Fiscal 2023. Deferred tax benefit was ₹180.12 million in Fiscal 2023 while deferred tax charge was ₹159.49 million in Fiscal 2022.

***Restated profit for the year***

Our restated profit for the year was ₹2,422.14 million in Fiscal 2023 compared to ₹1,819.38 million in Fiscal 2022, consequent to the reasons explained above.

***Restated other comprehensive income for the year (net of income taxes)***

Our restated other comprehensive income for the year (net of income taxes) increased from ₹(334.70) million in Fiscal 2022 to ₹(146.16) million in Fiscal 2023, primarily due to an increase in unamortised processing fee on our Lending channel operations resulting from effective interest rate adjustment, fair valuation of pass through certificates (PTCs) classified as fair value through other comprehensive income and fair valuation of derivatives designated as cash flow hedge, which was partially offset by fair valuation loss on non-convertible debentures.

***Restated total comprehensive income for the year (net of income taxes)***

Due to the factors discussed above, our restated total comprehensive income for the year (net of income taxes) increased by 53.30% from ₹1,484.68 million in Fiscal 2022 to ₹2,275.98 million in Fiscal 2023.

**Financial Position**

Our equity attributable to the equity holder of the holding company was ₹23,143.85 million, ₹19,554.26 million, and ₹17,390.78 million as of March 31, 2024, March 31, 2023 and March 31, 2022, respectively. The increase was on account of retention of earnings for the respective years.

***<u>Assets</u>***

The following table sets forth the principal components of our assets as of the dates indicated:

| Assets | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|
| | (₹ million) | | |
| **Financial Assets** | | | |
| Cash and cash equivalents | 1,794.01 | 2,323.40 | 7,151.74 |
| Bank balances other than cash and cash equivalents | 2,283.43 | 1,902.59 | 873.44 |
| Derivative financial instruments | 548.19 | 610.48 | 15.19 |
| Trade receivables | 253.49 | 286.14 | 191.84 |
| Loans | 92,095.89 | 68,886.06 | 52,087.56 |
| Investments | 17,807.05 | 17,627.34 | 17,657.51 |
| Other financial assets | 839.15 | 505.90 | 696.52 |
| **Total financial Assets** | **115,621.21** | **92,141.91** | **78,673.80** |
| | | | |
| **Non-financial Assets** | | | |
| Current tax assets (net) | 240.43 | 291.16 | 420.87 |
| Deferred tax assets (net) | 347.59 | 351.79 | 136.91 |
| Property, plant and equipment | 66.62 | 38.13 | 19.55 |
| Intangible assets under development | 23.12 | 9.89 | 2.84 |
| Goodwill | 234.77 | 240.70 | 17.46 |
| Other intangible assets | 117.93 | 133.71 | 94.29 |
| Right of use asset | 147.23 | 96.66 | 112.17 |
| Investment in Associates | 38.86 | 272.66 | - |
| Other non-financial assets | 238.83 | 139.11 | 263.27 |
| **Total Non-financial Assets** | **1,455.38** | **1,573.81** | **1,067.36** |

| Assets | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|
| | (₹ million) | | |
| | | | |
| **Total assets** | **117,076.59** | **93,715.72** | **79,741.16** |

As of March 31, 2024, we had total assets of ₹117,076.59 million compared to ₹93,715.72 million as March 31, 2023 and ₹79,741.16 million. The increase in our total assets was primarily on account of increase in balances of loans in line with increase in our overall business operations and strategic focus on scaling our Direct to Customer Lending.

***Financial assets***

*Cash and cash equivalents*

Our cash and cash equivalents were ₹1,794.01 million as of March 31, 2024, ₹2,323.40 million as of March 31, 2023 and ₹7,151.74 million as of March 31, 2022. The decrease in cash and cash equivalents from Fiscal 2023 to Fiscal 2024 were largely due to movements in fixed deposits with banks in line with our liquidity requirements in the respective years. The decrease in cash and cash equivalents from Fiscal 2022 to Fiscal 2023 was primarily due to decrease in balance with banks – in deposit account from ₹4,785.79 million as of March 31, 2022 to ₹200.38 million as of March 31, 2023. We maintained higher liquidity as of March 31, 2022 in order to fund the business acquisition of identified assets and liabilities of S.M.I.L.E. Microfinance Limited, which was completed in April 2022.

*Bank balances other than cash and cash equivalents*

Our bank balances other than cash and cash equivalents were ₹2,283.43 million as of March 31, 2024, ₹1,902.59 million as of March 31, 2023 and ₹873.44 million as of March 31, 2022. The increase in other bank balance were largely due to movements in fixed deposits with banks in line with our liquidity management requirements. Further, there was an increase in deposit with banks held as margin money or security against the borrowings during these periods primarily due to an increase in our borrowings in line with our overall business growth.

*Derivative financial instruments*

Our derivative financial instruments were ₹548.19 million as of March 31, 2024, ₹610.48 million as of March 31, 2023 and ₹15.19 million as of March 31, 2022 primarily due to hedges of cross currency swaps, forward contracts and overnight indexed swaps on our foreign currency borrowings. The variations in derivative financial instruments were primarily due to an increase in such derivative contracts in line with increase in foreign currency denominated borrowings and movements in the mark to market valuation of such derivative contracts on a periodical basis.

*Trade Receivables*

Our trade receivables were ₹253.49 million as of March 31, 2024, ₹286.14 million as of March 31, 2023 and ₹191.84 million as of March 31, 2022. The variations in receivables were on account of the actual pattern of invoicing, accrual and collections.

*Loans*

Our loans were ₹92,095.89 million as of March 31, 2024, ₹68,886.06 million as of March 31, 2023 and ₹52,087.56 million as of March 31, 2022. The increase in our loans was on account of a broad-based increase in lending across certain of our focused sectors, namely, MFI, consumer finance and MSME sectors to various categories of borrowers, led by our Direct to Customer Lending in line with our strategic focus.

*Investments*

Our investments were ₹17,807.05 million as of March 31, 2024, ₹17,627.34 million as of March 31, 2023, and ₹17,657.51 million as of March 31, 2022. The marginal increase from Fiscal 2023 to Fiscal 2024 was primarily due to increase in investments in non-convertible redeemable debentures and Government securities, which was offset by a decrease in investments in market linked debentures, mutual funds and pass-through certificates. The marginal decrease from Fiscal 2022 to Fiscal 2023 was primarily due to a change in the mix of investments resulting in increase in investments in market linked debentures and investment in Government securities to comply with the requirements of the Liquidity Coverage Ratio requirements, which was offset by a decrease in investments in AIFs and pass through certificates.

*Other financial assets*

Our other financial assets were ₹839.15 million as of March 31, 2024, ₹505.90 million as of March 31, 2023 and ₹696.52 million as of March 31, 2022. The variations were primarily due to movements in excess interest spread (EIS) on derecognition of financial instruments, advance to Originator Partners and other receivables.

***Non-financial assets***

*Current tax assets (net)*

Our current tax assets (net) were ₹240.43 million as of March 31, 2024, ₹291.16 million as of March 31, 2023 and ₹420.87 million as of March 31, 2022. The decrease was primarily due to income tax refunds received from the income tax department from previous assessment years, partially offset by increase in provision due to higher profit over the years.

*Deferred tax assets (net)*

Our deferred tax assets (net) were ₹347.59 million as of March 31, 2024, ₹351.79 million as of March 31, 2023 and ₹136.91 million as of March 31, 2022. The increase from Fiscal 2022 to Fiscal 2023 was primarily due to increase in impairment on financial instruments, unamortised component of processing fee and increase in fair value loss of financial assets measured at fair value through other comprehensive income.

*Property, plant and equipment*

Our property, plant and equipment was ₹66.62 million as of March 31, 2024, ₹38.13 million as of March 31, 2023, and ₹19.55 million as of March 31, 2022. The increase was primarily due to increase in number of employees and branches resulting in additions in purchase of computers and accessories, and furniture and fittings.

*Intangible assets under development*

Our intangible assets under development were ₹23.12 million as of March 31, 2024, ₹9.89 million as of March 31, 2023 and ₹2.84 million as of March 31, 2022. The increase in intangible assets under development was due to increase in software development project undertaken by us and subsequent capitalization of intangible assets upon being put to use.

*Goodwill*

Our goodwill was ₹234.77 million as of March 31, 2024, ₹240.70 million as of March 31, 2023 and ₹17.46 million as of March 31, 2022. The marginal decrease in goodwill from Fiscal 2023 to Fiscal 2024 was primarily due to impairment of goodwill in Fiscal 2024. The increase from Fiscal 2022 to Fiscal 2023 was primarily on account of acquisition of the identified assets and liabilities of S.M.I.L.E Microfinance Limited in Fiscal 2023.

*Other intangible assets*

Our other intangible assets were ₹117.93 million as of March 31, 2024, ₹133.71 million as of March 31, 2023 and ₹94.29 million as of March 31, 2022. The variations in our other intangible assets was primarily on account of capitalization of software projects procured/ developed internally for supporting business and subsequent amortization of such software assets.

*Right of use asset*

Our right of use asset was ₹147.23 million as of March 31, 2024, ₹96.66 million as of March 31, 2023 and ₹112.17 million as of March 31, 2022. The increase from Fiscal 2023 to Fiscal 2024 was primarily on account of new premises taken on lease in Fiscal 2024 in line with the increase in our Lending channel, led by Direct to Customer Lending. The decrease from Fiscal 2022 to Fiscal 2023 was primarily due to depreciation of right of use asset.

*Investment in Associates*

Our investment in Associates were ₹38.86 million as of March 31, 2024, ₹272.66 million as of March 31, 2023 and nil as of March 31, 2022. Investments in Associate was primarily on account of investing in and taking significant influence in other entities during Fiscal 2023, namely, Finreach Solutions Private Limited and Northern Arc Emerging Corporates Bond Fund. The decrease in Fiscal 2024 compared to Fiscal 2023 was on account of our Company decreasing its shareholding in Northern Arc Emerging Corporates Bond Fund, resulting in Northern Arc Emerging Corporates Bond Fund no longer being treated as an associate.

*Other non-financial assets*

Our other non-financial assets were ₹238.83 million as of March 31, 2024, ₹139.11 million as of March 31, 2023 and ₹263.27 million as of March 31, 2022. The movement in other non-financial assets was primarily due to the variations in prepaid expense, other advances which represents various expenses incurred in connection with proposed initial public offer of equity shares of our Company and advance given to vendors during these years in line with our business requirements.

***<u>Liabilities and Equity</u>***

The following table sets forth the principal components of our liabilities and equity as of the dates indicated.

| Particulars | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|
| | (₹ million) | | |
| **Liabilities** | | | |
| **Financial liabilities** | | | |
| Derivative financial instruments | 29.87 | 22.76 | 64.38 |
| *Trade payables* | | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,284.83 | 1,096.12 | 558.17 |
| Debt Securities | 14,137.25 | 12,243.16 | 13,435.97 |
| Borrowings (Other than debt securities) | 76,340.31 | 57,702.99 | 45,994.26 |
| Subordinated liabilities | - | 399.51 | 399.35 |
| Other financial liabilities (including lease liabilities) | 1,550.58 | 1,101.93 | 669.44 |
| **Total financial liabilities** | **93,342.84** | **72,566.47** | **61,121.57** |
| | | | |
| **Non-financial liabilities** | | | |
| Provisions | 320.66 | 333.54 | 224.57 |
| Current tax liabilities (net) | 46.15 | - | - |
| Deferred tax liabilities (net) | 7.19 | 2.00 | 7.23 |
| Other non-financial liabilities | 155.64 | 136.41 | 66.67 |
| **Total non-financial liabilities** | **529.64** | **471.95** | **298.47** |
| | | | |
| **Equity** | | | |
| Equity share capital | 893.85 | 890.31 | 889.08 |
| Instruments entirely equity in nature | 826.46 | 826.46 | 826.46 |
| Other equity | 21,423.54 | 17,837.49 | 15,675.24 |
| **Equity attributable to the equity holder of the Holding company** | **23,143.85** | **19,554.26** | **17,390.78** |
| Non-controlling interest (NCI) | 60.26 | 1,123.04 | 930.34 |
| **Total equity** | **23,204.11** | **20,677.30** | **18,321.12** |
| **Total liabilities and equity** | **117,076.59** | **93,715.72** | **79,741.16** |

As of March 31, 2024, we had total liabilities and equity of ₹117,076.59 million compared to ₹93,715.72 million as March 31, 2023 and ₹79,741.16 million as of March 31, 2022. The increase in our total liabilities and equity was primarily on account of increase in borrowings (other than debt securities), debt securities and other equity primarily comprising retention of earnings during these years.

***Financial liabilities***

*Derivative Financial Instruments*

Our derivative financial instruments were ₹29.87 million as of March 31, 2024, ₹22.76 million as of March 31, 2023 and ₹64.38 million as of March 31, 2022 primarily due to hedges of cross currency swaps, forward contracts and overnight indexed swaps on our foreign currency borrowings. The variations in derivative financial instruments was primarily due to the changes in the mark-to-market losses on the derivatives instruments.

*Trade Payables - Total outstanding dues of micro enterprises and small enterprises*

Our total outstanding dues of micro and small enterprises remained nil as of March 31, 2022 to March 31, 2024.

*Trade Payables - Total outstanding dues of creditors other than micro enterprises and small enterprises*

Our total outstanding dues of creditors other than micro enterprises and small enterprises were ₹1,284.83 million as of March 31, 2024, ₹1,096.12 million as of March 31, 2023 and ₹558.17 million as of March 31, 2022. The increase was primarily attributable to the increase in our overall business operations.

*Debt Securities*

Our debt securities were ₹14,137.25 million as of March 31, 2024, ₹12,243.16 million as of March 31, 2023 and ₹13,435.97 million as of March 31, 2022. The increase in debt securities from Fiscal 2023 to Fiscal 2024 was primarily due to the commercial paper issued during Fiscal 2024 which is partially offset by redemption of redeemable non-convertible debentures. The decrease in debt securities from Fiscal 2022 to Fiscal 2023 was primarily due to redemption of debt securities, which were replaced with term loans from banks and other institutions.

*Borrowings (other than debt securities)*

Our borrowings (other than debt securities) were ₹76,340.31 million as of March 31, 2024, ₹57,702.99 million as of March 31, 2023 and ₹45,994.26 million as of March 31, 2022. The increase was mainly due to increase in our borrowings primarily from DFIs, FIIs, HNIs, family offices and banks in line with the increase in our business operations.

*Subordinated Liabilities*

Our subordinated liabilities were nil as of March 31, 2024, ₹399.51 million as of March 31, 2023 and ₹399.35 million as of March 31, 2022 as the liability was retired during Fiscal 2024.

*Other financial liabilities (including lease liabilities)*

Our other financial liabilities (including lease liabilities) were ₹1,550.58 million as of March 31, 2024, ₹1,101.93 million as of March 31, 2023 and ₹669.44 million as of March 31, 2022. The increase in other financial liabilities was primarily due to the increases in remittances payable towards direct assignment as a result of assignment transactions during Fiscal 2023 and Fiscal 2024, lease liabilities as result of entering into new leases and employee related payable, in line with the increase in our business operations. This was partially offset by a decrease in collateral deposits from customers due to change in business mix as a result of increase in Direct to Customer Lending where collateral deposits are comparatively lesser than Intermediate Retail Lending.

***Non-financial liabilities***

*Provisions*

Our provisions were ₹320.66 million as of March 31, 2024, ₹333.54 million as of March 31, 2023 and ₹224.57 million as of March 31, 2022. The variation in provisions was primarily due to movement in liability provision made for employee retirement benefits for gratuity and compensated absences.

*Current tax liabilities (net)*

Our current tax liabilities (net) were ₹46.15 million as of March 31, 2024 resulting from our Subsidiary, Pragati Finserv Private Limited. We did not record any current tax liabilities (net) as of March 31, 2023 and 2022.

*Deferred tax liabilities (net)*

Our deferred tax liabilities (net) were ₹7.19 million as of March 31, 2024, ₹2.00 million as of March 31, 2023 and ₹7.23 million as of March 31, 2022 resulting from one of our Subsidiary, Northern Arc Investment Managers Private Limited

*Other non-financial liabilities*

Our other non-financial liabilities were ₹155.64 million as of March 31, 2024 , ₹136.41 million as of March 31, 2023 and ₹66.67 million as of March 31, 2022 primarily attributable to to statutory dues payable.

***Equity attributable to the equity holder of the Holding company***

Our equity attributable to the equity holder of the Holding company was ₹23,143.85 million as of March 31, 2024, ₹19,554.26 million as of March 31, 2023 and ₹17,390.78 million as of March 31, 2022. The increase during these Fiscals was primarily due to increase in retained earnings at the end of the year, from ₹5,134.08 million, as of March 31, 2022 to ₹6,989.91 million, as of March 31, 2023 and further to ₹9,603.52 million, as of March 31, 2024.

***Equity***

Our total equity was ₹23,204.11 million, representing 19.82% of our total assets, as of March 31, 2024, ₹20,677.30 million, representing 22.06% of our total assets, as of March 31, 2023 and ₹18,321.12 million, representing 22.98% of our total assets, as of March 31, 2022. The increase is primarily due to retention of earnings for the respective Fiscals. Further, in Fiscal 2024, there was a reduction in non-controlling interest (NCI) as IFMR FImpact Long Term Credit Fund ceased to be a Subsidiary of our Company due to down selling of units during the year resulting in a 'change in unit holding in funds (subsidiary) - loss of control' by ₹1,179.39 million which was partially offset by allocation of current year profit for the year amounting to ₹93.59 million.

**Liquidity and Capital Resources**

Our funding and liquidity requirements consist primarily of debt servicing, statutory payments, payments to employees and other operating expenses and new loans for customers. Our capital expenditure needs have historically been minimal as we do not have substantial fixed assets relative to our total assets. The purpose of the liquidity management function is to ensure that we have funds available, to repay principal and interest on our borrowings, to fund our working capital requirements and to ensure that we comply with RBI's Liquidity Coverage Ratio ("**LCR**") requirements and to extend loans to our customers across our various financing channels and products. We endeavor to diversify our sources of capital. We have funded the growth in our operations and loan portfolio through equity issuances, debt securities, loans with various maturities raised from banks and other entities and the assignment/securitization of loans. As of March 31, 2024, we had cash and cash equivalents at the end of the year of ₹1,794.01 million. In addition, our investments included investment in government securities of ₹1,212.12 million, as March 31, 2024, which we hold to comply with the LCR requirements. We typically invest our surplus funds in short term bank deposits or money market mutual funds. Based upon our current level of expenditures, we believe our current working capital, together with cash flows from operating activities and the proceeds from the offerings contemplated herein, will be adequate to meet our anticipated cash requirements for capital expenditures, servicing liabilities and working capital requirements for at least the next 12 months.

We actively manage our liquidity and capital position by raising funds on a regular basis on terms that, we believe, are favorable to us. We regularly monitor our funding levels to ensure we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by short term and long term borrowings from banks and other entities, issue of equity shares and debentures, retained earnings, repayment from customers and proceeds from assignments/securitization of loans. All our loan agreements and debentures contain a number of covenants including financial covenants. In addition, some loans may contain provisions which allow the lender, at its discretion, to call for repayment of the loan at short notice and/or require us to prepay the loan. Such covenants, if acted upon, may have an impact on our liquidity.

For more information about our liquidity management, see "*Our Business*" beginning on page 264. Also, see "*Risk Factors*" beginning on page 38.

***Cash flows***

The following table sets out a condensed summary of our cash flows for the Fiscals indicated.

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Net cash flow from/ (used in) operating activities (A) | (21,344.45) | (12,956.54) | (13,255.02) |
| Net cash from/ (used in) investing activities (B) | 360.45 | (1,194.71) | (3,855.19) |
| Net cash flow from/ (used in) financing activities (C) | 20,454.61 | 9,279.53 | 20,281.19 |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | (529.39) | (4,871.72) | 3,170.98 |
| Cash and cash equivalents at the beginning of the year | 2,323.40 | 7,151.74 | 3,980.76 |
| Additions on acquisition of specified assets and liabilities | - | 43.38 | - |
| Cash and cash equivalents at the end of the year | 1,794.01 | 2,323.40 | 7,151.74 |

***Operating activities***

*Fiscal 2024*

Net cash used in operating activities was ₹21,344.45 million in Fiscal 2024. Our restated profit before tax was ₹4,202.36 million in Fiscal 2024, which was primarily adjusted for interest income on loans, fixed deposits and investments of ₹16,965.34 million, finance costs of ₹7,083.86 million, bad debts written off of ₹3,228.79 million and impairment on financial instruments of ₹2,004.42 million. Our cash used in operations before working capital changes and adjustments was ₹4,556.73 million in Fiscal 2024 and adjustments for changes in working capital and other changes primarily comprised increase in loans of ₹35,683.00 million, increase in investments of ₹1,405.40 million, increase in other bank balances of ₹366.54 million and increase in other financial assets of ₹207.68 million marginally offset by an increase in trade payables, other liabilities and provisions of ₹235.19 million and increase in other financial liabilities of ₹221.11 million. Cash used in operations before adjustments amounted to ₹41,734.09 million in Fiscal 2024. Interest income received on loans, fixed deposits and investments amounted to ₹16,380.23 million, proceeds from de-recognition of financial assets amounted to ₹10,129.20 million, finance cost paid amounted to ₹7,386.66 million and income tax paid (net) was ₹987.57 million in Fiscal 2024.

*Fiscal 2023*

Net cash used in operating activities was ₹12,956.54 million in Fiscal 2023. Our restated profit before tax was ₹3,212.25 million in Fiscal 2023, which was primarily adjusted for interest income on loans, fixed deposits and investments of ₹11,586.81 million and finance costs of ₹5,574.49 million. Our cash used in operations before working capital changes and adjustments was ₹2,619.74 million in Fiscal 2023 and adjustments for changes in working capital and other changes primarily comprised increase in loans of ₹19,857.96 million and increase in other bank balances of ₹979.29 million, primarily offset by an increase in trade payables, other liabilities and provisions of ₹1,110.69 million. Cash used in operations before adjustments amounted to ₹21,983.80 million in Fiscal 2023. Interest income received on loans, fixed deposits and investments amounted to ₹11,487.72 million, proceeds from de-recognition of financial assets amounted to ₹3,853.80 million, finance cost paid amounted to ₹5,454.20 million and income tax paid (net) was ₹860.06 million in Fiscal 2023.

*Fiscal 2022*

Net cash used in operating activities was ₹13,255.02 million in Fiscal 2022. Our restated profit before tax was ₹2,483.89 million in Fiscal 2023, which was primarily adjusted for interest income on loans, fixed deposits and investments of ₹7,799.41 million and finance costs of ₹4,106.72 million. Our cash used in operations before working capital changes and adjustments was ₹883.81 million in Fiscal 2022 and adjustments for changes in working capital and other changes primarily comprised increase in loans of ₹15,081.23 million and increase in other financial assets of ₹649.15 million, offset by an increase in trade payables, other liabilities and provisions of ₹628.69 million. Cash used in operations before adjustments amounted to ₹16,360.84 million in Fiscal 2022. Interest income received on loans, fixed deposits and investments amounted to ₹7,646.32 million, finance cost paid amounted to ₹3,983.17 million and income tax paid (net) was ₹557.33 million in Fiscal 2022.

***Investing Activities***

*Fiscal 2024*

Net cash from investing activities was ₹360.45 million in Fiscal 2024 primarily on account of proceeds from sale of investments of ₹70,992.76 million, which was significantly offset by purchase of investments of ₹70,467.68 million.

*Fiscal 2023*

Net cash used in investing activities was ₹1,194.71 million in Fiscal 2023 primarily on account of purchase of investments of ₹68,360.18 million, which was significantly offset by proceeds from sale of investments of ₹68,033.43 million.

*Fiscal 2022*

Net cash used in investing activities was ₹3,855.19 million in Fiscal 2022 primarily on account of purchase of investments of ₹53,464.39 million, which was significantly offset by proceeds from sale of investments of ₹49,727.26 million.

***Financing activities***

*Fiscal 2024*

Net cash flow from financing activities was ₹20,454.61 million in Fiscal 2024 primarily on account of proceeds from borrowings (other than debt securities) of ₹78,512.44 million, proceeds from issue of debt securities of ₹8,442.60 million, which was offset by repayment of borrowings (other than debt securities) of ₹59,730.92 million and repayment of debt securities of ₹6,358.97 million.

*Fiscal 2023*

Net cash flow from financing activities was ₹9,279.53 million in Fiscal 2023 primarily on account of proceeds from borrowings (other than debt securities) of ₹41,629.86 million, proceeds from issue of debt securities of ₹8,771.00 million, which was offset by repayment of borrowings (other than debt securities) of ₹30,870.45 million and repayment of debt securities of ₹10,067.91 million.

*Fiscal 2022*

Net cash flow from financing activities was ₹20,281.19 million in Fiscal 2022 primarily on account of proceeds from borrowings (other than debt securities) of ₹32,510.00 million, proceeds from issue of debt securities of ₹7,642.97 million, which was offset by repayment of debt securities of ₹10,736.05 million and repayment of borrowings (other than debt securities) of ₹9,225.88 million.

**Indebtedness**

As of March 31, 2024, we had a Total Borrowings (*i.e.,* aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities)) of ₹90,477.56 million, which consisted of term loans from banks and others (including offshore lenders), cash credit, working capital and overdraft facilities, commercial papers and debt securities. For details on reconciliation, see "*Selected Statistical Information – Reconciliation of non-GAAP Measures*" on page 510. Our Company has issued non-convertible debentures which are listed on the debt segment of BSE. For further details related to our indebtedness, please see "*Financial Indebtedness*" beginning on page 445.

The following table sets out certain information relating to our total outstanding borrowings as of March 31, 2024 and our repayment obligations in the years indicated:

| Particulars | As of March 31, 2024 - Payment due by year | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 Year | 1-3 Years | 3-5 Years | More than 5 Years |
| | (₹ million) | | | | |
| Debt securities (A) | 14,137.25 | 8,807.51 | 4,739.24 | 590.50 | - |
| Borrowings (other than debt securities) (B) | 76,340.31 | 45,811.36 | 27,922.27 | 2,606.68 | - |
| Subordinated liabilities (C) | - | - | - | - | - |

| Particulars | As of March 31, 2024 - Payment due by year | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 Year | 1-3 Years | 3-5 Years | More than 5 Years |
| | (₹ million) | | | | |
| **Total Borrowings (D=A+B+C)** | **90,477.56** | 54,618.87 | 32,661.51 | 3,197.18 | - |

**Contractual Obligations**

Other than our borrowings, our principal commitments consist of lease obligations and capital commitment which was ₹217.57 million and ₹80.00 million, respectively as of March 31, 2024. The following table sets forth certain information relating to future payments due under known contractual obligations and commitments as of March 31, 2024:

| Particulars | As of March 31, 2024 - Payment due by year | | | |
|---|---|---|---|---|
| | Total | Less than one year | Between one and five years | Later than five years |
| | (₹ million) | | | |
| Leases | 217.57 | 51.07 | 151.01 | 15.49 |
| Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for | 80.00 | 80.00 | - | - |

**Commitments**

The following table below sets forth the capital commitments as of the dates indicated:

| Particulars | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 80.00 | 2,855.00 | 80.00 |
| Undrawn committed sanctions to borrowers | 1,359.90 | 1,373.38 | 4,056.96 |

**Assignment Arrangements**

The following table sets forth information regarding our assignment activities for the Fiscals indicated:

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| Total number of loans assigned | 311,589 | 170,130 | - |
| Book value of loans assigned (₹ million) | 9,654.95 | 3,853.80 | - |
| Sale consideration received for loans assigned (₹ million) | 9,654.95 | 3,853.80 | - |
| Net gain on derecognition of financial instruments (₹ million) | 474.25 | 203.42 | - |

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements or other relationships with any entity that has been established for the purposes of facilitating off-balance sheet arrangements other than for structured finance transactions such as securitization, assignment and collateralized loan obligations undertaken in the ordinary course of business.

**Contingent Liabilities**

The following table and notes below sets forth the principal components of our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, as of the dates indicated:

| Particulars | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Claims against the Group not acknowledged as debt | | | |
| - Income tax related matters | 52.52 | 44.06 | 44.06 |
| Guarantees outstanding | 644.16 | 1,638.82 | 2,371.64 |

**Debt/Equity Ratio**

Our Debt/Equity ratio was 3.90 times as of March 31, 2024, 3.40 times as of March 31, 2023 and 3.27 times as of March 31, 2022. For further details, see "*Selected Statistical Information – Reconciliation of Non-GAAP Measures*" on page 510.

**Capital Expenditures**

Our capital expenditures include expenditures on tangible assets, intangible assets and right to use assets. Tangible assets primarily include furniture and fixtures, computers and accessories and office equipment. Intangible assets comprise computer software, intangible assets under development and right of use assets. The following table sets out additions to the property, plant and equipment, intangible assets under development and right of use asset for the Fiscals indicated:

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| **Additions:** | | | |
| Property, plant and equipment | 88.80 | 60.41 | 27.25 |
| Intangible assets under development | 48.19 | 83.90 | 30.89 |
| Right of use asset | 106.41 | 14.27 | 72.25 |
| **Total** | **243.40** | **158.58** | **130.39** |

We expect to meet our funds, capital expenditures and investment requirements for the next 12 months primarily from revenues from operating and financing activities.

Our actual capital expenditures may differ from the amount set out above due to various factors, including our future cash flows, changes in growth strategy, additional investment in technology, operating performance, financial conditions, changes in the local economy in India, changes in the legislative and regulatory environment and other factors that are beyond our control.

**Capital to Risk-Weighted Assets Ratio ("CRAR")**

The RBI monitors capital to risk-weighted assets ratios based on financial information. The following table sets forth our CRAR as of the dates indicated:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ in million, except for percentages) | | |
| Tier I Capital | **20,578.17** | **18,190.28** | **16,263.08** |
| Tier II Capital | 215.27 | 562.03 | 518.29 |
| **Total Capital** | **20,793.44** | **18,752.31** | **16,781.37** |
| **Risk Weighted Assets** | **113,868.32** | **90,286.09** | **73,641.83** |
| | | | |
| Tier I Capital Ratio (%) | 18.07% | 20.15% | 22.08% |
| Tier II Capital Ratio (%) | 0.19% | 0.62% | 0.71% |
| **CRAR[(1)] (%)** | **18.26%** | **20.77%** | **22.79%** |

*Note:*
1. *CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets).*

For more information, see "*Selected Statistical Information*", "*Key Regulations and Policies*" and "*Our Business*" beginning on pages 495, 297 and 264, respectively.

**Credit Ratings**

The following table sets forth our credit ratings as of the date of this Red Herring Prospectus:

| Instrument | Rating Agency | Rating | Date of Rating | Rated Amount (₹ million) |
|---|---|---|---|---|
| Non-Convertible debentures | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 8,729.00 |
| Market linked debentures | ICRA | PP-MLD[ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 1,500.00 |
| Long term - Fund-based limits | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 710 |

| Instrument | Rating Agency | Rating | Date of Rating | Rated Amount (₹ million) |
|---|---|---|---|---|
| Long term - Term loans | ICRA | [ICRA]AA-(Stable); reaffirmed/assigned for enhanced portion | July 19, 2024 | 60,721.50 |
| Short-term bank facilities | ICRA | [ICRA]A1+; reaffirmed/assigned for enhanced portion | July 19, 2024 | 6,450.00 |
| Long term - Non-Fund based credit exposure limits | ICRA | [ICRA]AA-(Stable); reaffirmed | July 19, 2024 | 948.50 |
| Commercial paper | ICRA | [ICRA]A1+ (Stable); reaffirmed | July 19, 2024 | 3,000.00 |
| Non-Convertible debentures | India ratings | IND AA-/Stable; upgraded | September 27, 2023 | 3,699.00 |
| Commercial paper | CARE Edge | CARE A1+ (One Plus); reaffirmed | July 3, 2024 | 5,000.00 |

**Related Party Transactions**

We have engaged in the past, and may engage in the future, in transactions with related parties. For further information relating to our related party transactions, see "*Other Financial Information – Related Party Transactions*" on page 443.

**Quantitative and Qualitative Disclosures about Market Risk**

Our principal financial liabilities comprise borrowings from banks, issue of debentures and trade payables. The main purpose of these financial liabilities is to finance our operations and to support our operations. Our financial assets include loan and advances, investments and cash and cash equivalents that derive directly from our operations.

We are exposed to credit risk, liquidity risk, market risk and foreign currency risk. Our Board has an overall responsibility for the establishment and oversight of our risk management framework. Our Board has established the risk management committee and asset liability committee, which is responsible for developing and monitoring our risk management policies. This committee reports regularly to Board on its activities. For further details, please see "*Our Business – Risk Management*" on page 289.

***Credit Risk***

Credit risk is the risk of financial loss that may occur to us if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from our loans and investments. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the sector, product and geographical location. In order to address credit risk, we have credit policies for customer selection and have developed and implemented eligibility and credit evaluation criteria across products and customer categories. We follow a systematic methodology in the selection of customers. Our customer due diligence procedures encompass multiple levels of checks such as KYC verification, ability to service debt and intent to service debt using multiple tools including credit bureau checks, cash flow analysis, physical verification of collateral and business facilities, in-person discussions, evaluation of governance and management quality, as may be applicable for each product and customer category. We have also implemented risk tools and techniques and data analytics, such as static pools, vintage curves, roll rates, geo-risk maps, and risk models, to establish risk thresholds and benchmarks, which are then used for field-level reviews, business expansion plans, and our business strategy.

***Liquidity Risk***

Liquidity risk arises when we encounter difficulty in meeting our obligations associated with financial liabilities. Our approach in managing the liquidity is to ensure that we will have sufficient funds to meet our liabilities when due. We monitor our liquidity risk by estimating the future inflows and outflows during years either during the monthly ALCO meetings or as when required and plan accordingly on the funding requirement. In line with our various liquidity management policies, we manage our liquidity through holding cash or cash equivalents, unutilised cash credit facility, term loans and direct assignment. We raise funds from multiple sources, including from banks, financial institutions, mutual funds, DFIs, family offices, HNIs and NBFCs. Our treasury function is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a relationship with lenders such as banks, domestic and foreign financial institutions, mutual funds and NBFCs, and with rating agencies.

***Market Risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, foreign currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our borrowings rates linked to MCLR/ external benchmark lending rate (EBLR) of banks and lending rate linked to floating base lending rate (FBLR). Whenever there is a change in borrowing interest rate for us, necessary changes may be reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings, in line and based on the guidance provided by relevant policies. We have also entered into overnight index swap contracts to reduce our interest rate risk. We assess and manage our interest rate risk by managing our interest rate sensitive assets and liabilities. Our ALCO evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately, in line with our ALCO policy.

*Foreign currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for us arises majorly on account of foreign currency borrowings. We also face specific risks related to foreign exchange associated with foreign currency denominated ECBs and foreign currency non-resident bank loans.

We hold derivative financial instruments such as cross currency interest rate swap, forward contacts to mitigate risk of changes in exchange rate in foreign currency and floating interest rate in foreign currency. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place. When a derivative is entered into for the purpose of being as hedge, we negotiate the terms of those derivatives to match with the terms of the hedge exposure. Our policy is to fully hedge all foreign currency borrowings at the time of drawdown and remain so till repayment.

*Price risk*

We are exposed to price risk arising from investment in mutual funds, alternative investment funds, non-convertible debentures, government securities and treasury bills, and investments classified in the balance sheet at fair value through profit and loss.

***Technology risk***

Technology risk may arise from potential impact to IT systems and data because of hardware or software failure, human errors, as well as engineered cyber-attacks. We have implemented the Master Directions on Technology notified by the Reserve Bank of India and have put in place the policies, procedures, controls and governance mechanisms to mitigate this risk. In addition, we also undergo an IT audit by an independent firm on a yearly basis, conduct periodic vulnerability and penetration tests by a third-party agency to identify and plug any loopholes in our technology infrastructure, process controls and remediation preparedness. The IT strategy committee of our Company looks into all these aspects to protect our technology and data assets, and ensure adequate preparedness to manage these risks.

For further details, see "*Risk Factors*" and "*Our Business*" beginning on pages 38 and 264, respectively.

**Auditors' Observations**

***Auditor Qualifications***

There are no auditor qualifications which have not been given effect to in the Restated Consolidated Summary Statements.

***Fiscal 2024***

***Modification***

Our Statutory Auditor's 'Report on Other Legal and Regulatory Requirements' included in their audit report on the audited consolidated financial statements of the Group as at and for the year ended March 31, 2024, included the following modification relation to the maintenance of books of accounts and other matters connected therewith:

Based on the Statutory Auditor's examination which included test checks and that performed by the respective auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Companies Act, the Company, its subsidiaries and its associate have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except for the instances mentioned below. Further, for the applications and periods for which audit trail feature is enabled and operated, the Statutory Auditor's and the respective auditors of the subsidiaries and associate did not come across any instance of audit trail feature being tampered with:

A. As regards the Company:

(a) In respect of application relating to general ledger, the audit trail feature at the database level could not be commented in the absence of service organization controls report from the third party service provider; and

(b) In respect of loan management systems, such applications either have limitation in those applications in obtaining relevant information with regard to audit trail due to which we are unable to perform testing of audit trail feature, or for third party managed loan management systems, the service organization controls (SOC) report covering the audit trail feature was not available.

B. As regards to the Subsidiaries incorporated in India:

(a) In respect of two Subsidiaries, in the absence of service organization controls report from the third party service provider, the audit trail feature at the database level could not be commented upon; and

(b) In respect of one Subsidiary, the audit trail feature, was enabled for only part of the year for all relevant transactions recorded in the software used.

***CARO Remark***

Our Statutory Auditors reports on the audited consolidated financial statements of the Company as at and for the year ended March 31, 2024 also include an annexure which include a statement on certain matters specified in the Companies (Auditor's Report) Order, 2020 that includes other remarks/ comments by the auditors in the Companies (Auditor's Report) Order, 2020 on the standalone financial statements, which do not require any corrective adjustments in the Restated Consolidated Summary Statements. These matters include non-completion of physical verification of property, plant and equipment as per the planned progamme and slight delays in a few cases of depositing undisputed statutory dues, including goods and service tax, provident fund, employees' state insurance, income tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues.

***Fiscal 2023***

***Adverse Remark***

Our Statutory Auditor's 'Report on Other Legal and Regulatory Requirements' included in their audit report on the audited consolidated financial statements of the Group as at and for the year ended March 31, 2023, included an adverse remark as follows:

In our Statutory Auditors' opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statement have been kept so far as it appears from our examination of those books and reports of the other auditors, except that the Company does not have server physically located in India for the daily backup of certain books of account and other books and papers maintained in electronic mode on daily basis.

***CARO Remark***

Our Statutory Auditors reports on the audited consolidated financial statements of the Company as at and for the year ended March 31, 2023 also include an annexure which include a statement on certain matters specified in the Companies (Auditor's Report) Order, 2020 that includes other remarks/ comments by the auditors in the Companies (Auditor's Report) Order, 2020 on the standalone financial statements, which do not require any corrective adjustments in the Restated Consolidated Summary Statements. These matters include delays in depositing of employee state insurance dues by our Company and details of such dues outstanding beyond six months from due date by our Subsidiary, Pragati.

Also see, "*Risk Factors – Internal Risk Factors – Our Statutory Auditors have included modifications in their report on our audited consolidated financial statements for Fiscals 2024 and 2023 under 'Report on Other Legal and Regulatory Requirements', and certain other remarks/ comments in the annexure to report prescribed under the Companies (Auditor's Report) Order, 2020 for Fiscals 2024 and 2023*" on page 42.

**Unusual or Infrequent Events or Transactions**

Except as described in this Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

**Known Trends or Uncertainties**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*– Significant Factors Affecting our Financial Condition and Results of Operations*" on page 449 and the uncertainties described in "*Risk Factors*" beginning on page 38. To our knowledge, except as discussed in this Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

**Future Relationship between Cost and Revenue**

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 38, 264 and 448, respectively, to our knowledge there are no known factors that may affect the future relationship between cost and revenue.

**New Products or Business Segments**

Other than as disclosed in "*Our Business*" beginning on page 264, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

**Segment reporting**

Our operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or investments or guarantees, providing portfolio management, investment advisory and investment management services.

We have four reportable segments, *i.e.* financing activity, investment advisory services, investment management services, portfolio management services.

**Dependence on a Few Customers or Suppliers**

Given the nature of our business operations, our business is not dependent on any single or a few customers or suppliers.

**Seasonality of Business**

Our business is not seasonal in nature.

**Competitive Conditions**

We expect competition in our industry from existing and potential competitors to intensify. See "*Risk Factors*", "*Industry Overview*", and "*Our Business*" and on pages 38, 194 and 264, respectively, for further details on competitive conditions that we face across our various businesses.

**Significant Developments after March 31, 2024 that may affect our future Results of Operations**

On April 22, 2024, our Company allotted 8,491,048 CCPS to IFC for consideration aggregating to ₹3,319.99 million and 639,386 CCPS to Varun Jaipuria and 639,386 CCPS to RJ Corp Limited for consideration aggregating to ₹499.99 million on a private placement basis by way of preferential allotment which was approved by the Board of Directors and the Shareholders pursuant to resolutions dated April 4, 2024 and April 15, 2024, respectively. For further details, see "*History and Certain Corporate Matters - Shareholders' Agreements and Other Agreements*" on page 329.

Except as set out above and elsewhere in this Red Herring Prospectus, in our opinion, no circumstances have arisen since March 31, 2024, which have materially or adversely affected or are likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

## SELECTED STATISTICAL INFORMATION

*The following information is included for analytical purposes and should be read in conjunction with our "Financial Information" on page 354, as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 264 and 448, respectively. Unless otherwise indicated or the context requires otherwise, the financial information included herein is derived from our Restated Consolidated Summary Statements for Fiscals 2024, 2023 and 2022, included in this Draft Red Herring Prospectus. For further information, see "Financial Information" on page 354.*

*Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA, Earning Assets, Adjusted interest income, Adjusted net interest income, Adjusted net interest margin, Adjusted finance cost, Operating expenses, Net Interest Income, Net Interest Margin, Average Cost of Borrowing, Operating expenses to average total assets, Net Worth, Provision Coverage Ratio – Stage 3 assets, Net Asset Value per Equity Shares, Return on Net Worth ("**Non-GAAP Measures**") have been included in this section and elsewhere in this Draft Red Herring Prospectus and are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, we compute and disclose such non-GAAP measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP AS financial measures and other statistical and operational information when reporting their financial results. Further, we generate interest income from various products such as term loans, non-convertible debentures, structured products and guarantees. However, the interest income earned through these products are accounted under separate line-items in the profit and loss statement in accordance with Ind AS. Accordingly, we have presented such line-items under 'adjusted interest income' in order to depict the aggregate amount of interest we earn from our various products as part of our financing operations. See "Certain Conventions, Presentation of Financial, Industry and Market Data – Non-GAAP measures" on page 33, and "Risk Factors - Internal Risk Factors - We have in this Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance that may vary from any standard methodology that is applicable across the financial services industry" on page 86.*

### *Financial Metrics and Ratios*

The following table sets forth information relating to the financial metrics and ratios for our Company, on a consolidated basis, as of and for the Fiscals indicated. The table below includes Gross Transaction Volume ("**GTV**"), Assets under Management ("**AUM**"), Average AUM and Earning Assets, which are non-GAAP measures and have been reconciled to the most recent GAAP measures presented in the Restated Consolidated Summary Statements. For details of reconciliation, see *"- Reconciliation of non-GAAP Measures"* on page 510. Also, see "- *Asset Quality*" on page 504.

| **Particulars** | **As of and for the financial year ended March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | ***(₹ million, unless indicated otherwise)*** | | |
| **Gross Transaction Volume (GTV)** | | | |
| Disbursements[(1)] | 148,850.81 | 117,882.44 | 89,823.61 |
| Placements volume[(2)] | 117,559.19 | 130,642.25 | 73,257.47 |
| Fund deployment volume[(3)] | 26,826.80 | 25,326.90 | 35,883.20 |
| **Total GTV[(4)]** | **293,236.80** | **273,851.59** | **198,964.29** |
| | | | |
| **GTV growth[(5)]** (%) | 7.08% | **37.64%** | **52.42%** |
| | | | |
| **Assets under Management (AUM)** | | | |
| AUM[(6)] | 117,100.19 | 90,086.93 | 71,083.17 |
| Average AUM[(7)] | 100,763.36 | 77,678.14 | 58,450.75 |
| | | | |

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(₹ million, unless indicated otherwise)* | | |
| **Financial Parameters** | | | |
| Total revenue from operations | 18,900.84 | 13,049.71 | 9,095.39 |
| Fee and commission income | 849.28 | 856.16 | 860.45 |
| Other income | 159.49 | 62.29 | 70.06 |
| Total income | 19,060.33 | 13,112.00 | 9,165.45 |
| Finance costs | 7,263.85 | 5,574.49 | 4,106.72 |
| Restated profit for the year attributable to owners of the holding company | 3,083.34 | 2,300.11 | 1,725.00 |
| Net worth(8) | 23,143.49 | 19,553.90 | 17,390.42 |
| Debt/Equity Ratio(9) | 3.90 | 3.40 | 3.27 |
| CRAR (%)(10) | 18.26% | 20.77% | 22.79% |
| | | | |
| **Asset Quality** | | | |
| Gross Carrying Amount - Loans - Stage 3 | 500.33 | 670.25 | 325.26 |
| Gross Carrying Amount - Investments - Stage 3 | - | - | 24.90 |
| Gross Stage 3 – Loans and Investments (%) (11) | 0.45% | 0.77% | 0.50% |
| | | | |
| Net Carrying Amount - Loans - Stage 3 (12) | 86.73 | 349.62 | 124.54 |
| Net Carrying Amount - Investments - Stage 3 (13) | - | - | 24.90 |
| Net Stage 3 (%)(14) | 0.08% | 0.40% | 0.21% |
| | | | |
| Impairment allowance to assets (%) (15) | 0.95% | 1.02% | 0.82% |
| Provision coverage ratio - Stage 3 assets (%) (16) | 82.67% | 47.84% | 57.32% |

*Notes:*

1. *Disbursements represents the aggregate of amounts disbursed by us for our customers, including Originator Partners and Direct to Customer Borrowers, by way of loans or subscription to debt instruments for the relevant Fiscal.*
2. *Placements volume represents the total financing enabled by us from our Investor Partners through our Placements channel during the relevant Fiscal.*
3. *Fund deployment volume represents financing extended by the alternative investment funds ("**AIFs**") managed by us during the relevant Fiscal.*
4. *GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*
5. *GTV growth (%) represents the percentage of growth in total GTV for the relevant Fiscal over total GTV for the previous Fiscal.*
6. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*
7. *Average AUM represents the average of AUM outstanding as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*
8. *Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
9. *Debt/Equity Ratio represents Total Borrowings (i.e., aggregate of our borrowings (Other than debt securities), debt securities and subordinated liabilities) as of the last day of the relevant Fiscal divided by Total Equity as of the last day of the relevant Fiscal.*
10. *CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets).*
11. *Gross Stage 3 – Loans and Investments (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans - total and gross carrying amount - investments – total as of the last day of the relevant Fiscal.*
12. *Net carrying amount - Loans - Stage 3 represents gross carrying amount - loans - Stage 3 less the impairment loss allowance – loans - Stage 3 as of the last day of the relevant Fiscal.*
13. *Net carrying amount - Investments - Stage 3 represents gross carrying amount - investments - Stage 3 less the impairment loss allowance – investments - Stage 3 as of the last day of the relevant Fiscal.*
14. *Net Stage 3 (%) represents aggregate of net carrying amount - loans - Stage 3 and net carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount – investments – total as of the last day of the relevant Fiscal.*
15. *Impairment allowance to assets represents aggregate of impairment loss allowance - loans and impairment loss allowance – investments as of the last day of the relevant Fiscal as a percentage of the aggregate of gross carrying amount – loans and gross carrying amount – investments as of the last day of the relevant Fiscal.*
16. *Provision coverage ratio - Stage 3 assets represents aggregate of impairment loss allowance – loans - Stage 3 and impairment loss allowance – investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal.*

### *Network Metrics*

The following table sets forth certain metrics of our network including Originator Partner, Direct to Customer Borrowers, Investor Partners and other investors of our Company, on a consolidated basis, as of and for the Fiscals indicated:

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| **Partner network** | | | |
| Cumulative number of Originator Partners onboarded (1) | 328 | 298 | 278 |
| Cumulative number of Originator Partners transacted (2) | 278 | 248 | 229 |
| Repeat Originator Partners (3) | 116 | 113 | 107 |
| | | | |
| **Lending channel** | | | |
| *Number of partners/ borrowers with exposure at the end of the years* | | | |
| Originator Partners(4) | 175 | 162 | 173 |
| Retail Lending Partners(5) | 29 | 35 | 33 |
| Direct to Customer Borrowers(6) | 1,608,871 | 816,397 | 465,975 |
| | | | |
| Number of Intermediate Retail Lending transactions executed (7) | 543 | 540 | 525 |
| Number of Direct to Customer Lending transactions executed (8) | 3,209,436 | 8,240,388 | 5,069,522 |
| | | | |
| Cumulative number of Originator Partners transacted – Lending channel (9) | 247 | 222 | 205 |
| Repeat Originator Partners – Lending channel (10) | 96 | 94 | 89 |
| | | | |
| **Placements channel** | | | |
| Number of partners(11) | 94 | 98 | 92 |
| | | | |
| Placements volume(12) (₹ million) | 117,559.19 | 130,642.25 | 73,257.47 |
| Placements fee income (13) (₹ million) | 330.79 | 412.59 | 374.65 |
| Placements Fee Yield(14)(%) | 0.28% | 0.32% | 0.51% |
| | | | |
| Cumulative number of Originator Partners transacted – Placements channel (15) | 217 | 197 | 176 |
| Repeat Originator Partners – Placements channel (16) | 69 | 64 | 67 |
| Cumulative number of Investor Partners transacted – Placements channel (17) | 163 | 145 | 123 |
| Repeat Investor Partners – Placements channel(18) | 51 | 39 | 48 |
| | | | |
| *Number of Investor Partners for Placements channel(19) with whom facilities raised* | | | |
| Banks | 18 | 13 | 22 |
| Development finance institutions ("**DFIs**") | 4 | 3 | 5 |
| Offshore funds (foreign institutional investors ("**FIIs**") and offshore DFI) | 11 | 10 | 13 |
| Non-Banking Financial Companies ("**NBFCs**") | 29 | 29 | 33 |
| Mutual funds | 1 | 1 | 1 |
| Private wealth | 2 | 3 | 2 |
| Others | 7 | 2 | 9 |
| Total | 72 | 61 | 85 |
| | | | |
| **Fund Management Channel** | | | |
| *Number of Investor Partners in Fund (excluding our Company and NAIM)* | | | |
| Total number of non-individual fund investors (20) | 235 | 202 | 194 |
| Total number of individual fund investors (21) | 389 | 303 | 327 |
| Total | **624** | 505 | 521 |

*Notes:*

1. *Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of the relevant Fiscal.*
2. *Represents the cumulative number of Originator Partners since Fiscal 2009 for whom we have either disbursed financing through our Lending channel or enabled financing for them through our Placement channel as of the relevant Fiscal.*
3. *Repeat Originator Partners represents the Originator Partners with whom we had transacted either through our Lending channel or Placement channel as of the previous Fiscal and for whom we have either disbursed loan through our Lending Channel or enabled financing for them through our Placement channel in the relevant Fiscal.*
4. *Number of Originator Partners to whom we had financed through our Lending channel and had outstanding exposure at of the relevant Fiscal.*
5. *Number of Retail Lending Partners through whom we extended loans directly to our Direct to Customer Borrowers and had outstanding exposure as of the relevant Fiscal.*

6. *Number of Direct to Customer Borrowers to whom we had financed through our Lending channel and had outstanding exposure as of the relevant Fiscal.*
7. *Cumulative number of lending transactions through our Intermediate Retail Lending channel to our Originator Partners during the relevant Fiscal.*
8. *Cumulative number of lending transactions through our Direct to Customer Lending channel during the relevant Fiscal.*
9. *Represents the cumulative number of Originator Partners for whom we have disbursed financing through our Lending channel as of the relevant Fiscal.*
10. *Repeat Originator Partners represents the Originator Partners with whom we had transacted through our Lending channel as of the previous Fiscal and for whom we have disbursed loan through our Lending Channel in the relevant Fiscal.*
11. *Number of Originator Partners and other partners to whom financing was enabled by us with our Investor Partners through our Placements channel during the relevant Fiscal.*
12. *Placements volume represents the total financing enabled by us from our Investor Partners through our Placements channel during the relevant Fiscal.*
13. *Placements fee income represents the aggregate value of professional fees earned by us from our Placements channel during the relevant Fiscal.*
14. *Placements Fee Yield represents the ratio of professional fee earned by us through our Placements channel to Placements volume in the relevant Fiscal.*
15. *Represents the cumulative number of Originator Partners for whom we have enabled financing through our Placements channel as of the relevant Fiscal.*
16. *Repeat Originator Partners represents the Originator Partners with whom we had transacted through our Placements channel as of the previous Fiscal and for whom we have enabled finance through our Placements Channel in the relevant Fiscal.*
17. *Represents the cumulative number of Investor Partners with whom we have enabled credit through our Placement channel for our Originator Partners since Fiscal 2009 as of the relevant Fiscal.*
18. *Repeat Investor Partners are Investor Partners with whom we had enabled finance through our Placements channel as of the previous Fiscal and for whom we have enabled credit through our Placement channel in the relevant Fiscal.*
19. *Number of Investor Partners represents various types of investors including banks, DFIs, offshore funds, NBFCs, mutual funds, insurance companies, private wealth and other investors with whom we have enabled credit through our Placements channel for our Originator Partners in the relevant Fiscal.*
20. *Total number of non-individual fund investors represents the total number of Investor Partners other than individuals that have investments outstanding across all live AIF/ PMS funds as of the last day of the relevant Fiscal.*
21. *Total number of individual fund investors represents the total number of individual fund Investor Partners that have investments outstanding across all live AIF/ PMS funds as of the last day of the relevant Fiscal.*

***Volume Split***

The following table sets forth the breakdown of GTV of our Company, on a consolidated basis, for the Fiscals indicated:

| **Particulars** | **Fiscal 2024** | | **Fiscal 2023** | | **Fiscal 2022** | |
|---|---|---|---|---|---|---|
| | **Amount (₹ million)** | **% of total (%)** | **Amount (₹ million)** | **% of total (%)** | **Amount (₹ million)** | **% of total (%)** |
| **GTV – By Sector** | | | | | | |
| MSME | 81,609.16 | 27.83% | 76,077.66 | 27.78% | 70,764.08 | 35.57% |
| Microfinance ("**MFI**") | 76,229.91 | 26.00% | 81,337.50 | 29.70% | 52,658.69 | 26.47% |
| Consumer finance | 101,174.93 | 34.50% | 85,742.80 | 31.31% | 32,067.31 | 16.12% |
| Vehicle finance | 19,012.61 | 6.48% | 20,760.89 | 7.58% | 34,636.25 | 17.41% |
| Affordable housing finance | 10,154.50 | 3.46% | 6,632.74 | 2.42% | 4,797.01 | 2.41% |
| Agriculture | 5,055.69 | 1.72% | 3,300.00 | 1.21% | 4,040.94 | 2.03% |
| **Total GTV(1)** | **293,236.80** | **100.00%** | **273,851.59** | **100.00%** | **198,964.29** | **100.00%** |
| | | | | | | |
| **Disbursements – By Sector** | | | | | | |
| MSME | 44,374.53 | 29.81% | 32,730.73 | 27.77% | 38,252.93 | 42.59% |
| MFI | 24,204.89 | 16.26% | 20,620.94 | 17.49% | 16,224.68 | 18.06% |
| Consumer finance | 68,505.83 | 46.02% | 53,201.21 | 45.13% | 20,484.63 | 22.81% |
| Vehicle finance | 5,821.09 | 3.91% | 7,479.57 | 6.34% | 10,751.37 | 11.97% |
| Affordable housing finance | 2,789.47 | 1.87% | 950.00 | 0.81% | 1,030.00 | 1.15% |
| Agriculture | 3,155.00 | 2.12% | 2,900.00 | 2.46% | 3,080.00 | 3.43% |
| **Total Disbursements(2)** | **148,850.81** | **100.00%** | **117,882.44** | **100.00%** | **89,823.61** | **100.00%** |
| | | | | | | |
| **Placements volume – By Sector** | | | | | | |
| MSME | 25,422.83 | 21.63% | 33,921.94 | 25.97% | 20,910.35 | 28.54% |
| MFI | 46,655.02 | 39.69% | 51,284.67 | 39.26% | 28,263.50 | 38.58% |
| Consumer finance | 28,124.10 | 23.92% | 29,791.59 | 22.80% | 4,780.18 | 6.53% |
| Vehicle finance | 9,341.52 | 7.95% | 10,211.32 | 7.82% | 16,875.48 | 23.04% |
| Affordable housing finance | 7,165.03 | 6.09% | 5,382.74 | 4.12% | 2,267.01 | 3.09% |
| Agriculture | 850.69 | 0.72% | 50.00 | 0.04% | 160.94 | 0.22% |
| **Total Placements volume(3)** | **117,559.19** | **100.00%** | **130,642.25** | **100.00%** | **73,257.47** | **100.00%** |
| | | | | | | |
| **Fund deployment volume– By Sector** | | | | | | |
| MSME | 11,811.80 | 44.03% | 9,425.00 | 37.21% | 11,600.80 | 32.33% |
| MFI | 5,370.00 | 20.02% | 9,431.90 | 37.24% | 8,170.50 | 22.77% |

| Particulars | Fiscal 2024 | | Fiscal 2023 | | Fiscal 2022 | |
|---|---|---|---|---|---|---|
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| Consumer finance | 4,545.00 | 16.94% | 2,750.00 | 10.86% | 6,802.50 | 18.96% |
| Vehicle finance | 3,850.00 | 14.35% | 3,070.00 | 12.12% | 7,009.40 | 19.53% |
| Affordable housing finance | 200.00 | 0.75% | 300.00 | 1.18% | 1,500.00 | 4.18% |
| Agriculture | 1,050.00 | 3.91% | 350.00 | 1.38% | 800.00 | 2.23% |
| **Total Fund deployment volume(4)** | **26,826.80** | **100.00%** | **25,326.90** | **100.00%** | **35,883.20** | **100.00%** |

*Note:*

1. *GTV represents the total financing enabled by us for our customers including sanctions from our balance sheet, syndication from Investor Partners, securitisation and assignment structured and/ or arranged by us, guarantees extended by us or enabled by us from other guarantors, and investments made from AIFs managed by us during the relevant Fiscal.*
2. *Disbursements represents the aggregate of amounts disbursed by us for our customers, including Originator Partners and Direct to Customer Borrowers, by way of loans or subscription to debt instruments for the relevant Fiscal.*
3. *Placements volume represents the total financing enabled by us from our Investor Partners through our Placements channel during the relevant Fiscal.*
4. *Fund deployment volume represents financing extended by the AIFs managed by us during the relevant Fiscal.*

***Return on Equity and Assets***

The following table sets forth certain details of return on equity and assets, based on GAAP and non-GAAP measures, for our Company, on a consolidated basis, as of and for the Fiscals indicated. For details of reconciliation, see *"- Reconciliation of non-GAAP Measures"* on page 510.

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(₹ million unless indicated otherwise)* | | |
| Earning Assets (1) | 108,690.50 | 85,392.34 | 68,677.18 |
| Average Earning Assets (2) | 94,760.57 | 74,824.11 | 55,847.67 |
| Total Borrowings (3) | 90,477.56 | 70,345.66 | 59,829.58 |
| Average Total Borrowings (4) | 78,475.61 | 62,918.78 | 47,837.66 |
| Total assets | 117,076.59 | 93,715.72 | 79,741.16 |
| Average Total Assets (5) | 103,742.88 | 84,220.87 | 66,344.74 |
| Net worth(6) | 23,143.49 | 19,553.90 | 17,390.42 |
| Average net worth (7) | 21,203.14 | 18,330.41 | 16,613.36 |
| | | | |
| Adjusted interest income (8) (A) | 15,883.42 | 11,021.07 | 7,762.08 |
| Professional and management fee income (9) (B) | 664.79 | 784.60 | 791.54 |
| Income other than interest and fees (10) (C) | 303.93 | 92.13 | 84.51 |
| **Adjusted total income (D = A+B+C)** | **16,852.14** | **11,897.80** | **8,638.13** |
| Adjusted finance costs (11) (E) | 7,246.35 | 5,559.88 | 4,092.02 |
| **Adjusted net total income (F = D-E)** | **9,605.79** | 6,337.92 | 4,546.11 |
| Operating expenses(12) (G) | 4,169.33 | 2,714.80 | 1,697.13 |
| **Pre-Provisioning Operating Profit (H = F-G)** | **5,436.46** | 3,623.12 | 2,848.98 |
| Impairment on financial instruments (I) | 1,224.38 | 392.14 | 365.09 |
| Share of loss from Associates (J) | (9.72) | (18.73) | - |
| **Restated Profit before tax (K = H-I+J)** | **4,202.36** | 3,212.25 | 2,483.89 |
| Total tax expense | 1,025.43 | 790.11 | 664.51 |
| Restated profit for the year | 3,176.93 | 2,422.14 | 1,819.38 |
| Restated profit for the year attributable to owners of the holding company | 3,083.34 | 2,300.11 | 1,725.00 |
| | | | |
| Adjusted interest income/Average Earning Assets (Yield on Assets) (%) | 16.76% | 14.73% | 13.90% |
| Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%) | 9.23% | 8.84% | 8.55% |
| Yield on assets minus Average Cost of Borrowings (Spread) (%) | 7.53% | 5.89% | 5.34% |
| | | | |
| Adjusted net interest income(13)/ Average Total Assets (%) | 8.33% | 6.48% | 5.53% |
| Professional and management fee income/ Average Total Assets (%) | 0.64% | 0.93% | 1.19% |

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(₹ million unless indicated otherwise)* | | |
| Income other than interest and fees/ Average Total assets (%) | 0.29% | 0.11% | 0.13% |
| Adjusted net total income/ Average Total Assets (%) | 9.26% | 7.53% | 6.85% |
| Operating expenses/ Average Total Assets (%) | 4.02% | 3.22% | 2.56% |
| Pre-Provisioning Operating Profit/ Average Total Assets (%) | 5.24% | 4.30% | 4.29% |
| Credit Cost(14) / Average Total Assets (%) | 1.18% | 0.47% | 0.55% |
| Restated Profit before tax/ Average Total Assets (%) | 4.05% | 3.81% | 3.74% |
| Tax expense/ Average Total Assets (%) | 0.99% | 0.94% | 1.00% |
| Restated Profit for the year attributable to owners of the holding company/ Average Total Assets (%) | 2.97% | 2.73% | 2.60% |
| Average Total Assets/ Average net worth (Leverage) | 4.89 | 4.59 | 3.99 |
| Restated profit for the year attributable to owners of the holding company/ Average net worth (Return on average net worth) (%) | 14.54% | 12.55% | 10.38% |
| Operating expenses/ Adjusted net total income (Cost to adjusted net total income ratio) (%) | 43.40% | 42.83% | 37.33% |

*Notes:*

1. *Earning Assets represents the aggregate of loans and investments in debentures (quoted and unquoted), securitised assets and investments in alternate investment funds outstanding as of the last day of the relevant Fiscal.*
2. *Average Earning Assets represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets and investments in alternate investment funds outstanding as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*
3. *Total Borrowings represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) as of the last day of the relevant Fiscal.*
4. *Average Total Borrowings represents the average of debt securities, subordinated liabilities and borrowings (other than debt securities) outstanding as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*
5. *Average Total Assets represents the average of total assets as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*
6. *Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
7. *Average net worth represents the average of net worth as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*
8. *Adjusted interest income represents aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fees and commission expense for the relevant Fiscal.*
9. *Professional and management fee income represents income from other financial services – professional fee, management fee and arranger fee for guarantee facility for the relevant Fiscal.*
10. *Income other than interest and fees represents aggregate of fee and commission income – others and other income for the relevant Fiscal.*
11. *Adjusted finance costs represent finance costs less interest on lease liability for the relevant Fiscal.*
12. *Operating expenses represents the aggregate of employee benefits expense, depreciation and amortisation expense, other expenses and interest on lease liability for the relevant Fiscal.*
13. *Adjusted net interest income represents adjusted interest income (i.e., aggregate of interest income, net gain on fair value changes, net gain on derecognition of financial instruments and income from guarantee facility less fee and commission expense) less adjusted finance costs (i.e., finance costs less interest on lease liability) for the relevant Fiscal.*
14. *Credit Cost represents impairment loss allowance on financial instrument, and write-off on financial instruments – net of recovery during the relevant Fiscal.*

### *Earning Assets and AUM*

The following table sets forth the Earning Assets and AUM of our Company, on a consolidated basis, as of and for the Fiscals indicated. The key non-GAAP measures used in this table have been reconciled to the most recent GAAP measures presented in the Restated Consolidated Summary Statements. For details of reconciliation, see *"- Reconciliation of non-GAAP Measures"* on page 510.

| Particulars | As of March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| | | | | | | |
| Earning Assets(1) | 108,690.50 | 92.82% | 85,392.34 | 94.79% | 68,677.18 | 96.62% |
| Assigned Assets(2) | 7,765.53 | 6.63% | 3,055.77 | 3.39% | 34.35 | 0.05% |
| Guarantees outstanding(3) | 644.16 | 0.55% | 1,638.82 | 1.82% | 2,371.64 | 3.34% |
| **Total AUM(4)** | **117,100.19** | **100.00%** | **90,086.93** | **100.00%** | **71,083.17** | **100.00%** |

| Particulars | As of March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| | | | | | | |
| **AUM by Lending channel** | | | | | | |
| Intermediate Retail Lending AUM(5) | 58,767.46 | 50.19% | 56,232.07 | 62.42% | 54,493.41 | 76.66% |
| Direct to Customer Lending AUM(6) | 58,332.73 | 49.81% | 33,854.87 | 37.58% | 16,589.76 | 23.34% |
| **Total AUM** | **117,100.19** | **100.00%** | **90,086.93** | **100.00%** | **71,083.17** | **100.00%** |
| | | | | | | |
| **AUM by sector** | | | | | | |
| MSME | 46,601.35 | 39.80% | 33,616.28 | 37.32% | 28,363.62 | 39.90% |
| MFI | 27,123.02 | 23.16% | 24,591.28 | 27.30% | 19,183.00 | 26.99% |
| Consumer finance | 31,119.80 | 26.58% | 18,929.38 | 21.01% | 10,960.99 | 15.42% |
| Vehicle finance | 7,255.46 | 6.20% | 8,658.65 | 9.61% | 8,294.65 | 11.67% |
| Affordable housing finance | 3,369.29 | 2.88% | 2,471.81 | 2.74% | 2,345.32 | 3.30% |
| Agriculture | 1,631.27 | 1.39% | 1,819.53 | 2.02% | 1,935.60 | 2.72% |
| **Total AUM** | **117,100.19** | **100.00%** | **90,086.93** | **100.00%** | **71,083.17** | **100.00%** |
| | | | | | | |
| **Intermediate Retail Lending AUM by Sector** | | | | | | |
| MSME | 26,388.23 | 44.90% | 20,772.61 | 36.94% | 20,016.80 | 36.73% |
| MFI | 12,000.97 | 20.42% | 14,488.59 | 25.77% | 16,166.61 | 29.67% |
| Consumer finance | 9,011.71 | 15.33% | 8,497.30 | 15.11% | 5,852.42 | 10.74% |
| Vehicle finance | 6,365.99 | 10.83% | 8,182.23 | 14.55% | 8,176.67 | 15.00% |
| Affordable housing finance | 3,369.29 | 5.73% | 2,471.81 | 4.40% | 2,345.32 | 4.30% |
| Agriculture | 1,631.27 | 2.78% | 1,819.53 | 3.24% | 1,935.60 | 3.55% |
| **Total Intermediate Retail Lending AUM** | **58,767.46** | **100.00%** | **56,232.07** | **100.00%** | **54,493.41** | **100.00%** |
| | | | | | | |
| **Direct to Customer Lending AUM by Sector** | | | | | | |
| MSME | 20,213.12 | 34.65% | 12,843.67 | 37.94% | 8,346.82 | 50.31% |
| MFI | 15,122.05 | 25.92% | 10,102.69 | 29.84% | 3,016.39 | 18.18% |
| Consumer finance | 22,108.09 | 37.90% | 10,432.08 | 30.81% | 5,108.56 | 30.79% |
| Vehicle finance | 889.47 | 1.52% | 476.43 | 1.41% | 117.99 | 0.71% |
| Affordable housing finance | - | - | - | - | - | - |
| Agriculture | - | - | - | - | - | - |
| **Total Direct to Customer Lending AUM** | **58,332.73** | **100.00%** | **33,854.87** | **100.00%** | **16,589.76** | **100.00%** |

*Notes:*

1. *Earning Assets represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets and investments in alternate investment funds outstanding as of the last day of the relevant Fiscal.*
2. *Assigned Assets represents the aggregate of loans assigned by us in favour of lenders as of the last day of the relevant Fiscal.*
3. *Guarantees outstanding represents the aggregate of guarantees provided by us including guarantees on pooled issuances and second loss credit enhancement on securitisation as of the last day of the relevant Fiscal.*
4. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*
5. *Intermediate Retail Lending AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds and loans guaranteed by us to our Originator Partners outstanding as of the last day of the relevant Fiscal.*
6. *Direct to Customer Lending AUM represents aggregate of loans and investments in debentures (quoted and unquoted), and securitised assets to the Direct to Customer Borrowers either in collaboration with Retail Lending Partners or by us as of the last day of the relevant Fiscal.*

### *Disbursements*

The following table sets forth the disbursements of our Company, on a consolidated basis, a non-GAAP measure, for the Fiscals indicated:

| Particulars | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| **Intermediate Retail Lending Disbursement by Sector** | | | | | | |
| MSME | 23,448.20 | 38.68% | 16,183.81 | 30.18% | 19,115.25 | 34.18% |
| MFI | 10,557.37 | 17.42% | 10,698.09 | 19.95% | 13,037.88 | 23.31% |

| Particulars | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| Consumer finance | 15,344.10 | 25.31% | 16,088.54 | 30.00% | 8,911.00 | 15.93% |
| Vehicle finance | 5,325.51 | 8.79% | 7,012.00 | 13.07% | 10,751.37 | 19.22% |
| Affordable housing finance | 2,789.47 | 4.60% | 950.00 | 1.77% | 1,030.00 | 1.84% |
| Agriculture | 3,155.00 | 5.20% | 2,700.00 | 5.03% | 3,080.00 | 5.51% |
| **Total Intermediate Retail Lending Disbursement**[1] | **60,619.65** | **100.00%** | **53,632.44** | **100.00%** | **55,925.50** | **100.00%** |
| | | | | | | |
| **Direct to Customer Lending Disbursement by Sector** | | | | | | |
| MSME | 20,926.33 | 23.72% | 16,546.92 | 25.75% | 19,137.68 | 56.46% |
| MFI | 13,647.52 | 15.47% | 9,922.85 | 15.44% | 3,186.80 | 9.40% |
| Consumer finance | 53,161.73 | 60.25% | 37,112.67 | 57.76% | 11,573.63 | 34.14% |
| Vehicle finance | 495.58 | 0.56% | 467.57 | 0.73% | - | - |
| Affordable housing finance | - | - | - | - | - | - |
| Agriculture | - | - | 200.00 | 0.31% | - | - |
| **Total Direct to Customer Lending Disbursement**[2] | **88,231.16** | **100.00%** | **64,250.01** | **100.00%** | **33,898.11** | **100.00%** |

*Notes:*
1. *Intermediate Retail Lending Disbursement represents aggregate amounts disbursed by us to our Originator Partners by way of loans or subscription to debt instruments for the relevant Fiscal.*
2. *Direct to Customer Lending Disbursement represents aggregate amounts disbursed directly to the Direct to Customer Borrowers either in collaboration with Retail Lending Partners or by us during the relevant Fiscal.*

### *Yields*

The following table sets forth details of yield of our Company, on a consolidated basis, based on non-GAAP measures, for the Fiscals indicated:

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (%) | | |
| **Yield by Lending channel** | | | |
| Intermediate Retail Lending[1] | 12.68% | 12.62% | 13.08% |
| Direct to Customer Lending[2] | 21.35% | 16.22% | 13.68% |
| **Total Yield**[3] | **16.37%** | **13.72%** | **13.21%** |
| | | | |
| **Yield by Sector** | | | |
| MSME | 13.84% | 12.90% | 13.06% |
| MFI | 20.53% | 15.59% | 13.36% |
| Consumer finance | 18.25% | 13.83% | 13.62% |
| Vehicle finance | 13.02% | 12.45% | 13.02% |
| Affordable housing finance | 12.67% | 13.03% | 13.94% |
| Agriculture | 11.39% | 12.90% | 12.02% |
| **Total Yield** | **16.37%** | **13.72%** | **13.21%** |

*Notes:*
1. *Intermediate Retail Lending Yield is the amount of interest income earned through Intermediate Retail Lending channel during relevant Fiscal divided by the Average Earning Assets for Intermediate Retail Lending channel for the relevant Fiscal.*
2. *Direct to Customer Lending Yield is the amount of interest income earned through Direct to Customer Lending channel during the relevant Fiscal divided by the Average Earning Assets for Direct to Customer Lending channel for the relevant Fiscal.*
3. *Total Yield is the amount of interest income earned during the relevant Fiscal divided by Average Earning Assets for the relevant Fiscal.*

### *Borrowings*

The following table sets forth the borrowings of our Company, on a consolidated basis, based on non-GAAP measures, as of and for the Fiscals indicated. The key non-GAAP measures used in this table have been reconciled to the most recent GAAP measures presented in the Restated Consolidated Summary Statements. For details of reconciliation, see *"- Reconciliation of non-GAAP Measures"* on page 510.

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(₹ million)* | | |
| **By type of** | | | |
| Banks | 61,456.89 | 43,384.37 | 34,588.60 |

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(₹ million)* | | |
| Domestic DFIs | 3,864.47 | 2,338.47 | 2,527.82 |
| Offshore financial institutions | 14,403.87 | 19,736.25 | 15,960.14 |
| NBFCs | 8,183.21 | 1,875.31 | 3,068.79 |
| Domestic capital markets | - | - | 1,216.88 |
| Domestic retail / high-net worth individuals (HNI) | 2,569.12 | 3,011.26 | 2,467.34 |
| **Total Borrowings(1)** | **90,477.56** | **70,345.66** | **59,829.58** |
| | | | |
| **By type of instrument** | | | |
| Loans (including cash credit lines and working capital demand loans) | 65,050.69 | 46,970.96 | 38,038.63 |
| External Commercial Borrowings | 8,435.67 | 11,131.55 | 8,354.22 |
| Non-convertible debentures (“**NCDs**”) | 9,844.88 | 11,798.55 | 11,149.54 |
| Commercial Paper | 4,292.36 | 444.60 | 2,287.18 |
| Securtisiation | 2,853.95 | - | - |
| **Total Borrowings** | **90,477.56** | **70,345.66** | **59,829.58** |
| | | | |
| **By nature of security** | | | |
| Secured | 86,185.20 | 69,498.82 | 57,140.70 |
| Unsecured | 4,292.36 | 446.97 | 2,289.54 |
| Unsecured, sub-ordinated (Tier-II) | - | 399.87 | 399.35 |
| **Total Borrowings** | **90,477.56** | **70,345.66** | **59,829.58** |
| | | | |
| **By nature of interest rate** | | | |
| Fixed | 26,791.06 | 21,046.66 | 26,808.90 |
| Floating | 63,686.50 | 49,299.00 | 33,020.68 |
| **Total Borrowings** | **90,477.56** | **70,345.66** | **59,829.58** |

*Note:*

1. *Total Borrowings represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) as of the last day of the relevant Fiscal.*

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Average tenure of borrowings (years)(1)** | **3.07** | **3.38** | **3.03** |
| | | | |
| **Average Cost of Borrowing (%)(2)** | **9.23%** | **8.84%** | **8.55%** |
| | | | |
| **Incremental cost of borrowing(3) (%)** | **9.48%** | **9.48%** | **8.45%** |
| | | | |
| **Number of lenders by type** | | | |
| Banks | 31 | 31 | 31 |
| Domestic DFIs | 1 | 1 | 1 |
| Offshore financial institutions | 6 | 7 | 6 |
| NBFCs | 7 | 5 | 7 |
| Domestic capital markets | - | - | 4 |
| Domestic retail / HNI | 4 | 5 | 7 |
| **Total** | **49** | **49** | **56** |

*Notes:*

1. *Average tenure of borrowings (years) represents the weighted average door-to-door tenure for all borrowings outstanding as of the last day of the relevant Fiscal.*
2. *Average Cost of Borrowing represents adjusted finance costs (i.e., finance costs less interest on lease liability) divided by Average Total Borrowings during the relevant Fiscal.*
3. *Incremental cost of borrowing represents the weighted average cost of facilities raised during the Fiscal including roll overs of working capital facilities (for which the interest rate is considered at last rate at which such facilities were rolled over).*

***Asset Liability Management***

The following table sets forth details of the asset and liability maturity pattern of our Company, on a consolidated basis, based on non-GAAP measures, as of the date indicated:

| As of March 31, 2024 | Liabilities | Assets | Cumulative mismatch |
|---|---|---|---|
| | (₹ million) | | |
| Less than 1 month[(1)] | **2,482.93** | **10,623.39** | **8,140.45** |
| Over 1 month up to 2 months | 3,310.38 | 8,703.62 | 13,533.70 |
| Over 2 months up to 3 months | 7,921.51 | 8,555.58 | 14,167.77 |
| Over 3 months up to 6 months | 17,236.37 | 19,368.62 | 16,300.03 |
| Over 6 months up to 1 year | 25,841.52 | 28,282.24 | 18,740.74 |
| Over 1 year up to 3 years | 38,727.51 | 40,926.66 | 20,939.89 |
| Over 3 years up to 5 years | 2,849.72 | 4,421.12 | 22,511.29 |
| Over 5 years | 22,503.53 | 8,943.16 | 8,950.91 |

*Notes:*

1. *Assets maturing in less than one month includes cash and liquid investments.*

***Asset Quality***

The following table sets forth the information pertaining to asset quality of our Company, on a consolidated basis, as of and for the Fiscals indicated:

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(in ₹ million unless indicated otherwise)* | | |
| **Gross carrying amount – Loans** | | | |
| Stage 1 (A) | 91,433.01 | 68,578.82 | 51,521.02 |
| Stage 2 (B) | 1,219.97 | 527.21 | 818.45 |
| Stage 3 (C) | 500.33 | 670.25 | 325.26 |
| **Total (A+B+C)** | 93,153.31 | **69,776.28** | **52,664.73** |
| | | | |
| **Impairment loss allowance – Loans** | | | |
| Stage 1 (D) | 529.63 | 520.14 | 334.82 |
| Stage 2 (E) | 114.20 | 49.45 | 41.63 |
| Stage 3 (F) | 413.60 | 320.63 | 200.72 |
| **Total (D+E+F)** | 1,057.43 | **890.22** | **577.17** |
| | | | |
| **Gross carrying amount – Investments** | | | |
| Stage 1 (G) | 17,807.06 | 17,627.46 | 17,584.44 |
| Stage 2 (H) | - | - | 48.17 |
| Stage 3 (I) | - | - | 24.90 |
| **Total (G+H+I)** | **17,807.06** | **17,627.46** | **17,657.51** |
| **Impairment loss allowance for Investments (J)** | - | - | - |
| | | | |
| **Gross Carrying Amount - Loans and Investments** | | | |
| Stage 1 and Stage 2 (K= A+B+G+H) | 110,460.04 | 86,733.49 | 69,972.08 |
| Stage 3 (L=C+I) | 500.33 | 670.25 | 350.16 |
| **Total (M=K+L)** | **110,960.37** | 87,403.74 | 70,322.24 |
| | | | |
| **Stage-wise impairment allowance loans and investments** | | | |
| Stage 1 and Stage 2 (N=D+E) | 643.83 | 569.59 | 376.45 |
| Stage 3 (O=F+J) | 413.60 | 320.63 | 200.72 |
| **Impairment allowance on Stage 1, 2 and 3 loans and investments (P=N+O)** | **1,057.43** | **890.22** | **577.17** |
| | | | |
| Gross carrying amount - Loans - Stage 3 (C) | 500.33 | 670.25 | 325.26 |

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | *(in ₹ million unless indicated otherwise)* | | |
| Gross carrying amount - Investments - Stage 3 (I) | - | - | 24.90 |
| | | | |
| Net carrying amount - loans - Stage 3 [(1)] (Q=C-F) | 86.73 | 349.62 | 124.54 |
| Net carrying amount - investments - Stage 3 [(2)] (R=I-J) | - | - | 24.90 |
| | | | |
| **Gross Stage 3 – Loans and Investments (%) [(3)] ((C+I)/M)** | **0.45%** | **0.77%** | **0.50%** |
| **Net Stage 3 (%) [(4)] ((Q+R)/M)** | **0.08%** | **0.40%** | **0.21%** |
| | | | |
| Provision coverage ratio - Stage 3 assets (%)(O/L) | 82.67% | 47.84% | 57.32% |
| Impairment allowance to Assets (%) (P/M) | 0.95% | 1.02% | 0.82% |

*Note:*

1. *Net carrying amount - Loans - Stage 3 represents gross carrying amount of loans - Stage 3 less the impairment loss allowance – loans - Stage 3 loans as of the last day of the relevant Fiscal.*
2. *Net carrying amount - Investments - Stage 3 represents gross carrying amount - investments - Stage 3 less the impairment loss allowance - investments - Stage 3 as of the last day of the relevant Fiscal.*
3. *Gross Stage 3 – Loans and Investments (%) represents aggregate of gross carrying amount - loans - Stage 3 and gross carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans - total and gross carrying amount - investments – total as of the last day of the relevant Fiscal.*
4. *Net Stage 3 (%) represents aggregate of net carrying amount - loans - Stage 3 and net carrying amount - investments - Stage 3 as of the last day of the relevant Fiscal as a percentage of the aggregate of the gross carrying amount - loans – total and gross carrying amount – investments – total as of the last day of the relevant Fiscal.*

### *Credit Cost*

The following table sets forth details of the credit cost for our Company, on a consolidated basis, based on non-GAAP measures, as of and for the Fiscals indicated:

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| **Credit Cost by business** | | | |
| Intermediate Retail Lending | (160.71) | 20.87 | 307.79 |
| Direct to Customer Lending | 1,385.09 | 371.27 | 57.31 |
| **Total Credit Cost[(1)]** | **1,224.38** | **392.14** | **365.09** |
| | | | |
| **Credit Cost By Sector** | | | |
| MSME | 496.73 | 257.69 | 28.20 |
| MFI | 68.25 | 105.79 | (36.06) |
| Consumer finance | 717.17 | 139.87 | 63.55 |
| Vehicle finance | (17.76) | (79.08) | 285.20 |
| Affordable housing finance | 1.05 | (28.27) | 13.02 |
| Agriculture | (41.06) | (3.86) | 11.18 |
| **Total Credit Cost** | **1,224.38** | **392.14** | **365.09** |
| | | | |
| **Intermediate Retail Lending Credit Cost by Sector** | | | |
| MSME | (88.20) | 85.78 | 15.59 |
| MFI | (2.33) | 61.03 | (48.04) |
| Consumer finance | (5.96) | 4.20 | 30.84 |
| Vehicle finance | (24.21) | (98.01) | 285.20 |
| Affordable housing finance | 1.05 | (28.27) | 13.02 |
| Agriculture | (41.06) | (3.86) | 11.18 |
| **Total Intermediate Retail Lending Credit Cost[(2)]** | **(160.71)** | **20.87** | **307.79** |
| | | | |

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| **Direct to Customer Credit Cost by Sector** | | | |
| MSME | 584.93 | 171.91 | 12.61 |
| MFI | 70.58 | 44.76 | 11.99 |
| Consumer finance | 723.13 | 135.67 | 32.71 |
| Vehicle finance | 6.45 | 18.93 | - |
| Affordable housing finance | - | - | - |
| Agriculture | - | - | - |
| **Total Direct to Customer Lending Credit Cost(3)** | **1,385.09** | **371.27** | **57.31** |

*Notes:*

1. *Credit Cost represents impairment loss allowance on financial instrument, and write-off on financial instruments - net of recovery during the relevant Fiscal.*
2. *Intermediate Retail Lending Credit Cost represents impairment loss allowance on financial instrument, and write-off on financial instruments - net of recovery relating to Intermediate Retail Lending during the relevant Fiscal.*
3. *Direct to Customer Lending Credit Cost represents impairment loss allowance on financial instrument, and write-off on financial instruments - net of recovery relating to Direct to Customer Lending during the relevant Fiscal.*

### *Collection Efficiency*

The following table sets forth the details of the Collection Efficiency of our Company, on a consolidated basis, for the Fiscals indicated:

| Particulars | Total Amount Due | Total Amount Collected | Collection Efficiency(1) |
|---|---|---|---|
| | (₹ million) | | (%) |
| ***For the financial year ended March 31, 2024*** | | | |
| Intermediate Retail Lending | 77,908.14 | 77,616.90 | 99.63% |
| Direct to Customer Lending | 54,562.37 | 53,532.89 | 98.11% |
| **Total** | **132,470.51** | **131,149.79** | **99.00%** |
| | | | |
| ***For the financial year ended March 31, 2023*** | | | |
| Intermediate Retail Lending | 70,663.33 | 70,350.90 | 99.56% |
| Direct to Customer Lending | 35,591.76 | 35,386.47 | 99.42% |
| **Total** | **106,255.09** | **105,737.37** | **99.51%** |
| | | | |
| ***For the financial year ended March 31, 2022*** | | | |
| Intermediate Retail Lending | 55,401.68 | 54,901.15 | 99.10% |
| Direct to Customer Lending | 8,981.96 | 8,902.42 | 99.11% |
| **Total** | **64,383.64** | **63,803.56** | **99.10%** |

*Note:*

1. *Collection efficiency is arrived at by dividing total amount collected (excluding foreclosures) by total amount due during the relevant Fiscal.*

### *Capital to Risk-Weighted Assets Ratio ("CRAR")*

The following table sets forth our CRAR as of the dates indicated:

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ in million, except for percentages) | | |
| Tier I Capital | 20,578.17 | 18,190.28 | 16,263.08 |
| Tier II Capital | 215.27 | 562.03 | 518.29 |
| **Total Capital** | **20,793.44** | **18,752.31** | **16,781.37** |
| **Risk Weighted Assets** | **113,868.32** | **90,286.09** | **73,641.83** |
| | | | |
| Tier I Capital Ratio (%) | 18.07% | 20.15% | 22.08% |
| Tier II Capital Ratio (%) | 0.19% | 0.62% | 0.71% |
| **CRAR(1) (%)** | **18.26%** | **20.77%** | **22.79%** |

*Note:*

1. *CRAR has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets).*

### *Technology Suite*

The following table sets forth certain our information technology-related metrics as of and for the Fiscals indicated:

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| ***Nimbus*** | | | |
| Number of active Originator Partners[1] | 147 | 132 | 136 |
| Number of active Investor Partners[2] | 72 | 61 | 85 |
| Number of transactions[3] | 543 | 540 | 525 |
| Value of transactions[4] (₹ million) | 176,205 | 180,965.00 | 128,698.00 |
| | | | |
| ***nPOS*** | | | |
| Number of active partners[5] | 21 | 15 | 2 |
| Number of transactions[6] | 2,895,363 | 5,740,666 | 192,344 |
| Value of transactions[7] (₹ million) | 59,890.64 | 32,511.27 | 659.00 |
| | | | |
| ***AltiFi*** | | | |
| *Number of registered users* | | | |
| - Individuals[8] | 30,518 | 20,014 | 1,244 |
| - Corporates[9] | 754 | 524 | 23 |
| *Number of active users* | | | |
| - Individuals[10] | 367 | 489 | 95 |
| - Corporates[11] | 64 | 19 | 6 |
| Number of products[12] | 38 | 41 | 35 |
| Number of transactions[13] | 1,332 | 1,282 | 269 |
| Value of transactions[14](₹ million) | 1,522.01 | 1,670.47 | 970.81 |
| | | | |
| ***Nu Score*** | | | |
| Number of active partners[15] | 1 | NA | NA |
| Number of assessments conducted[16] | 17,052 | NA | NA |

*Notes:*
*NA represents not applicable.*
1. *Number of active Originator Partners on Nimbus represents the Originator Partners for whom financing transactions were executed whether funded by us or enabled by us and funded by Investor Partners on Nimbus during the relevant Fiscal.*
2. *Number of active Investor Partners on Nimbus represents the Investor Partners through whom financing transactions are executed for our Originator Partners on Nimbus during the relevant Fiscal.*
3. *Number of financing transactions executed on Nimbus represents the total number of financing transactions for our Originator Partners whether funded by us or enabled by us and funded by Investor Partners on Nimbus during the relevant Fiscal.*
4. *Value of transactions executed on Nimbus represents the aggregate value of financing enabled by us from our own balance sheet as well as from Investor Partners by way of transactions that were executed on Nimbus during the relevant Fiscal.*
5. *Number of active partners on nPOS represent the total number of partners with whom Direct to Customer Lending transactions were executed on nPOS in the relevant Fiscal.*
6. *Number of transactions executed on nPOS represents the total number of Direct to Customer Lending financial transactions executed on nPOS during the relevant Fiscal.*
7. *Value of transactions executed on nPOS represents the aggregate value of financing and enabled by us from our own balance sheet as well as from Retail Lending Partners for Direct to Customer Lending on nPOS during the relevant Fiscal.*
8. *Number of registered individuals on AltiFi represents cumulative number of individuals registered with the AltiFi platform as on the last day of the relevant Fiscal.*
9. *Number of registered corporates on AltiFi represents cumulative number of corporates (companies) registered with the AltiFi platform as on the last day of the relevant Fiscal.*
10. *Number of active individual investors represents aggregate of individual investors that have executed a transaction on AltiFi in the relevant Fiscal.*
11. *Number of active corporate investors represents aggregate of corporate investors that have executed a transaction on AltiFi in the relevant Fiscal.*
12. *Number of products represents number of bonds products available for the investors for investments in the relevant Fiscal.*
13. *Number of transactions represents number of transactions executed by individual and corporate investors on AltiFi in the relevant Fiscal.*
14. *Value of transactions represents aggregate value of transactions executed by individual and corporate investors on AltiFi in the relevant Fiscal.*
15. *Number of active partners on Nu Score represents the active partners using the Nu Score platforms in the relevant Fiscal.*
16. *Number of assessments conducted on Nu Score represents the assessments conducted by our active partners on Nu Score in the relevant Fiscal.*

### *Geographic Dispersion*

The following table provides details of geographic dispersion of AUM for our Company, on a consolidated basis, as of March 31, 2024:

| Particulars | As of March 31, 2024 |
|---|---|
| | Amount / Percentage |
| **Spread of AUM (direct and indirect)[1]** | |
| - Number of states | 28 |
| - Number of union territories | 7 |

| Particulars | As of March 31, 2024 |
|---|---|
| | **Amount / Percentage** |
| - Number of districts | 671 |
| | |
| **Exposure in top 10 States / Union Territories (on the basis of total AUM)** | |
| Tamil Nadu | 14.59% |
| Maharashtra | 11.99% |
| Karnataka | 9.45% |
| Gujarat | 5.99% |
| Rajasthan | 5.29% |
| Uttar Pradesh | 5.05% |
| Telangana | 4.92% |
| Andhra Pradesh | 4.76% |
| Delhi | 4.63% |
| Madhya Pradesh | 3.55% |
| Others | 29.78% |
| **Total** | 100.00% |
| **AUM (₹ million)** | 117,100.19 |
| | |
| **Exposure in the top 20 districts (on the basis of total AUM)** | |
| | |
| Delhi | 3.78% |
| Mumbai | 3.40% |
| Bangalore Urban | 3.05% |
| Chennai | 3.01% |
| Hyderabad | 1.97% |
| Pune | 1.85% |
| Jaipur | 1.25% |
| Ahmedabad | 1.18% |
| Krishna | 0.98% |
| Madurai | 0.88% |
| Thane | 0.81% |
| Lucknow | 0.77% |
| Kanchipuram | 0.75% |
| Surat | 0.70% |
| Tiruvallur | 0.68% |
| Rangareddy | 0.64% |
| Gurgaon | 0.62% |
| Coimbatore | 0.60% |
| Guntur | 0.60% |
| Vishakhapatnam | 0.53% |
| Others | 71.97% |
| **Total** | 100.00% |
| **AUM (₹ million)** | 117,100.19 |

*Notes:*

1. *Represents the location of the end borrower.*
2. *AUM represents aggregate of loans and investments in debentures (quoted and unquoted), securitised assets, investments in alternate investment funds, loans assigned by us and guarantees outstanding as of the last day of the relevant Fiscal.*

### *Fund Management*

The following table sets forth certain details about our fund management channel as of and for the Fiscals indicated:

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Number of live funds [(1)*] | 8 | 8 | 8 |
| Total Fund AUM[(2)] (₹ million) | 28,581.27 | 27,756.74 | 29,964.03 |
| Average Fund AUM[(3)] (₹ million) | 30,061.22 | 30,175.98 | 22,190.26 |
| Total number of non-individual fund investors[(4)] | 235 | 202 | 194 |
| Total number of individual fund investors[(5)] | 389 | 303 | 327 |

| Particulars | As of and for the financial year ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Fund management fee earned[6] (₹ million) | 298.99 | 290.09 | 231.89 |
| Fund management fee yield[7] (%) | 0.99% | 0.96% | 1.05% |
| | | | |
| Total investor commitments (₹ million) | 37,450.00 | 31,291.00 | 31,876.00 |

*Notes:*

** Fund 2 (as defined below) has been considered as a live fund in Fiscal 2023 and Fiscal 2024 only due to the recoveries in progress from investees.*

1. *Number of live funds represents the number of AIF funds and PMS funds that are in existence or have outstanding investments as of the last day of the relevant Fiscal.*
2. *Total Fund AUM represents the aggregate investments across all live AIF and PMS funds as of the last day of the relevant Fiscal.*
3. *Average Fund AUM represents the average of AIF and PMS funds AUM as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal.*
4. *Total number of non-individual fund investors represents the total number of Investor Partners other than individuals that have investments outstanding across all live AIF/ PMS funds as of the last day of the relevant Fiscal.*
5. *Total number of individual fund investors represents the total number of individual fund Investor Partners that have investments outstanding across all live AIF/ PMS funds as of the last day of the relevant Fiscal.*
6. *Fund management fee earned represents the fund management fee earned by NAIM for the relevant Fiscal.*
7. *Fund management fee yield represents the fund management fee earned expressed as a percentage of the Average Fund AUM for the relevant Fiscal.*

The following table sets forth certain details about our funds for the Fiscals indicated:

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | Actual return | | |
| Fund 2 (IFMR Fimpact Long Term Multi Asset Class Fund) (%) | NA | NA | 13.47% |
| Fund 4 (IFMR Fimpact Long Term Credit Fund) (%) | 12.11% | 12.81% | 13.14% |
| Fund 5 (IFMR Fimpact Medium Term Opportunities Fund) (%) | NA | NA | 13.47% |
| Fund 6 (IFMR Fimpact Income Builder Fund) (%) | NA | NA | 9.81% |
| Fund 7 (Northern Arc Money Market Alpha Fund) (%) | 9.81% | 9.40% | 9.22% |
| Fund 8 (Northern Arc India Impact Fund) (%) | 13.63% | 12.34% | 6.11% |
| Fund 9 (Northern Arc Income Builder Fund (Series II)) (%) | 11.09% | 12.07% | 11.45% |
| Fund 10 (Northern Arc Emerging Corporate Bond Fund) (%) | 10.29% | 9.34% | NA |

*Note:*

1. *Actual returns for investors represents the returns net of expenses, pre-tax, accruing to external investors holding senior units for the relevant Fiscal.*

The following table sets forth details about our Fund AUM by sector as of the dates indicated:

| Particulars | As of March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2022 | |
| | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) | Amount (₹ million) | % of total (%) |
| **Fund AUM by Sector** | | | | | | |
| MSME | 9,198.97 | 32.19% | 6,161.88 | 22.20% | 4,972.10 | 16.59% |
| MFI | 7,690.52 | 26.91% | 10,798.06 | 38.90% | 12,334.93 | 41.17% |
| Consumer finance | 3,834.42 | 13.42% | 3,385.95 | 12.20% | 2,944.51 | 9.83% |
| Vehicle finance | 2,976.64 | 10.41% | 3,775.54 | 13.60% | 5,615.34 | 18.74% |
| Affordable housing finance | 618.00 | 2.16% | 550.00 | 1.98% | 795.00 | 2.65% |
| Agriculture | 242.00 | 0.85% | - | - | 403.60 | 1.35% |
| Corporate | 39.70 | 0.14% | 1,011.47 | 3.64% | 1,349.22 | 4.50% |
| Others-cash, receivables and mutual funds | 3,981.02 | 13.93% | 2,073.82 | 7.47% | 1,549.33 | 5.17% |
| **Total Fund AUM[1]** | **28,581.27** | **100.00%** | **27,756.74** | **100.00%** | **29,964.03** | **100.00%** |

*Note:*

1. *Total Fund AUM represents the aggregate investments across all live AIF and PMS funds as of the last day of the relevant Fiscal.*

***Reconciliation of non-GAAP Measures***

Below are the reconciliations of the non-GAAP measures presented in this section:

*Reconciliation from adjusted loans, adjusted non-convertible debentures and commercial papers, AIF investments by our Company and NAIM and securitisation (pass-through certificates (“PTCs”) and direct assignment) to Earning Assets*

| **Particulars** | **As of March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **(₹ million)** | | |
| Loans | 92,095.89 | 68,886.06 | 52,087.56 |
| Add/(Less): Accrued Interest | (1,329.73) | (763.58) | (465.00) |
| Add/(Less): Fair Value adjustment | (2.85) | 62.88 | (35.22) |
| Advance collection adjusted | 12.34 | 40.48 | 31.15 |
| Add/(Less): Impairment loss allowance | 1,057.43 | 890.22 | 577.17 |
| Add/(Less): EIR adjustment | 630.45 | 471.17 | 338.17 |
| Add/(Less): Investment in Direct Assignment | (939.30) | (1,333.52) | (926.26) |
| **Adjusted Loans (A)** | **91,524.23** | **68,253.71** | **51,607.57** |
| | | | |
| Investment in non-convertible debentures, market linked debentures and commercial papers | 14,363.73 | 14,062.06 | 13,241.64 |
| Add/(Less): Accrued interest | (81.68) | (104.56) | (65.02) |
| Add/(Less): Fair Value adjustment | (192.06) | (37.37) | (182.56) |
| Add/(Less): investments relating to AIF | - | (1,698.55) | (1,971.52) |
| Add/(Less): Impairment loss allowance | - | - | - |
| Add/(Less): Unamortised Discount on CP Investment | - | 4.19 | 0.63 |
| **Adjusted Non-convertible debentures and Commercial Papers (B)** | **14,089.99** | **12,225.77** | **11,023.17** |
| | | | |
| Investment in alternate investment funds (unquoted) | 1,437.41 | 1,430.19 | 2,735.97 |
| Add/(Less): Accrued interest | (56.87) | (180.27) | 112.81 |
| Add/(Less): Fair Value adjustment | (49.68) | 196.28 | (240.73) |
| Add/(Less): investment in Consolidated AIF | - | 892.19 | 1,144.30 |
| Add/(Less): Provision made | 22.44 | - | - |
| **AIF investments (C)** | **1,353.30** | **2,338.39** | **3,752.35** |
| | | | |
| Investment in pass-through certificates (unquoted) | 577.24 | 1,312.04 | 1,450.41 |
| Add/(Less): Investment in Direct Assignment | 939.30 | 1,333.52 | 926.26 |
| Add/(Less): Accrued interest | (3.04) | (49.52) | (59.86) |
| Add/(Less): Fair Value adjustment | 6.04 | (21.57) | (22.72) |
| Add/(Less): Equity tranche investment adjusted against borrowings | 203.44 | - | - |
| **Securitisation (PTCs and Direct Assignment) (D)** | **1,722.98** | **2,574.48** | **2,294.09** |
| | | | |
| **Earning Assets (A+B+C+D)** | **108,690.50** | **85,392.34** | **68,677.18** |

*Reconciliation from debt securities, borrowings (other than debt securities) and subordinated liabilities to total borrowings*

| **Particulars** | **As of March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **(₹ million)** | | |
| Debt securities (A) | 14,137.25 | 12,243.16 | 13,435.97 |
| Borrowings (Other than debt securities) (B) | 76,340.31 | 57,702.99 | 45,994.26 |
| Subordinated liabilities (C) | - | 399.51 | 399.35 |
| **Total Borrowings D = (A+B+C)** | **90,477.56** | **70,345.66** | **59,829.58** |

*Reconciliation from interest income and finance costs to net interest income*

| **Particulars** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Interest income (A) | 17,121.12 | 11,483.88 | 7,808.45 |
| Finance Costs (B) | 7,263.85 | 5,574.49 | 4,106.72 |
| **Net interest income (C = A – B)** | **9,857.27** | **5,909.39** | **3,701.73** |

*Reconciliation from interest income, finance costs and total assets to net interest margin (%)*

| **Particulars** | **As of and for the year ended March 31, 2024** | **As of and for the year ended March 31, 2023** | **As of and for the year ended March 31, 2022** |
|---|---|---|---|
| | **(₹ million, unless indicated otherwise)** | | |
| Interest income (A) | 17,121.12 | 11,483.88 | 7,808.45 |
| Finance Costs (B) | 7,263.85 | 5,574.49 | 4,106.72 |
| **Net interest income (C = A – B)** | **9,857.27** | **5,909.39** | **3,701.73** |
| Total assets (D) | 117,076.59 | 93,715.72 | 79,741.16 |
| **Net Interest Margin (%) [E=C/D]** | **8.42%** | **6.31%** | **4.64%** |

*Reconciliation from interest income, net gain on fair value changes, net gain on derecognition of financial instruments, income from guarantee facility, fees and commission expense to adjusted interest income*

| **Particulars** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Interest income (A) | 17,121.12 | 11,483.88 | 7,808.45 |
| Net gain on fair value changes (B) | 456.19 | 506.25 | 426.49 |
| Net gain on derecognition of financial instruments (C) | 474.25 | 203.42 | - |
| Income from guarantee facility (D) | 40.05 | 41.72 | 54.46 |
| Fees and commission expense (E) | 2,208.19 | 1,214.20 | 527.32 |
| **Adjusted Interest Income (F = A+B+C+D-E)** | **15,883.42** | **11,021.07** | **7,762.08** |

*Reconciliation from finance costs and interest on lease liabilities to adjusted finance cost*

| **Particulars** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Finance costs (A) | 7,263.85 | 5,574.49 | 4,106.72 |
| Interest on lease liabilities (B) | 17.50 | 14.61 | 14.70 |
| **Adjusted Finance Costs (C = A-B)** | **7,246.35** | **5,559.88** | **4,092.02** |

*Reconciliation from interest income, net gain on fair value changes, net gain on derecognition of financial instruments, income from guarantee facility, fees and commission expense, finance costs and interest on lease liabilities to adjusted net interest income*

| **Particulars** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Interest income (A) | 17,121.12 | 11,483.88 | 7,808.45 |
| Net gain on fair value changes (B) | 456.19 | 506.25 | 426.49 |
| Net gain on derecognition of financial instruments (C) | 474.25 | 203.42 | - |
| Income from guarantee facility (D) | 40.05 | 41.72 | 54.46 |
| Fees and commission expense (E) | 2,208.19 | 1,214.20 | 527.32 |
| **Adjusted Interest Income (F= A+B+C+D-E)** | **15,883.42** | **11,021.07** | **7,762.08** |
| | | | |
| Finance costs (G) | 7,263.85 | 5,574.49 | 4,106.72 |
| Interest on lease liabilities (H) | 17.50 | 14.61 | 14.70 |
| **Adjusted Finance Costs (I=G-H)** | **7,246.35** | **5,559.88** | **4,092.02** |
| | | | |
| **Adjusted net interest income (J = F-I)** | **8,637.07** | **5,461.19** | **3,670.06** |

*Reconciliation from interest income, finance cost to Adjusted Interest Income, Adjusted Finance cost, Adjusted net interest income and Adjusted net Interest Margin*

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million unless indicated otherwise) | | |
| Interest income (A) | 17,121.12 | 11,483.88 | 7,808.45 |
| Net gain on fair value changes (B) | 456.19 | 506.25 | 426.49 |
| Net gain on derecognition of financial instruments(C) | 474.25 | 203.42 | - |
| Income from guarantee facility (D) | 40.05 | 41.72 | 54.46 |
| Fees and commission expense (E) | 2,208.19 | 1,214.20 | 527.32 |
| **Adjusted Interest Income (F= A+B+C+D-E)** | **15,883.42** | **11,021.07** | **7,762.08** |
| | | | |
| Finance costs (G) | 7,263.85 | 5,574.49 | 4,106.72 |
| Interest on lease liabilities (H) | 17.50 | 14.61 | 14.70 |
| **Adjusted Finance Costs (I=G-H)** | **7,246.35** | **5,559.88** | **4,092.02** |
| | | | |
| **Adjusted net interest income (J = F-I)** | **8,637.07** | **5,461.19** | **3,670.06** |
| | | | |
| Average Total Assets (K) | **103,742.88** | 84,220.87 | 66,344.74 |
| | | | |
| **Adjusted Net Interest Margin (L= J/K*100) (%)** | **8.33%** | **6.48%** | **5.53%** |

*Reconciliation from debt securities, borrowings (other than debt securities), subordinated liabilities, and total equity to debt/equity ratio*

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ million, unless indicated otherwise) | | |
| Debt securities (A) | 14,137.25 | 12,243.16 | 13,435.97 |
| Borrowings (Other than debt securities) (B) | 76,340.31 | 57,702.99 | 45,994.26 |
| Subordinated liabilities (C) | - | 399.51 | 399.35 |
| **Total Borrowings D = (A+B +C)** | **90,477.56** | **70,345.66** | **59,829.58** |
| | | | |
| **Total equity (E)** | **23,204.11** | **20,677.30** | **18,321.12** |
| | | | |
| **Debt/Equity ratio (F =D/E) (x times)** | **3.90** | **3.40** | **3.27** |

*Reconciliation from equity share capital, instruments entirely equity in nature, other equity and capital reserve to net worth*

| Particulars | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Equity share capital (A) | 893.85 | 890.31 | 889.08 |
| Instruments entirely equity in nature (B) | 826.46 | 826.46 | 826.46 |
| Other equity (C) | 21,423.54 | 17,837.49 | 15,675.24 |
| Capital reserve (D) | 0.36 | 0.36 | 0.36 |
| **Net worth (E = A+B+C-D)** | **23,143.49** | **19,553.90** | **17,390.42** |

*Reconciliation from restated profit for the year attributable to owners of the holding company, net worth to return on net worth (%)*

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million unless indicated otherwise) | | |
| Restated Profit for the year attributable to owners of the holding company (A) | 3,083.34 | 2,300.11 | 1,725.00 |
| Net Worth(1) (B) | 23,143.49 | 19,553.90 | 17,390.42 |
| **Return on net worth (%) (C = A/B*100)** | **13.32%** | **11.76%** | **9.92%** |

*Notes:*

*1. Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

*Reconciliation from restated profit for the year attributable to owners of the holding company, average net worth to return on average net worth (%)*

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million unless indicated otherwise) | | |
| Restated Profit for the year attributable to owners of the holding company (A) | 3,083.34 | 2,300.11 | 1,725.00 |
| Average Net worth[(1)] (B) | 21,203.14 | 18,330.41 | 16,613.36 |
| **Return on average net worth (C = A/B*100) (%)** | **14.54%** | **12.55%** | **10.38%** |

*Note:*

1. *Average net worth represents the average of net worth (i.e., net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation) as of the last day of each of the four quarters of the relevant Fiscal and as of the last day of the preceding Fiscal year.*

*Reconciliation from equity share capital, instruments entirely equity in nature, other equity, capital reserve, number of equity shares, number of instruments entirely equity in nature to net asset value per equity share*

| Particulars | As of March 31, 2024 | As of March 31, 2023 | As of March 31, 2022 |
|---|---|---|---|
| Equity share capital (A) (₹ million) | 893.85 | 890.31 | 889.08 |
| Instruments entirely equity in nature (B) (₹ million) | 826.46 | 826.46 | 826.46 |
| Other equity (C) (₹ million) | 21,423.54 | 17,837.49 | 15,675.24 |
| Capital reserve (D) (₹ million) | 0.36 | 0.36 | 0.36 |
| **Net worth (E = A+B+C-D) (₹ million)** | **23,143.49** | **19,553.90** | **17,390.42** |
| | | | |
| Number of equity shares (F) | 89,385,420 | 89,031,293 | 88,907,543 |
| Number of instruments entirely equity in nature (G) | 41,323,204 | 41,323,204 | 41,323,204 |
| **Total number of equity shares (H=F+G)** | 130,708,624 | **130,354,497** | **130,230,747** |
| | | | |
| **Net Asset Value per Equity Share (I = E/H) (₹)** | **177.06** | **150.01** | **133.54** |

*Reconciliation from gross carrying amount – loans - Stage 3, gross carrying amount - investments – Stage 3, gross carrying amount loans – total and gross carrying amount -investments total to gross stage 3 – loans and investments(%)*

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ million unless indicated otherwise) | | |
| Gross Carrying Amount - Loans - Stage 3 (A) | 500.33 | 670.25 | 325.26 |
| Gross Carrying Amount - Investments - Stage 3 (B) | - | - | 24.90 |
| **Gross Carrying Amount – Loans and Investments – Stage 3 (C= A + B)** | **500.33** | **670.25** | **350.16** |
| Gross carrying amount – loans – total (D) | 93,153.31 | 69,776.28 | 52,664.73 |
| Gross carrying amount – investments – total (E) | 17,807.06 | 17,627.46 | 17,657.51 |
| **Gross carrying amount – loans and investments (F = D+E)** | **110,960.37** | **87,403.74** | **70,322.24** |
| **Gross Stage 3 – Loans and Investments (%) (G = C/F)** | **0.45%** | **0.77%** | **0.50%** |

*Reconciliation from gross carrying amount - loans - stage 3 and impairment loss allowance - loans - stage 3 to net carrying amount - loans - stage 3*

| Particulars | As of March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| | (₹ million) | | |
| Gross Carrying Amount - Loans - Stage 3 (A) | 500.33 | 670.25 | 325.26 |
| Impairment loss allowance - Loans - Stage 3 (B) | 413.60 | 320.63 | 200.72 |
| **Net Carrying Amount - Loans - Stage 3 (C) = (A) - (B)** | **86.73** | **349.62** | **124.54** |

*Reconciliation from write off on financial instruments - loans, write off on financial instruments - investments and write off on financial instruments - recovery to write off on financial instruments - net of recovery*

| **Particulars** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Write off on financial instruments - Loans (A) | 3,228.79 | 8.56 | 337.80 |
| Write off on financial instruments - Investments (B) | - | - | 750.00 |
| Write off on financial instruments - recovery (C) | (2,254.44) | (26.67) | (18.94) |
| **Write off on financial instruments - Net of recovery (D = A+B+C)** | **974.35** | **(18.11)** | **1,068.86** |

*Reconciliation from impairment loss allowance on financial instruments - loans, impairment loss allowance on financial instruments - investments and impairment loss allowance on financial instruments - others to impairment loss allowance on financial instruments*

| **Particulars** | **As of March 31,** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | **(₹ million)** | | |
| Impairment loss allowance on financial instruments - Loans (A) | 256.79 | 396.69 | (219.19) |
| Impairment loss allowance on financial instruments - Investments (B) | 43.45 | (51.82) | (493.83) |
| Impairment loss allowance on financial instruments - Others (C) | (50.21) | 65.38 | 9.25 |
| **Impairment loss allowance on financial instruments (D = A+B+C)** | **250.03** | **410.25** | **(703.77)** |

*Reconciliation from income from other financial services - professional fee, income from other financial services - management fee and income from other financial services - arranger fee for guarantee facility to professional and management fee income*

| **Particulars** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Income from other financial services - Professional fee (A) | 384.34 | 502.40 | 564.33 |
| Income from other financial services - Management fee (B) | 280.45 | 261.58 | 203.38 |
| Income from other financial services - Arranger fee for guarantee facility (C) | - | 20.62 | 23.83 |
| **Professional and management fee income (D=A+B+C)** | **664.79** | **784.60** | **791.54** |

*Reconciliation from fee and commission income – others and other income to income other than interest and fees*

| **Particulars** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Fee and Commission income - Others (A) | 144.44 | 29.84 | 14.45 |
| Other income (B) | 159.49 | 62.29 | 70.06 |
| **Income other than interest and fees (C = A + B)** | **303.93** | **92.13** | **84.51** |

*Reconciliation from total income and fees and commission expense to adjusted total income*

| **Particulars** | **Fiscal 2024** | **Fiscal 2023** | **Fiscal 2022** |
|---|---|---|---|
| | **(₹ million)** | | |
| Total income (A) | 19,060.33 | 13,112.00 | 9,165.45 |
| Fees and commission expense (B) | 2,208.19 | 1,214.20 | 527.32 |
| **Adjusted total income (C = A - B)** | **16,852.14** | **11,897.80** | **8,638.13** |

*Reconciliation from total income, fees and commission expense, finance costs and interest on lease liabilities to adjusted net total income*

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Total income (A) | 19,060.33 | 13,112.00 | 9,165.45 |
| Fees and commission expense (B) | 2,208.19 | 1,214.20 | 527.32 |
| Finance Costs (C) | 7,263.85 | 5,574.49 | 4,106.72 |
| Interest on lease liabilities (D) | 17.50 | 14.61 | 14.70 |
| **Adjusted net total income (E = A - B - C +D)** | **9,605.79** | **6,337.92** | **4,546.11** |

*Reconciliation from employee benefits expenses, depreciation and amortisation, other expenses and interest on lease liabilities to operating expenses*

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Employee benefits expenses (A) | 2,416.08 | 1,489.25 | 979.42 |
| Depreciation and amortisation (B) | 169.44 | 120.44 | 95.76 |
| Other expenses (C) | 1,566.31 | 1,090.50 | 607.25 |
| Interest on lease liabilities (D) | 17.50 | 14.61 | 14.70 |
| **Operating expenses (E = A +B +C+D)** | **4,169.33** | **2,714.80** | **1,697.13** |

*Reconciliation from restated profit before share of profit/loss of associate and taxes and impairment on financial instruments to pre-provisioning operating profit*

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Restated profit before share of profit/loss of associate and taxes (A) | 4,212.08 | 3,230.98 | 2,483.89 |
| Impairment on financial instruments (B) | 1,224.38 | 392.14 | 365.09 |
| **Pre-Provisioning Operating Profit (C = A+B)** | **5,436.46** | **3,623.12** | **2,848.98** |

*Reconciliation from employee benefits expenses, depreciation and amortisation, other expenses, interest on lease liabilities, total income, fees and commission expense, finance costs and interest on lease liabilities to operating expenses / adjusted net total income (Cost to adjusted net total income ratio) (%)*

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million unless indicated otherwise) | | |
| Employee benefits expenses (A) | 2,416.08 | 1,489.25 | 979.42 |
| Depreciation and amortisation (B) | 169.44 | 120.44 | 95.76 |
| Other expenses (C) | 1,566.31 | 1,090.50 | 607.25 |
| Interest on lease liabilities (D) | 17.50 | 14.61 | 14.70 |
| **Operating expenses (E=A+B+C+D)** | **4,169.33** | **2,714.80** | **1,697.13** |
| Total income (F) | 19,060.33 | 13,112.00 | 9,165.45 |
| Fees and commission expense (G) | 2,208.19 | 1,214.20 | 527.32 |
| Finance Costs (H) | 7,263.85 | 5,574.49 | 4,106.72 |
| Interest on lease liabilities (I) | 17.50 | 14.61 | 14.70 |
| **Adjusted net total income (J=F-G-H+I)** | **9,605.79** | **6,337.92** | **4,546.11** |
| **Operating expenses/ Adjusted net total income (Cost to adjusted net total income ratio) (%) K = E/J** | **43.40%** | **42.83%** | **37.33%** |

*Reconciliation from restated profit for the year, total tax expense, finance costs, depreciation and amortisation to EBITDA*

| Particulars | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 |
|---|---|---|---|
| | (₹ million) | | |
| Restated profit for the year (A) | 3,176.93 | 2,422.14 | 1,819.38 |
| Total tax expense (B) | 1,025.43 | 790.11 | 664.51 |
| Finance costs (C) | 7,263.85 | 5,574.49 | 4,106.72 |
| Depreciation and amortisation (D) | 169.44 | 120.44 | 95.76 |
| **EBITDA (E = A+B+C+D)** | **11,635.65** | **8,907.18** | **6,686.37** |

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below, there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) claims related to direct or indirect tax matters, and (iv) litigation proceedings that are otherwise material, in each case, involving our Company, our Subsidiaries and our Directors ("**Relevant Parties**"). There are no outstanding litigation proceedings involving our Group Companies that have a material impact on our Company.*

*For the purpose of identification of material litigation in (iv) above, our Board has considered and adopted the following Materiality Policy with regard to outstanding litigation involving the Relevant Parties to be disclosed by our Company in this Red Herring Prospectus pursuant to resolution dated January 18, 2024 of our Board:*

*All outstanding litigation proceedings, including any litigation involving the Relevant Parties (other than criminal proceedings, actions taken by statutory or regulatory authorities, and direct or indirect tax claims) shall be disclosed:*

a. *if the monetary amount of claim by or against the entity or person in any such pending proceeding is individually in excess of the lower of (a) 2% of the turnover of our Company for the latest fiscal year disclosed in the Restated Consolidated Summary Statements; (b) 2% of the net worth of our Company as of the latest fiscal year disclosed in the Restated Consolidated Summary Statements; and (c) 5% of the average of the absolute value of the profit/loss after tax of our Company as per the Restated Consolidated Summary Statements for the last three Financial Years, in this case being ₹123.64 million (i.e., lower of: (a) ₹378.02 million, being 2% of the turnover of the Company for the latest fiscal year disclosed in the Restated Consolidated Summary Statements; (b) ₹462.87 million, being 2% of the net worth of the Company as of the latest fiscal year disclosed in the Restated Consolidated Summary Statements; and (c) ₹123.64 million, being 5% of the average of the absolute value of the profit/loss after tax as per the Restated Consolidated Summary Statements for the last three Financial Years) ("**Materiality Amount**"); or*

b. *where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed the Materiality Amount; or*

c. *where the monetary liability is not quantifiable for any other outstanding litigation, or the amount does not exceed the Materiality Amount in an individual litigation, the outcome of which may have a material bearing on the business, operations, performance, prospects, financial position or reputation of our Company.*

*For the above purposes, pre-litigation notices received by the Relevant Parties from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall not be evaluated for materiality until the Relevant Parties are impleaded as defendants or respondents in proceedings before any judicial / arbitral forum or is notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.*

*Further, pursuant to a Board resolution dated January 18, 2024, our Board has considered and adopted the following Materiality Policy for the purpose of disclosure of material creditors in this Red Herring Prospectus according to which all creditors of our Company to whom the amount due from our Company exceeds 1.00% of the total trade payables of the Company as per the latest restated consolidated summary statements disclosed in this Red Herring Prospectus are material creditors (i.e., 1.00% of ₹1,284.83 million which is ₹12.84 million based on the Restated Consolidated Summary Statements as at and for the financial year ended March 31, 2024)*

*Unless otherwise specified, the terms defined in the description of a particular litigation matter pertain to such matter only.*

### I. Litigation involving our Company

*(a) Criminal proceedings against our Company*

As of the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Company.

*(b)* *Criminal proceedings by our Company*

As of the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Company other than as disclosed below:

1. Our Company has filed 15 complaints under Section 138 of the Negotiable Instruments Act, 1881 in relation to dishonour of cheques. The aggregate amount involved (as of the date on which each complaint was filed) in these matters is ₹160.41 million. The matters are pending at different stages of adjudication before different courts.

2. Our Company has filed 680 complaints under the Payment and Settlement Systems Act, 2007 alleging wrongful losses incurred on account of dishonour of National Automated Clearing House (NACH) mandates of the borrowers. The aggregate amount involved (as of the date on which each complaint was filed) in these matters is ₹12.73 million. The matters are pending at different stages of adjudication before different courts.

3. Based on a complaint filed by our Company dated October 21, 2020, before the Commissioner of Police at Periyamet, Chennai, Tamil Nadu and a subsequent letter dated October 23, 2020 to the Inspector of Police, Central Crime Branch, Chennai, a first information report dated January 11, 2021 against Sambandh Finserve Private Limited ("**Sambandh**") and certain of its directors, key managerial personnel and employees has been registered by the CCB-I Police Station, Chennai – CCB, for offences of criminal conspiracy and cheating under the Indian Penal Code, 1860. Our Company alleged that it has suffered a wrongful loss of ₹520.40 million attributable to default in repayment of principal and interest amounts in relation to certain financial facilities advanced by our Company to Sambandh, based on false representations regarding Sambandh's financial position. The matter is currently pending.

4. Our Company has, *inter alia*, filed a complaint dated July 20, 2023 against Shapos Services Private Limited ("**Shapos**") and its directors at the Parappana Agrahara Police Station, Bengaluru, Karnataka, requesting the police to register a complaint under various provisions of the Indian Penal Code, 1860, including criminal breach of trust, cheating, criminal misappropriation of funds and dishonest or fraudulent removal or concealment of property to prevent distribution among creditors. These allegations are in relation to loans amounting to ₹144.05 million availed from our Company which were recalled through a notice dated July 7, 2023 pursuant to certain instances of default by Shapos. Since no action was taken by the police, our Company filed a complaint dated April 16, 2024 against Shapos before the III Additional Chief Metropolitan Magistrate, Bangaluru, seeking a direction to the police to register an FIR. The matter is currently pending.

5. Our Company has filed a cyber-crime complaint dated March 26, 2024 against unknown persons for unauthorized access and data breach. In this regard, our direct origination partner has also filed a cyber complaint and a first information report dated April 12, 2024 against certain of its employees and other unknown persons for unauthorised access of its computer resources and computer networks. The matter is currently pending.

6. Our Company has filed a complaint dated September 5, 2024 with the Assistant Commissioner of Police, Cyber Crime Cell, Central Crime Branch, Chennai under various sections of the Bharatiya Nyaya Sanhita, 2023 and the IT Act in relation to a cyber-attack on certain of the Company's IT servers which was discovered on August 19, 2024. Pursuant to the cyber-attack, certain data of the Company was rendered unusable. The matter is currently pending.

   For further details, see "*Risk Factors – We rely significantly on our technology platforms and systems for our business and operations and any failure, disruption, downtime, inadequacy or security breach in such systems could adversely affect our business, reputation, results of operations, cash flows and financial condition*" on page 67.

*(c)* *Actions and proceedings initiated by statutory/regulatory authorities involving our Company*

As of the date of this Red Herring Prospectus, there are no outstanding actions or proceedings by statutory/regulatory authorities involving our Company other than as disclosed below:

1. Our Company received a show cause notice dated June 12, 2023 ("**Notice**") on January 11, 2024 from the Financial Intelligence Unit - India, Ministry of Finance ("**FIU-IND**") alleging non-compliance with certain provisions of the Prevention of Money Laundering Act, 2002 and the rules notified thereunder with respect to

the requirements to register as a "reporting entity" with FIU-IND and appointment of a designated director and a principal officer. Pursuant to a letter dated January 15, 2024 and subsequent correspondence with the FIU-IND, our Company has responded to the Notice, (i) providing the relevant details of its existing registration as a "reporting entity" and of the designated director and principal officer which had been submitted previously to the FIU-IND; and (ii) requesting for the Notice to be withdrawn. The matter is currently pending.

*(d)* *Material civil litigation against our Company*

As of the date of this Red Herring Prospectus, there are no outstanding material civil proceedings initiated against our Company.

*(e)* *Material civil litigation by our Company*

As of the date of this Red Herring Prospectus, there are no outstanding material civil proceedings initiated by our Company other than as disclosed below.

1. Our Company has filed an application under section 7 of the Insolvency and Bankruptcy Code, 2016, read with rules framed thereunder, before the National Company Law Tribunal, Chandigarh bench, seeking initiation of the corporate insolvency resolution process against Upscalio India Private Limited ("**Upscalio**") ("**Application**"). Our Company has filed the Application due to the failure of Upscalio to repay certain borrowings aggregating to ₹165.06 million availed from our Company which were recalled by our Company pursuant to certain instances of default by Upscalio. The Application has been admitted and appointment of an interim resolution professional was confirmed pursuant to an order dated April 5, 2024. The matter is currently pending.

2. Our Company has filed an application under section 7 of the Insolvency and Bankruptcy Code, 2016, read with rules framed thereunder, before the National Company Law Tribunal, Bengaluru bench, Karnataka, seeking initiation of the corporate insolvency resolution process against Shapos. Our Company has filed the application due to the failure of Shapos to repay certain borrowings aggregating to ₹144.76 million availed from our Company which were recalled by our Company pursuant to certain instances of default by Shapos wherein a fixed deposit made as collateral to the Company was encashed by Shapos. The matter is currently pending. Also see "*Outstanding Litigation and Material Developments – Criminal proceedings by our Company*" on page 517.

*(f)* *Other proceedings by our Company*

In addition to the above, our Company, in the ordinary course of its business, has initiated proceedings, pending at different stages of adjudication before various fora for the recovery of dues from its borrowers under provisions of the Insolvency and Bankruptcy Code, 2016 and the Code of Civil Procedure, 1908 and in certain instances invoked arbitration in accordance with the terms of the agreements executed with the borrowers. As of the date of this Red Herring Prospectus, the Company has filed 8 such cases and the aggregate amount involved in these matters is ₹126.23 million.

**II.** **Litigation involving our Subsidiaries**

*(a)* *Criminal proceedings against our Subsidiaries*

As of the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Subsidiaries.

*(b)* *Criminal proceedings by our Subsidiaries*

As of the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by any of our Subsidiaries other than as disclosed below:

1. Pragati has filed a complaint pursuant to which a first information report dated September 8, 2023 has been registered by the Manika Police Station, Jharkhand in relation to theft of funds aggregating to ₹0.05 million. The matter is currently pending.

2. Pragati has filed a complaint with the Sitapur Police Station, Jharkhand for cheating and fraud received by an erstwhile employee of Pragati aggregating to ₹0.25 million. The matter is currently pending.

3. Pragati has filed a complaint pursuant to which a first information report dated June 4, 2022 has been registered by the Pipratand Police Station, Palamu, Jharkhand, under Sections 34 and 392 of the Indian Penal Code, 1860 in connection with theft of funds aggregating to ₹0.09 million. The matter is currently pending**.**

4. Pragati has filed a complaint with the Kundrathur Police Station, Tamil Nadu for alleged fraud and misappropriation of funds amounting to ₹0.14 million by one of its collection agents. The matter is currently pending.

5. Pragati has filed a complaint with the Arumuganeri Police Station, Tamil Nadu for alleged misappropriation of funds amounting to ₹0.31 million by an employee of Pragati. The matter is currently pending.

6. Pragati has filed a complaint with the Jayankondam Police Station, Tamil Nadu for alleged fraud and misappropriation of funds amounting to ₹0.39 million by one of its collection agents. The matter is currently pending.

7. A first information report dated May 18, 2024 has been registered by the Hiriyur Town Police Station, Karnataka under Sections 34, 406, 409, 420, 465,468 and 471 of the Indian Penal Code, 1860 against certain employees of Pragati in relation to misappropriation of funds aggregating to ₹3.63 million. The matter is currently pending.

8. Pragati has filed a complaint with the Hussainabad Police Station, Jharkhand for alleged misappropriation of funds amounting to ₹0.66 million by an erstwhile employee. The matter is currently pending.

*(c) Actions and proceedings initiated by statutory/regulatory authorities involving our Subsidiaries*

As of the date of this Red Herring Prospectus, there are no outstanding actions or proceedings initiated by statutory/regulatory authorities involving our Subsidiaries.

*(d) Material civil litigation against our Subsidiaries*

As of the date of this Red Herring Prospectus, there are no outstanding material civil proceedings initiated against any of our Subsidiaries.

*(e) Material civil litigation by our Subsidiaries*

As of the date of this Red Herring Prospectus, there are no outstanding material civil proceedings initiated by any of our Subsidiaries.

**III. Litigation involving our Directors**

*(a) Criminal proceedings against our Directors*

As of the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Directors.

*(b) Criminal proceedings by our Directors*

As of the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by any of our Directors.

*(c) Actions by statutory/regulatory authorities involving our Directors*

As of the date of this Red Herring Prospectus, there are no outstanding actions or proceedings initiated by statutory/regulatory authorities involving any of our Directors.

*(d) Material civil litigation against our Directors*

As of the date of this Red Herring Prospectus, there are no outstanding material civil proceedings initiated against any of our Directors.

*(e)* *Material civil litigation by our Directors*

As of the date of this Red Herring Prospectus, there are no outstanding material civil proceedings initiated by any of our Directors.

**IV. Tax Proceedings involving our Company, Subsidiaries and Directors**

Details of outstanding tax proceedings involving our Company, Subsidiaries and Directors as of the date of this Red Herring Prospectus are disclosed below:

| Nature of Proceedings | Number of Proceedings | Amount involved (₹ million) |
|---|---|---|
| **Direct Tax*** | | |
| *Company* | 2 | 42.85 |
| *Subsidiaries* | 3 | 168.57 |
| *Directors* | Nil | Nil |
| **Sub-Total (A)** | 5 | 211.42 |
| **Such amount excludes any interest or penalty in relation to such direct tax proceedings* | | |
| **Indirect Tax** | | |
| *Company* | Nil | Nil |
| *Subsidiaries* | Nil | Nil |
| *Directors* | Nil | Nil |
| **Sub-Total (B)** | Nil | Nil |
| **Such amount excludes any interest or penalty in relation to such indirect tax proceedings* | | |
| **TOTAL (A+B)** | 5 | 211.42 |

**V. Other Matters**

In connection with an assessment order dated March 11, 2024 ("**Assessment Order**"), passed by the assessment unit of the Income Tax Department, the Northern Arc Capital Employee Welfare Trust ("**Trust**") received a demand notice dated March 11, 2024 ("**Demand Notice**"), from the Income Tax Department in connection with a tax liability of ₹158.90 million for the assessment year 2022-2023. Pursuant to the Assessment Order and the Demand Notice, certain allegedly unexplained investments in unlisted equities have been deemed to be in the income of the Trust for the above assessment year. The Trust has filed an appeal dated June 28, 2024 before the Joint Commissioner (Appeals) against the Assessment Order. Further, the Trust has also filed an application for stay of the Demand Notice, dated July 2, 2024 before the Assistant Commissioner of Income Tax, Chennai, Tamil Nadu. The matter is currently pending.

**VI. Outstanding Dues to Creditors**

In accordance with the SEBI ICDR Regulations, our Company, pursuant to the Materiality Policy adopted through a resolution dated January 18, 2024 of our Board, considers all creditors to whom the amount due by our Company exceeds 1% of the total trade payables as per the latest Restated Consolidated Summary Statements disclosed in this Red Herring Prospectus as material creditors (*i.e.,* 1% of ₹1,284.83 million which is ₹12.84 million as at the financial year ended March 31, 2024). Details of outstanding dues owed to material creditors, MSME creditors and other creditors of our Company based on such determination are disclosed below:

| Types of Creditors | Number of Creditors | Amount (₹ million) |
|---|---|---|
| MSME Creditors | 0 | 0 |
| Material Creditors | 9 | 708.72 |
| Other Creditors | 164 | 131.61 |
| **Total** | **173** | **840.33** |

As of March 31, 2024, there are no outstanding overdues to material creditors. The details pertaining to outstanding overdues to our material creditors, along with their names and amount involved for each such material creditor, are available on the website of our Company at www.northernarc.com/assets/uploads/Regulatory-Information/Dues-to-Material-Creditors.pdf

*It is clarified that such details available on our website do not form a part of this Red Herring Prospectus and investors should not make any investment decision based on information available on the website of our Company. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.*

## VII. Material Developments since the Last Balance Sheet

Other than as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments after March 31, 2024 that may affect our future Results of Operations*" beginning on page 494, in the opinion of our Board, no circumstances have arisen since the date of our last balance sheet as disclosed in this Red Herring Prospectus which materially and adversely affect, or are likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

*Disclosed below is an indicative list of material and necessary approvals, licenses and registrations obtained by our Company for undertaking its business. In view of such approvals, licenses and registrations, our Company can undertake its business activities as currently conducted and disclosed in this Red Herring Prospectus. Unless otherwise stated, these approvals, licenses or registrations are valid as of the date of this Red Herring Prospectus. We have further disclosed below material approvals for which we have filed applications which are pending as of the date of this Red Herring Prospectus. Except as disclosed below, there are no material approvals for which we have not yet filed applications or for which applications filed are pending. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" beginning on page 297.*

### I. Approvals in Relation to the Offer

For details in relation to the approvals and authorizations in relation to the Offer, see "*The Offer*" and "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on pages 99 and 524.

### II. Approvals in Relation to our Company

*(a) Corporate Approvals*

1. Certificate of incorporation dated March 9, 1989 issued to our Company under its prior name, Highland Leasing & Finance Private Limited, by the RoC.

2. Fresh certificate of incorporation dated June 19, 2009 consequent upon change of name to IFMR Capital Finance Private Limited issued to our Company by the RoC.

3. Fresh certificate of incorporation dated December 12, 2017 consequent upon conversion into a public limited company issued to our Company by the RoC.

4. Fresh certificate of incorporation dated February 20, 2018 consequent upon change of name to Northern Arc Capital Limited issued to our Company by the RoC.

*(b) Regulatory Approvals*

1. Certificate of registration as an NBFC (not accepting public deposits) dated June 24, 1999 issued to our Company under its prior name, Highland Leasing & Finance Private Limited, by the RBI.

2. Fresh certificate of registration as an NBFC (not accepting public deposits) dated August 8, 2013 consequent upon change of name to IFMR Capital Finance Private Limited issued to our Company by the RBI.

3. Fresh certificate of registration as an NBFC (not accepting public deposits) dated March 8, 2018 consequent upon change of name to Northern Arc Capital Limited issued to our Company by the RBI.

4. Registration to act as a point of presence under the National Pension Scheme – Lite Swavalamban Scheme with registration code POP39092018 dated February 28, 2020 issued to our Company by the PFRDA.

5. Certificate of registration as a corporate agent (composite) dated June 14, 2024 issued by the Insurance Regulatory and Development Authority of India

*(c) Tax Registrations in relation to our Company*

1. PAN AACCI0979B, issued by the Income Tax Department, Government of India to our Company.

2. Tax deduction account number CHEI06455B, issued by the Income Tax Department, Government of India to our Company.

3. GST registration numbers issued by the Government of India in various states of our operations, as applicable, to our Company.

## III. Approvals in Relation to our Business

1. Employees' provident fund code issued by the Employees' Provident Fund Organization under the Employees' Provident Fund Scheme, 1952, as amended.

2. Employees' state insurance code, issued by the Employees' State Insurance Corporation under the Employees' State Insurance Act, 1948, as amended, and as applicable.

3. Our Company has obtained state level professional tax registrations and registrations under shops and establishments legislations and labour welfare fund legislations, as applicable, for all branches of our Company. The term of such registrations and renewal requirements may differ under various state legislations.

## IV. Intellectual Property

For further details, see "*Our Business – Intellectual Property*" beginning on page 295 and "*Risk Factors – Legal and Regulatory Risks - Our inability to protect or use our intellectual property rights may adversely affect our business, financial condition, cash flows and results of operations*" on page 87.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Offer**

Our Board has approved the Offer pursuant to a resolution dated January 3, 2024 and our Shareholders have approved the Fresh Issue pursuant to a special resolution dated January 18, 2024. This Red Herring Prospectus has been approved by our Board pursuant to their resolution dated September 9, 2024.

The Offer for Sale has been authorized, severally and not jointly, by the Selling Shareholders as disclosed in "*The Offer*" beginning on page 99.

Our Board has taken on record the participation of Selling Shareholders in the Offer for Sale, pursuant to resolutions dated February 2, 2024 and August 9, 2024 and the IPO Committee has taken on record the participation of Selling Shareholders in the Offer for Sale, pursuant to a resolution dated August 14, 2024.

The Equity Shares being offered by the Selling Shareholders in the Offer for Sale have been held by them for a period of at least one year prior to the filing of this Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered in the Offer for Sale.

Except as stated below, the Equity Shares proposed to be offered by the Selling Shareholders in the Offer for Sale are free from any lien, encumbrance, transfer restrictions or third-party rights:

The entire shareholding of one of the Selling Shareholders, Dvara Trust, as of the date of the Draft Red Herring Prospectus, was pledged in favour of Catalyst Trusteeship Limited (in its capacity as a debenture trustee) ("**Pledged Shares**"). Dvara Trust proposes to offer up to 1,344,828 Equity Shares of face value of ₹10 each under the Offer for Sale, out of which 1,344,828 Equity Shares of face value of ₹10 each formed part of the Pledged Shares ("**Pledged OFS Shares**"). Catalyst Trusteeship Limited, through its letter dated January 16, 2024, subject to certain conditions mentioned therein consented to: (i) release the Pledged OFS Shares three business days prior to the filing of an updated draft red herring prospectus with the SEBI; and (ii) temporarily release the remaining Pledged Shares three business days prior to the filing of the Red Herring Prospectus with the RoC. Dvara Trust is required to re-pledge the Pledged Shares (including the Pledged OFS Shares) within one business day from the earlier of the following events: (a) if this Offer is not consummated in accordance with regulation 44 of the SEBI ICDR Regulations and/or (b) if the Red Herring Prospectus is not filed with SEBI within four days from the date of the proposed filing of the Red Herring Prospectus, as intimated in writing to Catalyst Trusteeship Limited. Accordingly, as of the date of this Red Herring Prospectus, the Pledged Shares have been released by Catalyst Trusteeship Limited.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters each dated June 19, 2024.

Our Company had applied to the RBI under Regulation 42 of the Master Directions for its prior consent to changes in the shareholding of our Company pursuant to the Offer, and subsequent changes, as applicable, upon listing and commencement of trading of the Equity Shares on the Stock Exchanges. Pursuant to an email dated May 20, 2024, the RBI has taken our submission on record and instructed us to provide an updated shareholding pattern of our Company within 15 days of completion of the Offer.

**Prohibition by the SEBI or other Governmental Authorities**

Our Company, the Selling Shareholders and our Directors are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Directors are promoters, directors or persons in control have been debarred from accessing capital markets by the SEBI.

Except for: (i) Vijay Nallan Chakravarthi who is a director of Affirma Capital Investment Adviser India Private Limited (SEBI Registration No. INA000013262 and SEBI Registration No. INP000008321) and is associated with Agastya Capital India Trust (Affirma Capital Investment Adviser India Private Limited is the investment manager to Agastya Capital India Growth Fund which is a scheme of Agastya Captal India Trust) which is registered with the SEBI (SEBI Registration No. IN/AIF2/23-24/1266); (ii) Ashish Mehrotra who is a director of our Subsidiaries, NAIM (SEBI Registration No. INP200007265), NAIA (SEBI Registration No. INA200000019) and NAS (SEBI Registration No. INZ000318831); (iii)

Dr. Kshama Fernandes who is a director of our Subsidiary, NAIM (SEBI Registration No. INP200007265); (iv) Arunkumar N.T. who is a director of Angel One Limited (SEBI Registration No. INZ000161534); and (v) P.S. Jayakumar who is a director of JM Financial Limited (SEBI Registration No. INM000010361), none of our Directors are associated with the securities market in any manner and no outstanding action has been initiated against our Directors by SEBI in the five years preceding the date of this Red Herring Prospectus.

None of our Company or our Directors have been identified as a Wilful Defaulter or a Fraudulent Borrower.

Our Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

**Confirmation under Companies (Significant Beneficial Owners) Rules, 2018**

Our Company and each of the Selling Shareholders are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as of the date of this Red Herring Prospectus.

**Eligibility for the Offer**

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, as disclosed below.

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), *i.e.,* as at and for the Financial Years 2024, 2023 and 2022, of which not more than 50% of the net tangible assets are held in monetary assets.
- Our Company has an average operating profit of ₹150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), *i.e.,* Financial Years 2024, 2023 and 2022 with operating profit in each of these preceding three years.
- Our Company has a net worth of at least ₹10 million, calculated on a restated and consolidated basis in each of the preceding three full years (of 12 months each), *i.e.,* Financial Years 2024, 2023 and 2022; and
- Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profit and net worth derived from the Restated Consolidated Summary Statements included in this Red Herring Prospectus as at, and for the three immediately preceding Financial Years are disclosed below.

*Derived from the Restated Consolidated Summary Statements*

| **Particulars** | **As at and for the Financial Year** | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| | ***(₹ million)*** | | |
| Net tangible assets (A)(1) | 22,681.06 | 20,196.34 | 18,094.36 |
| Pre-tax operating profit (B)(2) | 4,042.87 | 3,149.96 | 2,413.83 |
| Net worth (C)(3) | 23,143.49 | 19,553.90 | 17,390.42 |
| Total monetary assets (D)(4) | 2,764.05 | 3,589.98 | 7,780.86 |
| Monetary assets as a percentage of the net tangible assets (D)/(A)(5) | 12.19% | 17.78% | 43.00% |

*(1) Net tangible assets, means the sum of all net assets of the Company, excluding intangible assets as defined in Indian Accounting Standard (Ind AS) 38.*
*(2) Pre-tax operating profit is computed by deducting finance costs, fee expenses, employee benefits expenses, depreciation and amortization, impairment on financial instruments, other expenses and share of loss from associates from Total Revenue from operations (consisting of Interest income, net gain on fair value changes and fee and commission income and net gain on derecognition of financial instruments).*
*(3) Net worth of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
*(4) Total monetary assets, on a restated and consolidated basis, means cash and cash equivalents and Bank balances other than cash and cash equivalents excluding balances in unpaid dividend accounts and Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.*
*(5) Monetary assets means cash and cash equivalents and Bank balances other than cash and cash equivalents excluding balances in unpaid dividend accounts and Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.*

We are currently eligible to undertake the Offer as per Rule 19(2)(b) of the SCRR read with Regulation 6(1) of the SEBI ICDR Regulations, to the extent applicable.

Our Company has operating profit in each of the Financial Years 2024, 2023 and 2022 as indicated in the table above. Our average restated operating profit for Financial Years 2024, 2023 and 2022 is ₹3,202.22 million.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000, failing which the entire application monies shall be refunded in accordance with the SEBI ICDR Regulations and timelines specified under other applicable laws. None of the Selling Shareholders shall be liable to reimburse our Company for any interest paid by it on behalf of the Selling Shareholders on account of any delay with respect to Allotment of the respective portion of the Offered Shares offered by such Selling Shareholder in the Offer for Sale, or otherwise, unless such delay is solely accountable to such Selling Shareholder.

Our Company is in compliance with conditions specified in Regulations 5 and 7(1) of the SEBI ICDR Regulations to the extent applicable and will ensure compliance with Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

**Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING ICICI SECURITIES LIMITED, AXIS CAPITAL LIMITED AND CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS ARE, SEVERALLY AND NOT JOINTLY, RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES OR THE RESPECTIVE PORTION OF THE EQUITY SHARES BEING OFFERED BY THEM IN THE OFFER FOR SALE, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPECTIVE RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS, BEING ICICI SECURITIES LIMITED, AXIS CAPITAL LIMITED AND CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 2, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

All applicable legal requirements pertaining to the Offer have been complied with at the time of filing of this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All applicable legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

**Caution - Disclaimer from our Company, our Directors and the BRLMs**

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website, www.northernarc.com or any website of any affiliates of our Company would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided in the Underwriting Agreement.

All information, to the extent required in relation to the Offer, shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be made available by our Company, the Selling Shareholders and the BRLMs for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centers or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, and our Group Company, and their respective directors and officers, affiliates, associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, and our Group Company, and their respective directors and officers, affiliates, associates or third parties, for which they have received, and may in the future receive, compensation.

**Disclaimer from the Selling Shareholders**

The Selling Shareholders accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.northernarc.com, or the respective websites of any affiliate of our Company or the Selling Shareholders would be doing so at his or her own risk. Each Selling Shareholder, its directors, affiliates, associates, and officers accept no responsibility for any statements made in this Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder or its Offered Shares.

Bidders will be required to confirm and will be deemed to have represented to each Selling Shareholder and its respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholders and its respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

**Disclaimer in Respect of Jurisdiction**

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), systemically important NBFCs registered with the RBI or trusts under applicable trust law and who are authorized under their constitution to hold and invest in equity shares, insurance companies registered with the IRDAI, permitted provident funds and pension funds, National Investment Fund, insurance funds set up and managed by the army, navy and air force of the Union of India, insurance funds set up and managed by the Department of Posts, Government of India and to NBFC-SI, Eligible FPIs, AIFs, FVCIs, Eligible NRIs and other eligible foreign investors, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, state industrial development corporations and registered multinational and bilateral development financial institutions.

Any person into whose possession this Red Herring Prospectus or the Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was filed with the SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be issued, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any issue hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company, the Selling Shareholders, or our Group Company since the date of this Red Herring Prospectus or that the information contained herein is correct as at any time subsequent to this date. Invitations to subscribe to or purchase the Equity Shares pursuant to the Offer shall be made only pursuant to this Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises this Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside of India.

**Important Information for Investors – Eligibility and Transfer Restrictions**

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States to investors in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of the Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act, if such an offer or sale is made otherwise than in compliance with the available exemptions from the registration requirements of the U.S. Securities Act and in accordance with applicable securities laws of any state or other jurisdiction of the United States. The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved.

***Eligible Investors***

The Equity Shares are being offered and sold outside the United States, in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur; and who are deemed to have made the representations set forth immediately below.

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by a declaration included in the Bid cum Application Form and its acceptance of this Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented and warranted to and agreed with our Company, the Selling Shareholders and the BRLMs that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

4. the purchaser is not purchasing the Equity Shares as a result of any "directed selling efforts" (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act);

5. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate of the Company;

6. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares; and

7. the purchaser acknowledges that our Company, the Selling Shareholders, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

**Disclaimer Clause of the BSE**

As required, a copy of the Draft Red Herring Prospectus was submitted to the BSE. The disclaimer clause as intimated by the BSE to our Company, post scrutiny of the Draft Red Herring Prospectus pursuant to its in-principle approval dated June 19, 2024 is as follows:

***"BSE Limited ("the Exchange") has given vide its letter dated June 19, 2024, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -***

***a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or***
***b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or***
***c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.***

***and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."***

**Disclaimer Clause of the NSE**

As required, a copy of the Draft Red Herring Prospectus was submitted to the NSE. The disclaimer clause as intimated by the NSE to our Company, post scrutiny of the Draft Red Herring Prospectus pursuant to its in-principle approval dated June 19, 2024 is as follows:

***"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/3457 dated June 19, 2024, permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.***

***Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."***

**Disclaimer Clause of the RBI**

Our Company holds a valid certificate of registration dated March 8, 2018 issued by the RBI under Section 45-IA of the

Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Company or for the correctness of any of the statements or representations made or opinions expressed by our Company and for discharge of liabilities by our Company. Neither is there any provision in law to keep, nor does our Company keep any part of the deposits with the RBI and by issuing the certificate of registration to our Company, the RBI neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.

**Listing**

The Equity Shares issued through this Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and NSE. Applications will be made to the Stock Exchanges for obtaining listing and trading permission to deal in and for an official quotation of the Equity Shares being issued and sold in the Offer. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within such time prescribed by the SEBI. If our Company does not allot Equity Shares pursuant to the Offer within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period or such other rate prescribed by SEBI. For avoidance of doubt, no liability to make any payment of interest shall accrue to any Selling Shareholder unless the delay in making any of the payments hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is solely and directly attributable to such Selling Shareholder.

**Consents**

Consents in writing of: (a) each of the Selling Shareholders, each of our Directors, our Company Secretary and Compliance Officer, the Domestic Legal Counsel to our Company, the Bankers to our Company and (b) the BRLMs, the Registrar to the Offer, the Bankers to the Offer, CRISIL MI&A and the Monitoring Agency to act in their respective capacities, have been obtained and filed (as applicable) along with a copy of this Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents that have been obtained have not been withdrawn as of the date of this Red Herring Prospectus.

**Experts**

Our Company has not obtained any expert opinions other than as disclosed below.

Our Company has received written consent dated September 9, 2024 from S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 6, 2024 on the Restated Consolidated Summary Statements; and (ii) their statement of special tax benefits in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated August 14, 2024 from M/s Kumbhat & Co, independent chartered accountant to include their name in this Red Herring Prospectus and be named as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of their certificates in connection with the Offer.

**Particulars regarding public or rights issues by our Company during the last five years and performance vis-à-vis objects**

Since this is the initial public offer of Equity Shares, our Company has not made any public or rights issues (as defined under the SEBI ICDR Regulations) during the five years preceding the date of this Red Herring Prospectus.

**Particulars regarding capital issues by our listed group companies, subsidiaries or associate entities during the last three years**

Our Company does not have any listed Subsidiaries, listed group companies or listed associates.

**Commission and Brokerage paid on previous issues of the Equity Shares in the last five years**

Since this is the initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the five years preceding the date of this Red Herring Prospectus.

The non-convertible debentures of our Company are listed on the wholesale debt segment of the BSE. See "*Capital Structure — Notes to Capital Structure — Non-Convertible Debentures*" beginning on page 158.

**Performance vis-à-vis Objects – Details of Public or Rights Issues by listed subsidiaries/listed promoter of our Company**

Our Subsidiaries are not listed on any of the stock exchanges in India. Our Company does not have any identifiable promoter.

**Price Information of Past Issues Handled by the BRLMs**

1. <u>**ICICI Securities Limited**</u>

1. Price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year) handled by ICICI Securities Limited:

| S. No. | Issue Name | Issue Size (Rs. Mn.) | Issue Price (Rs.) | Listing Date | Opening Price on Listing Date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | JNK India Limited^^ | 6,494.74 | 415.00 | 30-Apr-24 | 621.00 | +54.47% [+0.44%] | +81.75% [+9.87%] | NA* |
| 2 | Aadhar Housing Finance Limited^^ | 30,000.00 | 315.00(1) | 15-May-24 | 315.00 | +25.56% [+5.40%] | +33.89% [+9.67%] | NA* |
| 3 | Go Digit General Insurance Limited^^ | 26,146.46 | 272.00 | 23-May-24 | 286.00 | +22.83% [+2.32%] | +30.79% [+7.54%] | NA* |
| 4 | Awfis Space Solutions Limited^^ | 5,989.25 | 383.00(2) | 30-May-24 | 435.00 | +34.36% [+6.77%] | +100.18% [+11.25%] | NA* |
| 5 | Stanley Lifestyles Limited^ | 5,370.24 | 369.00 | 28-Jun-24 | 499.00 | +55.96% [+2.91%] | NA* | NA* |
| 6 | Allied Blenders and Distillers Limited^^ | 15,000.00 | 281.00(3) | 02-Jul-24 | 320.00 | +9.68% [+3.43%] | NA* | NA* |
| 7 | Akums Drugs and Pharmaceuticals Limited^^ | 18,567.37 | 679.00(4) | 06-Aug-24 | 725.00 | +32.10% [+5.03%] | NA* | NA* |
| 8 | Ceigall India Limited^^ | 12,526.63 | 401.00(5) | 08-Aug-24 | 419.00 | -4.89% [+3.05%] | NA* | NA* |
| 9 | Ola Electric Mobility Limited^^ | 61,455.59 | 76.00(6) | 09-Aug-24 | 76.00 | +44.17% [+1.99%] | NA* | NA* |
| 10 | Premier Energies Limited^ | 28,304.00 | 450.00(7) | 03-Sept-24 | 991.00 | NA* | NA* | NA* |

**Data not available*
*^BSE as designated stock exchange*
*^^NSE as designated stock exchange*

*(1) Discount of Rs. 23 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 315.00 per equity share*
*(2) Discount of Rs. 36 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 383.00 per equity share*
*(3) Discount of Rs. 26 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 281.00 per equity share*
*(4) Discount of Rs. 64 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 679.00 per equity share*
*(5) Discount of Rs. 38 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 401.00 per equity share*
*(6) Discount of Rs. 7 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 76.00 per equity share*
*(7) Discount of Rs. 22 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 450.00 per equity share*

2. Summary statement of price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year):

| Financial Year | Total no. of IPOs | Total amount of funds raised (Rs. Mn.) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2024-25* | 11 | 2,52,604.28 | - | - | 1 | 3 | 4 | 2 | - | - | - | - | - | - |
| 2023-24 | 28 | 2,70,174.98 | - | - | 8 | 5 | 8 | 7 | - | 1 | 3 | 10 | 5 | 8 |
| 2022-23 | 9 | 2,95,341.82 | - | 1 | 3 | - | 3 | 2 | - | 1 | 1 | - | 5 | 2 |

** This data covers issues up to YTD*

***Notes:***

1. *Data is sourced either from www.nseindia.com or www.bseindia.com, as per the designated stock exchange disclosed by the respective Issuer Company.*
2. *Similarly, benchmark index considered is "NIFTY 50" where NSE is the designated stock exchange and "S&P BSE SENSEX" where BSE is the designated stock exchange, as disclosed by the respective Issuer Company.*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.*

## 2. Axis Capital Limited

1. Price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year) handled by Axis Capital Limited:

| Sr. No. | Issue name | Issue size (₹ millions) | Issue price (₹) | Listing date | Opening price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Baazar Style Retail Limited(1)$ | 8,346.75 | 389.00 | 6-Sep-24 | 389.00 | - | - | - |
| 2 | Interarch Building Products Limited!(2) | 6,002.87 | 900.00 | 26-Aug-24 | 1,299.00 | - | - | - |
| 3 | Ola Electric Mobility Limited(2)# | 61,455.59 | 76.00 | 9-Aug-24 | 91.20 | +44.17%, [+1.99%] | - | - |
| 4 | Akums Drugs and Pharmaceuticals Limited@ (2) | 18,567.37 | 679.00 | 6-Aug-24 | 725.00 | +32.10%, [+5.03%] | - | - |
| 5 | Emcure Pharmaceuticals Limited^(2) | 19,520.27 | 1,008.00 | 10-Jul-24 | 1,325.05 | +27.94%, [-0.85%] | - | - |
| 6 | Stanley Lifestyles Limited(1) | 5,370.24 | 369.00 | 28-Jun-24 | 499.00 | +55.96%, [+2.91%] | - | - |
| 7 | Le Travenues Technology Limited(1) | 7,401.02 | 93.00 | 18-Jun-24 | 135.00 | +86.34%, [+4.42%] | - | - |
| 8 | Awfis Space Solutions Limited*(2) | 5,989.25 | 383.00 | 30-May-24 | 435.00 | +34.36%, [+6.77%] | +100.18%, [+11.25%] | - |
| 9 | Go Digit General Insurance Limited(2) | 26,146.46 | 272.00 | 23-May-24 | 286.00 | +22.83%, [+2.32%] | +30.79%, [+7.54%] | - |
| 10 | TBO Tek Limited(2) | 15,508.09 | 920.00 | 15-May-24 | 1,426.00 | +69.94%, [+5.40%] | +84.90%, [+9.67%] | - |

*Source: www.nseindia.com and www.bseindia.com*
*(1)BSE as Designated Stock Exchange*
*(2)NSE as Designated Stock Exchange*
*$ Offer Price was ₹ 354.00 per equity share to Eligible Employees*
*! Offer Price was ₹ 815.00 per equity share to Eligible Employees*
*# Offer Price was ₹ 69.00 per equity share to Eligible Employees*
*@ Offer Price was ₹ 615.00 per equity share to Eligible Employees*
*^ Offer Price was ₹ 918.00 per equity share to Eligible Employees*
** Offer Price was ₹ 347.00 per equity share to Eligible Employees*

*Notes:*

a. *Issue Size derived from Prospectus/final post issue reports, as available.*
b. *The CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
c. *Price on NSE or BSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
d. *In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.*
e. *Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

2. Summary statement of price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year):

| Financial Year | Total no. of IPOs | Total funds raised (₹ in Millions) | Nos. of IPOs trading at discount on as on 30th calendar days from listing date | | | Nos. of IPOs trading at premium on as on 30th calendar days from listing date | | | Nos. of IPOs trading at discount as on 180th calendar days from listing date | | | Nos. of IPOs trading at premium as on 180th calendar days from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% |
| 2024-2025* | 11 | 217,057.91 | - | - | - | 4 | 4 | 1 | - | - | - | - | - | - |
| 2023-2024 | 18 | 218,638.22 | - | - | 4 | 2 | 6 | 6 | - | - | 2 | 7 | 4 | 4 |
| 2022-2023 | 11 | 279,285.39 | - | 1 | 6 | - | 2 | 2 | - | 2 | 5 | - | 3 | 1 |

** The information is as on the date of the document*
*The information for each of the financial years is based on issues listed during such financial year.*

*Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

## 3. <u>Citigroup Global Markets India Private Limited</u>

1. Price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year) handled by Citigroup Global Markets India Private Limited:

| Sr. No. | Issue Name | Issue Size (₹ million) | Issue Price (₹) | Listing Date | Opening Price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Ola Electric Mobility Limited | 61,456.59 | 76.00 | August 09, 2024 | 76.00 | NA | NA | NA |
| 2. | Akums Drugs and Pharmaceuticals Ltd | 18,567.37 | 679.00 | August 06, 2024 | 725.00 | +29.01% [+5.03%] | NA | NA |
| 3. | Aadhar Housing Finance Limited | 30,000.00 | 315.00 | May 15, 2024 | 315.00 | +25.56% [+5.40%] | +33.70% [+9.67%] | NA |
| 4. | Indegene Limited | 18,417.59 | 452.00 | May 13, 2024 | 655.00 | +24.28% [+5.25%] | +26.60% [+9.11%] | NA |
| 5. | India Shelter Finance Corporation Limited | 12,000.00 | 493.00 | December 20, 2023 | 620.00 | +17.64% [+1.48%] | +10.50% [+4.28%] | +41.91% [+10.95%] |
| 6. | Tata Technologies Limited | 30,425.14 | 500.00 | November 30, 2023 | 1,200.00 | +136.03% [+7.94%] | +115.15% [+10.26%] | +118.17%[+13.90%] |
| 7. | Honasa Consumer Limited | 17,014.40 | 324.00 | November 7, 2023 | 330.00 | +17.58% [+7.89%] | 34.77% [+12.61%] | +29.68% [+15.81%] |
| 8. | R. R. Kabel Limited | 19,640.10 | 1,035.00 | September 20, 2023 | 1,179.00 | +34.45% [-1.75%] | +66.44% [+6.76%] | +36.22% [+8.75%] |
| 9. | Concord Biotech Limited | 15,505.21 | 741.00 | August 18, 2023 | 900.05 | +36.82% [+4.57%] | +83.91% [+1.89%] | +88.78% [+12.60%] |
| 10. | Delhivery Limited | 52,350.0 | 487.00 | May 24, 2022 | 495.20 | +3.49% [-4.41%] | +17.00% [+10.13%] | -27.99% [+13.53%] |
| 11. | Life Insurance Corporation of India | 205,572.3 | 949.00 | May 17, 2022 | 872.00 | -27.24% [-3.27%] | -28.12% [+9.47%] | -33.82% [+13.76%] |

*Notes:*
*1. Benchmark index basis designated stock exchange.*
*2. % of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs. Issue Price. % change in closing benchmark index is calculated based on closing index on listing day vs. closing index on 30th / 90th / 180th calendar day from listing day.*
*3.30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case closing price on designated stock exchange of a trading day immediately prior to the 30th / 90th / 180th day, is considered.*

2. Summary statement of price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year):

| Financial Year | Total no. of IPOs | Total amount of funds raised (₹ million) | No. of IPOs trading at discount – 30th calendar days from listing | | | No. of IPOs trading at premium – 30th calendar days from listing | | | No. of IPOs trading at discount – 180th calendar days from listing | | | No. of IPOs trading at premium – 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2024-25 | 4 | 128.441.55 | - | - | - | - | 2 | 1 | - | - | - | - | - | - |
| 2023-24 | 5 | 94,584.85 | - | - | - | 1 | 2 | 2 | - | - | - | 2 | 3 | - |
| 2022-23 | 2 | 257,922.30 | - | 1 | - | - | - | 1 | - | 2 | - | - | - | - |

*Source: www.nseindia.com*
*Notes:*
1. *The information is as on the date of the document.*
2. *The information for each of the Financial Years is based on issues listed during such Financial Year.*
3. *Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

### Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in the SEBI circular dated January 10, 2012, bearing reference number CIR/MIRSD/1/2012, please see the websites of the BRLMs, as provided in the table below.

| S. No. | Name of the BRLM | Website |
|---|---|---|
| 1. | ICICI Securities Limited | www.icicisecurities.com |

| S. No. | Name of the BRLM | Website |
|---|---|---|
| 2. | Axis Capital | www.axiscapital.co.in |
| 3. | Citigroup Global Markets India Private Limited | www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm |

**Stock Market Data of Equity Shares**

This being an initial public offer of Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as of the date of this Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

**Mechanism for Redressal of Investor Grievances**

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

In terms of SEBI circular dated March 16, 2021, read with the SEBI circulars dated June 2, 2021 and April 20, 2022 (to the extent these have not been rescinded by the SEBI RTA Master Circular), the SEBI ICDR Master Circular and the SEBI RTA Master Circular, and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 (to the extent this circular has not been rescinded by the SEBI RTA Master Circular) and the SEBI RTA Master Circular in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In the event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the BRLMs shall compensate the investors at the rate higher of ₹100 per day or 15% per annum of the application amount, in addition to the compensation paid by the respective SCSBs, for the period of such delay.

All Offer-related grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, Bidders shall also enclose a copy of the Acknowledgment Slip or specify the application number duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to Bids submitted with Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs and the Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs or the Sponsor Banks including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Our Company has also appointed Prakash Chandra Panda, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, see "*General Information*" on page 108.

The Selling Shareholders have, severally and not jointly, authorized the Company Secretary and Compliance Officer of our Company, and the Registrar to the Offer to redress, on their behalf, any complaints or investor grievances received from Bidders in respect of their respective portion of the Offered Shares.

Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

**Disposal of Investor Grievances by Our Company**

Our Company has obtained authentication on the Securities and Exchange Board of India Complaints Redress System ("**SCORES**") and is in compliance with the SEBI circulars in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has not received any investor grievances during the three years preceding the date of this Red Herring Prospectus and there are no investor complaints pending as of the date of this Red Herring Prospectus.

Our Company has constituted a Stakeholders' Relationship Committee comprising, Ms. Anuradha Rao (chairperson), Mr. Ashish Mehrotra, Michael Jude Fernandes and Dr. Kshama Fernandes as members to review and redress shareholder and investor grievances. See "*Our Management – Committees of the Board – Stakeholders' Relationship Committee*" on page 343.

**Disposal of investor grievances by listed group companies**

As of the date of this Red Herring Prospectus, we do not have any listed group company.

**Exemption from complying with any provisions of securities laws granted by the SEBI**

Our Company has not applied for or received any exemption from complying with any provisions of securities laws from SEBI.

## SECTION VII: OFFER RELATED INFORMATION

## TERMS OF THE OFFER

The Equity Shares being Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, our Memorandum of Association and our Articles of Association, the SEBI Listing Regulations, the terms of this Red Herring Prospectus, the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the Government of India, the Stock Exchanges, the RBI, the RoC and/or any other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

### The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. Except for (a) listing fees which shall solely be borne by our Company, and (b) fees and expenses in relation to the counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all costs, charges, fees and expenses associated with and incurred in connection with the Offer shall be shared among the Company and each of the Selling Shareholders on a proportionate basis in proportion to the number of Equity Shares issued and Allotted through the Fresh Issue and sold by each of the Selling Shareholders through the Offer for Sale. For details in relation to Offer expenses, see "*Objects of the Offer*" beginning on page 160.

### Ranking of the Equity Shares

The Equity Shares being Offered / Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the SCRR, our Memorandum of Association and our Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including in respect of the right to receive dividend and voting. The Allottees, upon Allotment of Equity Shares, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see "*Description of Equity Shares and Terms of the Articles of Association*" beginning on page 567.

### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to our Shareholders in accordance with the provisions of Companies Act, our Memorandum of Association, our Articles of Association and provisions of the SEBI Listing Regulations and other applicable law. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable law. For further details in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of the Articles of Association*" beginning on pages 353 and 567, respectively.

### Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹10 and the price at the lower end of the Price Band is ₹[●] per Equity Share ("**Floor Price**") and at the higher end of the Price Band is ₹[●] per Equity Share ("**Cap Price**"). The Offer Price is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Offer Price, Price Band (including Employee Discount, if any) and the minimum Bid Lot will be decided by our Company, in consultation with the BRLMs and advertised in all editions of The Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper, and Chennai edition of Makkal Kural, a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Offer Price shall be determined by our Company, in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process.

At any given point of time, there shall be only one denomination of Equity Shares.

**Compliance with Disclosure and Accounting Norms**

Our Company shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

**Rights of Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- right to receive dividends, if declared;
- right to attend general meetings and exercise voting rights, unless prohibited by law;
- right to vote on a poll either in person or by proxy and e-voting, in accordance with the provisions of the Companies Act;
- right to receive offers for rights Equity Shares and be allotted bonus Equity Shares, if announced;
- right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- right of free transferability, subject to applicable laws including any rules and regulations prescribed by the RBI; and
- such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations, our Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of the Articles of Association*" beginning on page 567.

**Allotment only in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialized form. The trading of the Equity Shares shall only be in the dematerialized segment of the Stock Exchanges. In this context, the following agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- tripartite agreement dated October 22, 2016 among our Company, NSDL and the Registrar to the Offer; and
- tripartite agreement dated December 4, 2018 among our Company, CDSL and the Registrar to the Offer.

**Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in dematerialized form in multiples of [●] Equity Shares subject to a minimum Allotment of [●] Equity Shares. For details of basis of allotment, see "*Offer Procedure*" on page 546.

**Joint Holders**

Subject to the provisions contained in our Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

**Jurisdiction**

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai, India.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States to investors in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Nomination Facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013 and the relevant rules notified thereunder, the sole Bidder, or the First Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by our Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or
b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder would prevail. If the Bidders wish to change the nomination, they are requested to inform their respective Depository Participant.

**Bid/Offer Programme**

| | |
|---|---|
| **BID/OFFER OPENS ON** | Monday, September 16, 2024(1) |
| **BID/OFFER CLOSES ON** | Thursday, September 19, 2024(2) |

(1) *Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be Friday, September 13, 2024, i.e., one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations..*

(2) *The UPI mandate end time and date shall be 5 p.m. on the Bid / Offer Closing Date.*

An indicative timetable in respect of the Offer is disclosed below.

| Event | Indicative Date |
|---|---|
| Bid/Offer Closing Date | Thursday, September 19, 2024 |
| Finalization of Basis of Allotment with the Designated Stock Exchange | On or about Friday, September 20, 2024 |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA* | On or about Monday, September 23, 2024 |
| Allotment of Equity Shares/ Credit of Equity Shares to dematerialized accounts of Allottees | On or about Monday, September 23, 2024 |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about Tuesday, September 24, 2024 |

**In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15 % per annum of the of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked; (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding two Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 (to the extent these have not been rescinded by the SEBI RTA Master Circular), the SEBI ICDR Master Circular and the SEBI RTA Master Circular, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs and relevant intermediaries, to the extent applicable.*

*The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no.*

*SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 (to the extent these have not been rescinded by the SEBI RTA Master Circular) and the SEBI RTA Master Circular.*

**The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the BRLMs.**

**While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and commencement of trading of the Equity Shares on the Stock Exchanges within three Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI are taken, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholders confirms that they shall extend all reasonable support and co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within three Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI.**

**Any circulars or notifications from the SEBI after the date of this Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the offer procedure is subject to change to any revised circulars issued by the SEBI to this effect.**

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with listing timelines and activities prescribed by the SEBI, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**Submission of Bids (Other than Bids from Anchor Investors)**

| **Bid/Offer Period (except the Bid/Offer Closing Date)** | |
|---|---|
| Submission and Revision in Bids | Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**") |
| **Bid/Offer Closing Date*** | |
| Submission of electronic applications (online ASBA through 3-in-1 accounts) – For RIBs, Eligible Employees Bidding in the Employee Reservation Portion | Only between 10.00 a.m. and up to 5.00 p.m. IST |
| Submission of electronic application (bank ASBA through online channels like internet banking, mobile banking and syndicate ASBA applications through UPI as a payment mechanism where Bid Amount is up to ₹0.50 million) | Only between 10.00 a.m. and up to 4.00 p.m. IST |
| Submission of electronic applications (syndicate non-retail, non-individual applications of QIBs and NIIs) | Only between 10.00 a.m. and up to 3.00 p.m. IST |
| Submission of physical applications (direct bank ASBA) | Only between 10.00 a.m. and up to 1.00 p.m. IST |
| Submission of physical applications (syndicate non-retail, non-individual applications where Bid Amount is more than ₹0.50 million) | Only between 10.00 a.m. and up to 12.00 p.m. IST |
| **Revision/cancellation of Bids** | |
| Upward Revision of Bids by QIBs and Non-Institutional Bidders categories# | Only between 10.00 a.m. and up to 4.00 p.m. IST on Bid/ Offer Closing Date |
| Upward or downward Revision of Bids or cancellation of Bids by RIBs, | Only between 10.00 a.m. and up to 5.00 p.m. IST |

**UPI mandate end time and date shall be at 5 p.m. on the Bid/Offer Closing Date.*
*# QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their Bids.*

**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion.

On the Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received from Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/ withdrawn/ deleted applications to the SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date until the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the RTA on a daily basis.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and in any case no later than 12:00 p.m. IST on the Bid/Offer Closing Date. Any time mentioned in this Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday). The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the Bid information to the Registrar to the Offer for further processing.

In case of any discrepancy in the data entered in the electronic book *vis-a-vis* data contained in the physical Bid cum Application Form, for a particular Bidder, the details of the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Our Company, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. Further, the Cap price shall be at least 105% of the Floor Price. The revision in the Price Band shall not exceed 20% on either side, *i.e.*, the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares.

**In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and the terminals of the Syndicate Members and by intimation to SCSBs, other Designated Intermediaries and the Sponsor Banks, as applicable.**

**Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date; and (ii) minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, if any, in accordance with applicable laws, our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI ICDR Master Circular. If there is a delay beyond the prescribed time, our Company, its Directors who are officers in default, and the Selling Shareholders shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law.

The requirement of minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

After achieving the above minimum subscription, if however, there is under-subscription in achieving the total Offer size, the Equity Shares will be allotted in the following order:

(i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue is subscribed;

(ii) upon (i), all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by each Selling Shareholder); and

(iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall be not less than 1,000, failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

**Arrangements for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialized form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

**New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

**Restrictions on Transfer and Transmission of Equity Shares**

Except for: (i) the lock-in of the pre-Offer Equity Share capital of our Company and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 118; (ii) in relation to specific lock-in obligations on certain Shareholders in the SHA (which provisions shall terminate upon the listing of the Equity Shares); and (iii) as provided under our Articles of Association, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of Equity Shares and on their consolidation/splitting, except as provided in our Articles of Association. For details, see "*Description of Equity Shares and Terms of the Articles of Association*" beginning on page 567.

For details of Equity Shares pledged as of the date of this Red Herring Prospectus, see "*Capital Structure*" beginning on page 118.

Under the Master Directions, Applicable NBFCs are required to obtain prior written permission of RBI for any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid-up equity capital (no prior approval is required if the shareholding going beyond 26% is due to buy-back of shares or reduction in capital where it has approval of a competent court but must be reported to the RBI within one month of the occurrence).

## OFFER STRUCTURE

Initial public offering of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share of face value ₹10 each (including a share premium of ₹[●] per Equity Share of face value ₹10 each ) aggregating up to ₹[●] million, comprising a Fresh Issue of up to [●] Equity Shares of face value ₹10 each aggregating up to ₹5,000.00 million by our Company and an Offer for Sale of up to 10,532,320 Equity Shares of face value ₹10 each aggregating up to ₹[●] million by the Selling Shareholders, the details of which are set out below.

| S. No. | Name of the Selling Shareholder | Number of Offered Shares |
|---|---|---|
| 1. | LeapFrog Financial Inclusion India (II) Ltd | Up to 3,844,449 Equity Shares of face value ₹10 each |
| 2. | Accion Africa-Asia Investment Company | Up to 1,263,965 Equity Shares of face value ₹10 each |
| 3. | Eight Roads Investments Mauritius II Limited (*formerly known as FIL Capital Investments (Mauritius) II Limited*) | Up to 1,746,950 Equity Shares of face value ₹10 each |
| 4. | Dvara Trust (represented by its corporate trustee, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) | Up to 1,344,828 Equity Shares of face value ₹10 each |
| 5. | 360 ONE Special Opportunities Fund (*formerly known as IIFL Special Opportunities Fund*) | Up to 1,408,918 Equity Shares of face value ₹10 each |
| 6. | Sumitomo Mitsui Banking Corporation | Up to 923,210 Equity Shares of face value ₹10 each |

The Offer includes an Employee Reservation Portion of up to 590,874 Equity Shares of face value ₹10 each aggregating up to ₹[●] million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer less the Employee Reservation Portion is the Net Offer. The Offer and the Net Offer shall constitute [●]% and [●]%, respectively of the post-Offer paid-up Equity Share capital of our Company. The face value of our Equity Shares is ₹10 each.

The Offer is being made through the Book Building Process and in compliance with Regulation 32(1) of the SEBI ICDR Regulations.

| Particulars | Eligible Employees# | QIBs(3) (5) | Non-Institutional Bidders(5) | Retail Individual Bidders(5) |
|---|---|---|---|---|
| Number of Equity Shares available for Allotment/allocation(1) | Up to 590,874 Equity Shares | Not more than [●] Equity Shares | Not less than [●] Equity Shares available for allocation or the Net Offer less allocation to QIB Bidders and RIBs | Not less than [●] Equity Shares available for allocation or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of Offer Size available for allocation | The Employee Reservation Portion shall constitute up to [●]% of the post-Offer paid-up Equity Share capital of our Company and up to [●]% of the Offer size | Not more than 50.00% of the Net Offer being available for allocation to QIB Bidders.<br><br>However, up to 5.00% of the Net QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs in the remaining Net QIB Portion. | Not less than 15.00% of the Net Offer, subject to the following:<br><br>(i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹ 1,000,000; and<br><br>(ii) two-thirds of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1,000,000.<br><br>Provided that the unsubscribed portion in either of the sub- | Not less than 35.00% of the Net Offer. |

| Particulars | Eligible Employees# | QIBs(3) (5) | Non-Institutional Bidders(5) | Retail Individual Bidders(5) |
|---|---|---|---|---|
| | | | categories specified above may be allocated to applicants in the other sub-category of Non-Institutional Bidders | |
| Basis of Allotment/allocation if respective category is oversubscribed | Proportionate, unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees Bidding in the Employee Reservation Portion for value exceeding ₹200,000 (net of the Employee Discount), subject to total Allotment to an Eligible Employee not exceeding ₹500,000. | Proportionate as follows (excluding the Anchor Investor Portion):<br><br>(a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and<br>(b) Balance [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above<br><br>Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price.(4) | (a) One-third of the Non-Institutional Portion shall be reserved for Bidders with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two-thirds of the Non-Institutional Portion shall be reserved for Bidders with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to Bidders in the other sub-category of Non-Institutional Bidders. For further details, see "*Offer Procedure*" on page 546. | The allotment to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For further details, see *Offer Procedure* on page 546. |
| Mode of Bidding(2) | Only through the ASBA process (including the UPI Mechanism, as applicable) (except for Anchor Investors)<br><br>SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹500,000, shall use UPI. Individual investors bidding under the Non-Institutional Portion bidding for more than ₹200,000 and up to ₹500,000 shall be required to use the UPI Mechanism | | | |
| Minimum Bid | [●] Equity Shares | Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹200,000 | Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹200,000 | [●] Equity Shares |
| Maximum Bid | Such number of Equity Shares and in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer, (excluding the Anchor Portion) subject to | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer (excluding the QIB Portion), subject to | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000 |

| Particulars | Eligible Employees# | QIBs(3) (5) | Non-Institutional Bidders(5) | Retail Individual Bidders(5) |
|---|---|---|---|---|
| | Portion does not exceed ₹500,000, less Employee Discount | applicable limits to each Bidder | applicable limits to Bidder | |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | | | |
| Allotment Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to availability in the Employee Reservation Portion | [●] Equity Shares and in multiples of one Equity Share thereafter | [●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Non-Institutional Portion | [●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Portion |
| Trading Lot | One Equity Share | | | |
| Mode of Allotment | Compulsory in dematerialized form | | | |
| Who can apply(6) | Eligible Employees | Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, eligible FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with the SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250.00 million, pension fund with minimum corpus of ₹250.00 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs. | Resident Indian individuals, Eligible NRIs, HUFs (in the name of *karta*), companies, corporate bodies, scientific institutions, societies, trusts and any individuals, corporate bodies and family offices including FPIs which are individuals, corporate bodies and family offices which are re-categorized as Category II FPIs and registered with SEBI. | Resident Indian individuals, Eligible NRIs and HUFs (in the name of *karta*). |
| Terms of Payment | **In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(7) | | | |

| Particulars | Eligible Employees# | QIBs(3) (5) | Non-Institutional Bidders(5) | Retail Individual Bidders(5) |
|---|---|---|---|---|
| | **In case of other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Banks through the UPI Mechanism (for RIBs or individual investors Bidding under the Non-Institutional Portion for an amount of more than ₹200,000 and up to ₹500,000) that is specified in the ASBA Form at the time of submission of the ASBA Form. | | | |

*# Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹500,000 (net of the Employee Discount). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any). An Eligible Employee Bidding in the Employee Reservation Portion (subject to Bid Amount being up to ₹200,000 (net of Employee Discount, if any), can also Bid in the Retail Portion, and such Bids shall not be considered multiple Bids. However, Bids by Eligible Employees Bidding in the Employee Reservation Portion and in the Non Institutional Portion shall be treated as multiple Bids. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.*

*(1) Assuming full subscription in the Offer.*

*(2) Pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, the SEBI has mandated that ASBA applications in the Offer will be processed only after the Bid Amounts are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors and all modes through which the Applications are processed, accept ASBA Forms in their electronic book building platform only with a mandatory confirmation on the Bid Amounts blocked.*

*(3) The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 35% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.*

*(4) Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the Anchor Investor Allocation Price, which price shall be determined by our Company in consultation with the BRLMs. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For further details, see "Offer Procedure" on page 546.*

*(5) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the Book Running Lead Managers and the Designated Stock Exchange, on a proportionate basis. However, undersubscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "Terms of the Offer" on page 536.*

*(6) If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the members of the Syndicate, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

*(7) Anchor Investors are not permitted to use the ASBA process. Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN. In case the Offer Price is lower than the Anchor Investor Allocation Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.*

Under-subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

## OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Offers prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**"), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer, including in relation to the process for Bids through the UPI Mechanism.*

*Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) Issuance of CAN and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) disposal of applications; and (xiii) interest in case of delay in Allotment or refund.*

*The SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 (to the extent these have not been rescinded by the SEBI RTA Master Circular), the SEBI ICDR Master Circular and the SEBI RTA Master Circular, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. The provisions of these circulars are deemed to form part of this Red Herring Prospectus. Furthermore, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings whose application sizes are up to ₹500,000 shall use the UPI Mechanism.*

*Pursuant to SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, the time period for listing of equity shares pursuant to a public issue has been reduced from six Working Days to three Working Days, and as a result, the final reduced timeline of T+3 days has been made effective using the UPI Mechanism for applications by UPI Bidders ("**UPI Phase III**"). Accordingly, subject to any circulars, clarification or notification issued by the SEBI from time to time (including in connection with SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023), this Offer will be undertaken pursuant to the processes and procedures prescribed under UPI Phase III.*

*Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings shall be processed by the Registrar along with the SCSBs only after application monies are blocked in the bank accounts of investors (all categories). Accordingly, Stock Exchanges shall, for all categories of investors and other reserved categories and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.*

*In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in such process. In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the application amount for the entire duration of delay exceeding two Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking.*

*Our Company, the Selling Shareholders and the BRLMs are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus and the Prospectus.*

**Book Building Procedure**

The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulations 31 and 32(1) of the SEBI ICDR Regulations, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders in accordance with the SEBI ICDR Regulations, out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two-third of such portion shall be reserved for applicants with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

The Offer includes a reservation of up to 590,874 Equity Shares of face value ₹10 each, aggregating up to ₹[●] million, for subscription on a proportionate basis by Eligible Employees. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, including the Employee Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of Employee Discount, if any), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

All potential Bidders (except Anchor Investors) are required to mandatorily utilize the ASBA process providing details of their respective ASBA accounts, and UPI ID (in case of UPI Bidders) if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, the PAN and UPI ID, for UPI Bidders using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get their Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.**

**Investors must ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and the press releases dated June 25, 2021, September 17, 2021, March 30, 2022 and March 28, 2023.**

**Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. The SEBI in its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, has reduced the time period for listing of equity shares pursuant to a public issue from six Working Days to three Working Days. This Offer will be undertaken pursuant to the processes and procedures prescribed under UPI Phase III, subject to any circulars, clarifications or notifications which may be issued by the SEBI.

Pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 issued by SEBI, as amended by the SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated April 20, 2022 (the "**UPI Streamlining Circular**") (to the extent these have not been rescinded by the SEBI RTA Master Circular) and the SEBI RTA Master Circular, SEBI ICDR Master Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streamlining Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalized. Failure to unblock the accounts within the timeline would result in the SCSBs being penalized under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post–Offer BRLM will be required to compensate the concerned investor.

All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. Our Company will be required to appoint Sponsor Banks to act as conduits between the Stock Exchanges and NPCI in order to facilitate collection of requests and/ or payment instructions of the UPI Bidders using the UPI.

Further, pursuant to SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, all individual investors applying in public issues where the application amount is up to ₹ 0.50 million shall use UPI and shall also provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

a) a syndicate member;
b) a stock broker recognised with a registered stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);
c) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for this activity);
d) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity)

For further details, refer to the "*General Information Document*" available on the websites of the Stock Exchanges and the BRLMs.

**Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres and our Registered and Corporate Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

UPI Bidders using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (other than UPI Bidders using UPI Mechanism) must provide bank account details and authorization to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected. The ASBA Bidders shall ensure that they have sufficient balance in their bank accounts to be blocked through ASBA for their respective Bid as the application made by a Bidder shall only be processed after the Bid amount is blocked in the ASBA account of the Bidder pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. UPI Bidders using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate Members, Registered Brokers, RTAs or CDPs. RIBs authorizing an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Banks, as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The prescribed color of the Bid cum Application Form for the various categories is as disclosed below.

| Category | Color of Bid cum Application Form* |
|---|---|
| Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis | White |
| Non-Residents including Eligible NRIs, FVCIs, FPIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis | Blue |
| Anchor Investors | White |
| Eligible Employees Bidding in the Employee Reservation Portion | Pink |

* *Excluding electronic Bid cum Application Form*

*Notes:*

*(1) Electronic Bid Cum Application Forms and the abridged prospectus will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).*

*(2) Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.*

*(3) Bid cum Application Forms for Eligible Employees shall be available at the Registered and Corporate Office of the Company.*

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant Bid details in the electronic bidding system of the Stock Exchanges. For ASBA Forms (other than through UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

For UPI Bidders using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Banks on a continuous basis to enable the Sponsor Banks to initiate the UPI Mandate Request to UPI Bidders for blocking of funds. The Sponsor Banks shall initiate request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (*i.e.*, the Sponsor Banks, NPCI or the Bankers to the Offer) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an issue. The BRLMs shall also be required to obtain the audit trail from the Sponsor Banks and the Banker to the Offer for analyzing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in the SEBI circular dated March 16, 2021, as amended pursuant to the SEBI circulars dated June 2, 2021 and April 20, 2022 (to the extent these have not been rescinded by the SEBI RTA Master Circular) and the SEBI RTA Master Circular.

Pursuant to NSE circular dated July 22, 2022 with reference no. 23/2022 and BSE circular dated July 22, 2022 with reference no. 20220722-30, has mandated that trading members, Syndicate Members, RTA and Depository Participants shall submit Syndicate ASBA bids above ₹500,000 and NII and QIB bids above ₹200,000, through SCSBs only.

For all pending UPI Mandate Requests, the Sponsor Banks shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5.00 pm on the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders Bidding using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation on compliance with the UPI Circulars.

The Sponsor Banks will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Banks will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Banks and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

The Sponsor Banks shall host a web portals for intermediaries (closed user group) from the date of Bid/Offer Opening Date until the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

**Electronic registration of Bids**

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids until such time as may be permitted by the Stock Exchanges and as disclosed in this Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given until 5.00 p.m for Retail Individual Bidders and Eligible Employees and 4:00 p.m for NIB and QIB on the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the Bid information to the Registrar to the Offer for further processing.

d) QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.

**Participation by the BRLMs, the Syndicate Members, associates, and affiliates of the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to subscribe to or purchase the Equity Shares in the Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders and such subscription or purchase may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation.

Neither the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs sponsored by entities which are associates of the BRLMs or FPIs other than individuals, corporate bodies and family offices which are associates of the BRLMs or pension funds sponsored by entities which are associates of the BRLMs) shall apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

**Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity-related instruments of any single company, provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

**Bids by HUFs**

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

**Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and Eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA Rules.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in color). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in color).

NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/ NRO accounts.

NRIs applying in the Offer using UPI Mechanism are advised to enquire with the relevant bank whether their bank account is UPI linked prior to making such application. For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 565.

**Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Instruments Rules, with effect from April 1, 2020, the aggregate FPI investment limit is the sectoral cap applicable to an Indian company as prescribed in the FEMA Non-debt Instruments Rules with respect to its paid-up equity capital on a fully diluted basis. Currently, the sectoral cap for NBFCs is 100% under the automatic route and accordingly, the applicable limit with respect to our Company is 100%.

SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department, Ministry of Finance, Government of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines prescribed by SEBI from time to time.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

In terms of the FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The FEMA NDI Rules were enacted on October 17, 2019 in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except as respects things done or omitted to be done before such supersession. FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments(as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, *inter alia*, the following conditions:

(i) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
(ii) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

Bids by FPIs which utilise the multiple investment manager structure in accordance with the SEBI master circular bearing reference number SEBI/HO/AFD/AFD-PoD-2/P/CIR/2024/70 dated May 30, 2024, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids ("**MIM Bids**"). FPIs bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected, except for Bids from FPIs that utilise the multiple investment manager structure in accordance with the SEBI master circular bearing reference number SEBI/HO/AFD/AFD-PoD-2/P/CIR/2024/70 dated May 30, 2024 (such structure referred to as "**MIM Structure**"). In order to ensure valid Bids, FPIs making MIM Bids using the same PAN and with different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM Structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected.

Further, in the following cases, the bids by FPIs will not be considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category 1 FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

Please note that in terms of the General Information Document, the maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under applicable laws. Further, MIM Bids by an FPI Bidder utilising the MIM Structure shall be aggregated for determining the permissible maximum Bid. Further, please note that as disclosed in this Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms are liable to be rejected in the event that the Bid in the Bid cum Application Form "*exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of this Red Herring Prospectus.*"

For example, an FPI must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the "**FPI Group**") shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer Equity Share capital shall be liable to be rejected.

**Bids by SEBI-registered AIFs, VCFs and FVCIs**

The SEBI FVCI Regulations, SEBI VCF Regulations and the SEBI AIF Regulations prescribe, *inter alia,* the investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI respectively. While the SEBI VCF Regulations have since been repealed, the funds registered as VCFs under the SEBI VCF Regulations continue to be regulated by such regulations until the existing fund or scheme managed by the fund is wound up. FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering. Category I AIF and Category II AIF cannot invest more than 25% of the investible funds in one investee company directly or through investment in the units of other AIFs, subject to the conditions prescribed by SEBI. A Category III AIF cannot invest more than 10% of the investible funds in one investee company directly or through investment in the units of other AIFs, subject to the conditions prescribed by SEBI. AIFs which are authorized under the fund documents to invest in units of AIFs are prohibited from offering their units for subscription to other AIFs. Additionally, a VCF that has not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations (and accordingly shall not be allowed to participate in the Offer) until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRIs, AIFs, FPIs and FVCIs, and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

The Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**Bids by Limited Liability Partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

**Bids by Banking Companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, the Master Directions - the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended and Master Circular on Basel III Capital Regulations dated May 12, 2023, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the banking company's own paid-up share capital and reserves, whichever is lower.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company, subject to prior approval of the RBI, if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act; or (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company. The banking company is required to submit a time bound action plan to the RBI for the disposal of such shares within a specified period. The aggregate investment by a banking company along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the banking company; and mutual funds managed by asset management companies controlled by the banking company, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap doesn't apply to the cases mentioned in (i) and (ii) above. The aggregate equity investment made by a banking company in all its subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments, cannot exceed 20% of the banking company's paid-up share capital and reserves.

**Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circulars issued by the SEBI dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

**Bids by Systemically Important NBFCs**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) the last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditors, and (iv) such other approval as may be required by the Systemically Important NBFCs are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid, without assigning any reason thereof.

Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, directions, guidelines and circulars issued by the RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

**Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in equity shares of the investee company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time.

**Bids by Provident Funds/Pension Funds**

In case of Bids made by pension funds registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, subject to applicable laws, with minimum corpus of ₹250 million and provident funds with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid, without assigning any reason thereof.

**Bids by Eligible Employees**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000 (net of Employee Discount, if any). The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that their Bid does not exceed ₹200,000 (net of Employee Discount, if any). For the method of proportionate basis of Allotment see "*Offer Procedure*" on page 546.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) made only in the prescribed Bid cum Application Form or Revision Form (*i.e.*, pink colour form);
(b) the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000 (net of Employee Discount, if any). The maximum Bid in this category by an Eligible Employee cannot exceed ₹500,000 (net of Employee Discount, if any). However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. In the event of under-subscription in the Employee Reservation Portion upon the initial allocation, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion for a value in excess of ₹200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any);
(c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.
(d) the Bidder should be an Eligible Employee. In case of joint bids, the First Bidder shall be an Eligible Employee;
(e) only Eligible Employees would be eligible to apply in the Offer under the Employee Reservation Portion;
(f) only those Bids, which are received at or above the Offer Price (net of Employee Discount, if any), would be considered for Allotment under this category;
(g) Eligible Employees can apply at Cut-off Price;
(h) Bid by Eligible Employees can be made also in the Retail Portion or the Non-Institutional Portion and such Bids shall not be treated as multiple Bids;
(i) if the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand; and

(j) under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer. In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

**Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, Mutual Funds, Systemically Important NBFCs, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India, or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

Our Company, in consultation with the BRLMs, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the BRLMs may deem fit.

**In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States to investors in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus, or as will be specified in the Prospectus.**

**Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below.

(i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
(ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.
(iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
(iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date.
(v) Our Company, in consultation with the BRLMs may finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100.00 million; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100.00 million but up to ₹2,500.00 million, subject to a minimum Allotment of ₹50.00 million per Anchor Investor; and (c) in case of allocation above ₹2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500.00 million, and an additional 10

Anchor Investors for every additional ₹2,500.00 million, subject to minimum Allotment of ₹50.00 million per Anchor Investor.

(vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.

(vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor pay-in date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.

(ix) 50% of the Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 90 days from the date of Allotment and the remaining 50% of the Equity Shares shall be locked-in for a period of 30 days from the date of Allotment.

(x) Neither the BRLMs(s) or any associate of the BRLMs (other than mutual funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the BRLMs or FPIs, other than individuals, corporate bodies and family offices which are associates of the BRLMs or pension funds sponsored by entities which are associates of the BRLMs) shall apply under the Anchor Investor Portion.

Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, please read the General Information Document.

**Information for Bidders**

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus or the Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

**General Instructions**

**Do's:**

A. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
B. Ensure that you have Bid within the Price Band;
C. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
D. Ensure that you (other than the Anchor Investors) have mentioned the correct details of your ASBA Account (*i.e.*, bank account number) in the Bid cum Application Form if you are not a UPI Bidder using the UPI Mechanism in the Bid cum Application Form and if you are a UPI Bidder using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
E. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center (except in case of electronic Bids) within the prescribed time. Bidders (other than Anchor Investors) shall submit the Bid cum Application Form in the manner set out in the General Information Document;

F. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification dated February 13, 2020 issued by the Central Board of Direct Taxes and the press release dated June 25, 2021, September 17, 2021, March 30, 2022 and March 28, 2023.
G. Bidders Bidding shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID (for UPI Bidders using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
H. UPI Bidders Bidding using the UPI Mechanism shall make Bids only through the SCSBs, mobile applications and UPI handles whose name appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;
I. Ensure that you have funds equal to or more than the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
J. UPI Bidders using UPI Mechanism, may submit their ASBA Forms with the Syndicate Member, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
K. The ASBA bidders shall ensure that bids above ₹500,000, are uploaded only by the SCSBs;
L. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms. If the First Bidder is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the ASBA Account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
M. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
N. Ensure that you request for and receive a stamped Acknowledgment Slip in the form of a counterfoil or acknowledgment specifying the application number as a proof of having accepted the of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
O. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed, and obtain a revised Acknowledgment Slip;
P. Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and/or the designated branches of SCSBs or the relevant Designated Intermediary, as applicable;
Q. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular (no. MRD/DoP/Cir-20/2008) dated June 30, 2008 issued by the SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
R. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
S. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
T. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., the relevant documents, including a copy of the power of attorney, if applicable, are submitted;
U. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
V. Since the Allotment will be in demat form only, ensure that the depository account is active, the correct DP ID, Client ID, the PAN, and UPI ID (for UPI Bidders Bidding through UPI Mechanism) and PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (for UPI Bidders bidding through UPI Mechanism) and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, UPI ID (for UPI Bidders bidding through UPI Mechanism) and PAN available in the Depository database;
W. In case of QIBs and NIBs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in);
X. The ASBA Bidders shall use only their own bank account or only their own bank account linked UPI ID for the purposes of making Application in the Offer, which is UPI 2.0 certified by NPCI;

Y. Bidders (except UPI Bidders Bidding through the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process.

Z. In case of UPI Bidders, once the Sponsor Banks issues the Mandate Request, the UPI Bidders would be required to proceed to authorize the blocking of funds by confirming or accepting the UPI Mandate Request to authorize the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;

AA. UPI Bidders Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the First Bidder (in case of joint account) in the Bid cum Application Form;

BB. Ensure that when applying in the Offer using the UPI Mechanism, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

CC. In case of ASBA Bidders (other than 3-in-1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹500,000;

DD. UPI Bidders who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which UPI Bidders should ensure acceptance of the UPI Mandate Request received from the Sponsor Banks to authorize blocking of funds equivalent to the revised Bid Amount in the UPI Bidder's ASBA Account;

EE. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;

FF. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM Structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

GG. Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM Structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;

HH. UPI Bidders Bidding through UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her/its UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, a UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorizes the Sponsor Banks to block the Bid Amount mentioned in the Bid cum Application Form;

II. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 5:00 p.m. on the Bid/ Offer Closing Date;

JJ. Bids by Eligible NRIs, HUFs and any individuals, corporate bodies and family offices who are FPIs and registered with SEBI for a Bid Amount of less than ₹200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Portion for allocation in the Offer;

KK. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Banks, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorize the UPI Mandate Request raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

LL. Ensure that the Demographic Details are updated, true and correct in all respects; and

MM. Ensure that your PAN is linked with your Aadhaar card, and that you are in compliance with notification dated February 13, 2020 and the press release dated June 25, 2021, September 17, 2021, March 30, 2022 and March 28, 2023, each issued by the Central Board of Direct Taxes.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

**Don'ts:**

A. Do not Bid for lower than the minimum Bid size;

B. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

C. Do not Bid/revise the Bid Amount to an amount calculated at less than the Floor Price or higher than the Cap Price;

D. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

E. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders) and ₹500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion (net of Employee Discount, if any);

F. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

G. Do not pay the Bid Amount in cheques, demand drafts, cash, money order, postal order or by stock invest;
H. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
I. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
J. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
K. Do not submit the Bid for an amount more than funds available in your ASBA account;
L. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidders. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
M. Do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date;
N. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;
O. If you are a QIB, do not submit your Bid after 3 p.m. on the Bid/Offer Closing Date for QIBs;
P. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹500,000;
Q. Do not Bid for Equity Shares in excess of what is specified for each category;
R. In case of ASBA Bidders and UPI Bidders using UPI mechanism, do not submit more than one Bid cum Application Form per ASBA Account or UPI ID, respectively.;
S. Do not make the Bid cum Application Form using third party bank account or using third party linked bank account UPI ID;
T. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a color prescribed for another category of Bidder;
U. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
V. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
W. Do not fill up the Bid cum Application Form such that the number of Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations, or under the terms of this Red Herring Prospectus;
X. Do not submit the General Index Register (GIR) number instead of the PAN;
Y. Do not submit incorrect details of the DP ID, Client ID, the PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
Z. Do not submit the ASBA Forms to any Designated Intermediary that is not authorized to collect the relevant ASBA Forms or to our Company;
AA. Do not submit Bids to a Designated Intermediary at a location other than at the relevant Bidding Centres. If you are RIB and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;
BB. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA account;
CC. Anchor Investors should not Bid through the ASBA process;
DD. Do not Bid on a Bid cum Application Form that does not have the stamp of a Designated Intermediary;
EE. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
FF. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism;
GG. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected;
HH. Do not submit more than one Bid cum Application Form for each UPI ID in case of UPI Bidders Bidding using the UPI Mechanism; and
II. Do not Bid if you are an OCB.

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

Further, in case of any pre-Offer or post-Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see "*General Informatio*n" on page 108.

Further, helpline details of the BRLMs pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 (to the extent this circular has not been rescinded by the SEBI RTA Master Circular) and the SEBI RTA Master Circular are set out in the table below:

| S. No. | Name of the BRLM | Helpline (email) | Telephone |
|---|---|---|---|
| 1. | ICICI Securities Limited | customercare@icicisecurities.com | + 91 22 6807 7100 |
| 2. | Axis Capital Limited | complaints@axiscap.in | +91 22 4325 2183 |
| 3. | Citigroup Global Markets India Private Limited | investors.cgmib@citi.com | +91 22 6175 9999 |

**Grounds for Technical Rejection**

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by UPI Bidders using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by UPI Bidders using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Banks);
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular no. CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
10. GIR number furnished instead of PAN;
11. Bids by RIBs Bidding in the Retail Portion with Bid Amount of a value of more than ₹200,000;
12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
13. Bids by Eligible Employees Bidding in the Employee Reservation Portion with Bid Amount of a value of more than ₹0.50 million;
14. Bids accompanied by stock invest, money order, postal order or cash; and
15. Bids by QIBs uploaded after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, Bidders shall be entitled to compensation in the manner specified in the SEBI circular dated March 16, 2021 read with SEBI circular dated March 31, 2021 and SEBI circulars dated June 2, 2021 and April 20, 2022 (to the extent these have not been rescinded by the SEBI RTA Master Circular), the SEBI ICDR Master Circular and the SEBI RTA Master Circular, as applicable to the RTAs in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see "*General Information*" beginning on page 108.

**Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorized employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalized in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

**Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares through this Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Net Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the RIBs, NIBs and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The Allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis. Not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹ 1,000,000, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The allotment to each Non-Institutional Bidder shall not be less than the Minimum NIB Application Size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares.

The allotment of Equity Shares to each Retail Individual Bidder and Non-Institutional Bidder shall not be less than the minimum bid lot, subject to the availability of shares in the Retail Portion and Non-Institutional Bidder, and the remaining available shares, if any, shall be allotted on a proportionate basis.

**Payment into Escrow Accounts for Anchor Investors**

Our Company, in consultation with the BRLMs, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Account(s). For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favor of:

(a) In case of resident Anchor Investors: "Northern Arc Capital Limited – Anchor R Account"; and

(b) In case of Non-Resident Anchor Investors: "Northern Arc Capital Limited – Anchor NR Account ".

Anchor Investors should note that the escrow mechanism is not prescribed by the SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

**Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: all editions of The Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper, and Chennai edition of Makkal Kural, a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. The advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**Allotment advertisement**

The Allotment Advertisement shall be uploaded on the websites of our Company, BRLMs and Registrar to the Offer, before 9:00 p.m. IST, on the second Working Day after the Bid/ Offer Closing Date, provided such final listing and trading approval from each of BSE and NSE is received prior to 9:00 p.m. IST on such day. In the event that the final listing and trading approval from each of BSE and NSE is received post 9:00 p.m. IST on the second Working Day after the Bid/ Offer Closing Date, then the Allotment Advertisement shall be uploaded on the websites of our Company, BRLMs and Registrar to the Offer, following the receipt of final listing and trading approval from each of BSE and NSE.

Our Company, the BRLMs and the Registrar shall publish an allotment advertisement not later than one Working Day after the date of commencement of trading, disclosing the date of commencement of trading in all editions of The Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and the Chennai edition of Makkal Kural, a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation.

**Signing of the Underwriting Agreement and the RoC Filing**

(a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalization of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

**Impersonation**

**Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:**

**"*Any person who:***

***(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

***(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,***

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

**Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within three Working Days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI or under any applicable law shall be taken;
- if Allotment is not made within the prescribed time period under applicable law, the entire Bid amount received will be refunded/unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- except for allotments pursuant to the ESOP Schemes, no further issue of the Equity Shares shall be made until the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.;
- it shall not have any recourse to the proceeds of the Fresh Issue until final listing and trading approvals have been received from the Stock Exchanges; and
- if our Company, in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, it shall be required to file a fresh draft red herring prospectus with the SEBI.

**Undertakings by the Selling Shareholders**

The Selling Shareholders, severally and not jointly, undertake the following:

- they are the legal and beneficial owners of the respective Equity Shares offered by them in the Offer for Sale, however in the case of Dvara Trust, Dvara Trust is the beneficial owner of its portion of the Offered Shares and its corporate trustee (*i.e.*, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*)) is the legal owner of such Offered Shares;
- Except as stated below, the respective Equity Shares offered by them in the Offer for Sale are free and clear of any encumbrances and shall be transferred to the successful Bidders within the time specified under applicable law.

  The entire shareholding of one of the Selling Shareholders, Dvara Trust, as of the date of the Draft Red Herring Prospectus, was pledged in favour of Catalyst Trusteeship Limited (in its capacity as a debenture trustee) ("**Pledged Shares**"). Dvara Trust proposes to offer up to 1,344,828 Equity Shares of face value of ₹10 each under the Offer for Sale, out of which 1,344,828 Equity Shares of face value of ₹10 each formed part of the Pledged Shares ("**Pledged OFS Shares**"). Catalyst Trusteeship Limited through its letter dated January 16, 2024, subject to certain conditions mentioned therein consented to: (i) release the Pledged OFS Shares three business days prior to the filing of an updated draft red herring prospectus with the SEBI; and (ii) temporarily release the remaining Pledged Shares three business days prior to the filing of the Red Herring Prospectus with the RoC. Dvara Trust is required to re-pledge the Pledged Shares (including the Pledged OFS Shares) within one business day from the earlier of the following events: (a) if this Offer is not consummated in accordance with regulation 44 of the SEBI ICDR Regulations and/or (b) if the Red Herring Prospectus is not filed with SEBI within four days from the date of the proposed filing of the Red Herring Prospectus, as intimated in writing to Catalyst Trusteeship Limited. Accordingly, as of the date of this Red Herring Prospectus, the Pledged Shares have been released by Catalyst Trusteeship Limited.

- they have authorized our Company to take such necessary steps in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of Equity Shares offered by them in the Offer for Sale;
- they shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchanges;
- they shall comply with all applicable laws, including the Companies Act, the SEBI ICDR Regulations, the FEMA and all applicable circulars, guidelines and regulations issued by the SEBI and the RBI, each in relation to the respective Equity Shares offered by them in the Offer for Sale to the extent that such compliance is the obligation of such Selling Shareholders;
- they shall provide reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to their portion of the Offered Shares; and
- they shall provide reasonable assistance to our Company and the BRLMs to ensure that the Equity Shares offered by them in the Offer shall be transferred to the successful Bidders within the specified time period under applicable law.

**Utilization of Net Proceeds**

Our Board certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilized out of the Net Proceeds shall be disclosed, and continue to be disclosed until the time any part of the proceeds of the Net Proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Net Proceeds, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

**Withdrawal of the Offer**

Our Company, in consultation with the BRLMs, reserve the right to not proceed with the Offer, in whole or part thereof, after the Bid/Offer Opening Date but before the Allotment. In the event that our Company, in consultation with the BRLMs, decide not to proceed with the Offer, our Company shall issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Offer. In such event, the BRLMs through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Banks, as applicable, to unblock the Bid Amounts in the bank accounts of the ASBA Bidders and the BRLMs shall notify the Escrow Collection Bank to release the Bid Amounts of the Anchor Investors and any other investors, as applicable, within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

If our Company, in consultation with the BRLMs, withdraws the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a fresh issue or offer for sale of Equity Shares, our Company shall file a fresh draft red herring prospectus with the SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final RoC approval of the Prospectus after it is filed with the RoC and (ii) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government of India has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), issued the FDI Policy, which, with effect from October 15, 2020 consolidated, subsumed and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as of and prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. For details of the aggregate limit for investments by NRIs and FPIs in our Company, see "*Offer Procedure—Bids by Eligible NRIs*" and "*Offer Procedure—Bids by FPIs*" on page 551 and 551, respectively.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

**Foreign Exchange Laws**

The foreign investment in our Company is governed by, *inter alia*, the FEMA, the FEMA Non-debt Instruments Rules, the FDI Policy issued and amended by way of press notes.

Foreign investment in NBFCs, carrying on activities approved for FDI, is subject to the conditions specified in Paragraph 3.8.3.1 of the FDI Policy. Pursuant to the FDI Policy, FDI of up to 100% is permitted under the automatic route in our Company.

Further, in terms of the FEMA Non-debt Instruments Rules, the aggregate FPI investment limit is the sectoral cap applicable to Indian company as prescribed in the FEMA Non-debt Instruments Rules with respect to its paid-up equity capital on a fully diluted basis. Currently, the sectoral cap for NBFCs is 100% under the automatic route and accordingly, the applicable limit with respect to our Company is 100%. See "*Offer Procedure*" on page 546.

In terms of the FEMA Non-debt Instruments Rules and the FDI Policy, a person resident outside India may make investments into India, subject to certain terms and conditions, and further provided that an entity of a country, which shares land border with India or where the beneficial owner of an investment into India, who is situated in or is a citizen of any such country, shall invest only with the approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the above restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Offer Period.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United

States to investors in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

*Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

*The Articles have been adopted by our Board of Directors pursuant to a resolution dated January 3, 2024 and approved by our Shareholders pursuant to a special resolution dated January 18, 2024. Part II of the Articles was further amended upon completion of the IFC Private Placement pursuant to Board and Shareholders resolutions dated April 4, 2024 and April 15, 2024, respectively. The Articles are divided into Parts I and II which parts shall, unless the context otherwise requires, co-exist with each other until the date of filing of this Red Herring Prospectus with the relevant Registrar of Companies listing and commencement of trading of the equity shares of the Company on a recognized stock exchange in India pursuant to or such earlier date as may be prescribed or suggested by SEBI in connection with an initial public offering of its equity shares. In case of inconsistency or contradiction, conflict or overlap between Part I and Part II, the provisions of Part II shall, subject to applicable law, be applicable and prevail. However, Part II shall automatically terminate and cease to be in force and effect immediately from the date of filing of this Red Herring Prospectus with the relevant Registrar of Companies or such earlier date as may be prescribed or suggested by SEBI in connection with an initial public offering of its equity shares of the Company and Part I shall continue to be in force and effect, without any further action by the Company or its shareholders.*

*No material clause of Part I of the Articles of Association that have a bearing on the Offer and on the disclosures in this Red Herring Prospectus have been excluded.*

*Part I*

***Share capital and variation of rights***

*Authorized Share Capital* - The Authorized Share Capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of Shares in the Company as stated in Clause V of the Memorandum of Association. The Company may issue the following kinds of Shares in accordance with the Articles, the Act and other applicable laws:

a) Equity Share Capital:
   (i) with voting rights; and/ or
   (ii) with differential rights as to dividend, voting or otherwise in accordance with the Act; and

b) Preference share Capital:

Except so far as otherwise provided by the conditions of issue or by the Articles, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

*Shares under control of Board of Directors* - Subject to the provisions of the Act and the Articles, the Shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of all or any of such Shares to such persons, in such proportion and on such terms and conditions and either at par or at a premium at such time as they may from time to time think fit.

*Power of General Meeting to offer Shares to such persons as the Company may resolve* - The Company in a General Meeting may determine, in accordance with applicable law, to issue further Shares of the authorized capital of the Company and may determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or holders of Debentures of the Company or not) in such proportion and on such terms and conditions either at a premium or at par or, subject to compliance with the provisions of the Act, at a discount, as such General Meeting shall determine and with full power to give to any person or persons (whether a Member or holder of Debentures of the Company or not) the option or right to call for or be allotted any Shares of the Company either at a premium or at par or at a discount (subject to compliance with the provisions of the Act and the applicable Rules thereunder), during such time and for such consideration as the Directors think fit, and issue and allot Shares in the capital of the Company on payment in full or in part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may be so allotted may be issued as fully paid up Shares, and if so issued, shall be deemed to be fully paid-up Shares, as the case may be. Provided that the option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

*New capital same as original capital* - Except in so far as otherwise provided by the conditions of issue or by the Articles, any capital raised by the creation of new Shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

*Issue and redemption of Preference Shares* - Subject to the provisions of the Act and rules and regulations notified on this behalf, the Board shall have power to issue or re-issue preference Shares of one or more classes which are liable to be redeemed or converted to Equity Shares, on such terms and in such manner as determined by the Board in accordance with the Act.

*Issue of Sweat Shares* - The Company may issue Shares at discounted price by way of sweat Equity Shares or in any other manner in accordance with the provisions of the Act or any other applicable law.

*Issue of Bonus* Shares - The Company in General Meeting may decide to issue fully paid up bonus share to the Member if so recommended by the Board of Directors.

***Further issues of share capital***

Under Article 11, the Board or the Company, as the case may be, may, in accordance with the Act, propose to increase the subscribed capital by the issue of further Shares, then such Shares shall be offered subject to the provisions of section 62 of the Act and rules and regulations notified thereunder:

(a) persons who, at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstances admit, to the paid-up Share capital subject to the following conditions:

  (i) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time, not being less than 7 days, or such number of days as may be prescribed, and not exceeding 30 days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
  (ii) Unless otherwise decided by the Board, such offer shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in Article 11(I)(a)(i) shall contain a statement of this right;
  (iii) After the expiry of the time specified in the notice aforesaid, or on receipt of an earlier intimation from the person to whom such notice is given that the person declines to accept the Shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the Shareholders of the Company.

(b) employees under any scheme of employees' stock option subject to a Special Resolution passed by the Company and such other conditions as may be prescribed under applicable law; or

(c) any persons, if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (a) or clause (b) above either for cash or for consideration other than cash in accordance with the Act and Rules made thereunder.

The notice referred to in Article 11(I)(a)(i) shall be dispatched through registered post or speed post or through electronic mode or courier or any other permissible mode having proof of delivery to Shareholders of the Company within the time prescribed under applicable law.

Notwithstanding anything contained in Article 11(I), the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in Article 11(I)(a)) in any manner whatsoever:

(a) If a Special Resolution to that effect is passed by the Company in the General Meeting, or
(b) Where such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy exceeds the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf, that the proposal is most beneficial to the Company.

Nothing in Article 11(I)(a) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or
(b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this Article 11 shall apply to the increase of the subscribed capital of a Company caused by the exercise of an option as a term attached to the Debentures issued or loans raised by the Company (i) to convert such Debentures or loans into Shares in the Company; or (ii) to subscribe for Shares in the Company (whether such option is conferred in the Articles or otherwise).

Provided that the terms of issue of such Debentures or loans containing such an option have been approved before the issue of such Debentures or the raising of loans by a Special Resolution passed by the Company in a General Meeting.

A further issue of Shares may be made in any manner whatsoever as the Board may determine, including by way of preferential offer or private placement, subject to and in accordance with the Act read with Rules made thereunder and to the extent applicable, any SEBI regulations or guidelines.

*Issue of further Shares not to affect rights of existing Members* - The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

### *Calls on shares*

*Board of Directors may make call* - i. The Board may, from time to time, make calls upon the Members in respect of any monies unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times: Provided that no call shall exceed one-fourth of the nominal value of the Share or be payable at less than one Month from the date fixed for the payment of the last preceding call. ii. Each Member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares. iii. A call may be revoked or postponed at the discretion of the Board. iv. The power to call on Shares shall not be delegated to any other person except with the approval of the Shareholders' in a General Meeting. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid in instalments. v. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

*When interest on call or instalments payable* - i. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due, shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at the rate not exceeding fifteen percent per annum or at such lower rate, if any, as the Board may determine. ii The Board shall be at liberty to waive payment of any such interest wholly or in part.

*Amount payable at fixed time or by instalment to be treated as calls* - i. Any sum which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of the Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. ii. In case of non-payment of such sum, all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

*Payment in anticipation of calls may carry interest* – i. The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any Shares held by him; and ii. Upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, nine per cent per annum, or such other rate as may be agreed upon between the Board and the Member paying the sum in advance. iii. Money so paid in advance of the amount of calls shall not rank for dividends, or confer a right to participate in profits or exercise voting rights. The Directors may at any time repay the amount so advanced upon giving to such Member not less than three Months' notice in writing, subject to applicable law. The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of this Article shall mutatis mutandis apply to the calls on Debentures of the Company.

*Money due on Shares to be a debt to the Company* - The money (if any) which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by them, shall immediately on the inscription of the name of allottee in the Register as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

*Members of heirs to pay unpaid amounts* - Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his Share or Shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Articles require or fix for the payment thereof.

### *Transfer of shares*

*Instrument of transfer* - i. There shall be a common form for the transfer of Shares in use. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any Shares. The instrument of transfer of any Share shall be in writing and all the provisions of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof. The instrument of transfer shall be in such form as may be prescribed from time to time under the Act. ii. The instrument of transfer of any Share in the Company shall be executed by or on behalf of both the transferor and transferee. iii. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the register of Members in respect thereof.

*Directors may refuse to register transfer* – Subject to the right of appeal as conferred by Section 58 of the Act and other applicable law, the Directors, may, at their own absolute and uncontrolled discretion and without assigning any reason decline to register or acknowledge any transfer or transmission of Shares and in particular may so decline in any case in which the Company has lien upon the Shares or any of them or whilst any moneys in respect of the Shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a Member. The Company shall within one Month (or such lesser period as may be prescribed) from the date on which the instrument of transfer of intimation of such transmission, as the case may be was delivered to the Company, send notice of such refusal to the transferee and the transferor or to the person giving instructions of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever except where the Company has a lien on the Shares. Transfer of Shares in whatever lot shall not be refused. The registration of a transfer shall be conclusive evidence of the approval of the Directors of the transferee.

*Conditions for not declining registration of transfer* – The Board may decline to recognise any instrument of transfer unless- i. The instrument of transfer is in the form as prescribed in Rules made under the Act; ii. The instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and iii. The instrument of transfer is in respect of only one class of Shares.

*Closure of transfer books, etc*. – On giving not less than seven days' previous notice in accordance with the provisions of the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

The provisions of the foregoing Articles relating to transfer of Shares shall mutatis mutandis apply to any other securities including Debentures of the Company.

No fee will be charged by the Company for transfer and transmission of Securities - No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

### *Transmission of shares*

*Title of Shares of deceased holder* –i. On the death of a Member, the survivor or survivors where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest, dividends and other advantages in the Shares. ii. Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any Share which had been jointly held by him with other persons. iii. The legal representative or administrator of a deceased Member or holder of a succession certificate shall be the only persons recognised by the Company as having any title to his/her Shares and the Company shall not be bound to recognise such executor or administrator or holder of a succession certificate unless such executor or administrator shall have first obtained probate, letters of administration or other legal representation as the case may be from a duly constituted court in India, or from any authority empowered by any law to grant such other legal representation; provided that in any case where the Board in their absolute discretion think fit, the Board may dispense with the production of probate or letters of administration or other legal representation and under the next Article register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member upon such terms as to indemnity or otherwise as the Directors may deem fit.

*Registration of persons entitled to Share otherwise than by transfer (transmission)* – i. Subject to the provision of the Act and the Articles, any person becoming entitled to a Share in consequence of the death, bankruptcy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these presents may with the consents of the Directors which they shall not be under obligation to give upon producing such evidence that he/she sustains the character in respect of which he/she proposes to act under this Article or of his/her title, as the Board may think sufficient and upon giving such indemnity as the Directors may require. ii. Any such person shall after sending notice in writing, elect, either - (a) To be registered himself as holder of the Share; or (b) To make such transfer of the Share as the deceased or insolvent Member could have made.

The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the Share before his death or insolvency.

The provisions of the foregoing Articles relating to transmission by operation of law shall mutatis mutandis apply to any other securities including Debentures of the Company.

***Forfeiture of shares***

*If call or instalment not paid, notice may be given* - If a Member fails to pay any call, or instalment of a call or any money due in respect of any Share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.

*Partial payment not to preclude forfeiture* - Neither the receipt by the Company of a portion of any money shall from time to time be due from any Member to the Company in respect of his/her Shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares.

*Terms of forfeiture* - The notice aforesaid shall name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made and shall also state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made shall be liable to be forfeited.

*In default of payment, Shares may be forfeited* - If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

*Power to annul forfeiture* - The Board of Directors may at any time before any Share so forfeited, shall have been sold or otherwise disposed of, annul the forfeiture thereof upon such conditions as they may think fit. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture upon such conditions as they may think fit.

*Members shall be liable to pay money owing, at the time of forfeiture and interest* - i. A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the Shares. ii. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.

*Declaration of Forfeiture* - i. A duly verified declaration in writing that the declared is a Director, the manager or the Secretary, of the Company, and that a Share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. ii. The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of. iii. The transferee shall thereupon be registered as the holder of the Share. iv. The transferee shall not (unless by express agreement) be liable to pay any calls, amounts, instalments, interest and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment. v. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

*Forfeiture to apply in case of non-payment of any sum payable at fixed time* - The provisions of the Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

*Forfeited Share to be property of the Company* - Any Share forfeited in accordance with the Articles, shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board thinks fit.

*Entry of forfeiture in register of members* - When any Share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

*Cancellation of Share certificate with respect to forfeited Shares* - Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative Shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said Shares to the person(s) entitled thereto.

### *Alteration of capital*

*Increase of authorised Share capital* - The Company may, from time to time, by Ordinary Resolution increase the Share capital by such sum, to be divided into Shares of such amount, as may be specified in the resolution.

*Consolidation, division and sub-division* - Subject to the provisions of the Act, the Company may, by Ordinary Resolution: i. Consolidate and divide all or any of its Share capital into Shares of larger amount then its existing Shares; ii. Convert all or any of its fully paid-up Shares into stock and reconvert that stock into fully paid-up Shares of any denomination; iii. Sub-divide its existing Shares or any of them into the Shares of smaller amount then is fixed by the Memorandum of Association; iv. Cancel any Shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.

*Shares converted to stock* – i. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose. ii. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage. iii. Such of the Articles of the Company as are applicable to paid-up Shares shall apply to stock and the words “Share” and “Shareholder” shall include “stock” and “stockholder” respectively.

*Reduction of Capital* - The Company may reduce in any manner and in accordance with the provisions of the Act and Rules made thereunder i. Its share capital; ii. Any capital redemption reserve account; or iii. Any share premium account; or iv. Any other reserves as may be available.

### *General meetings*

*Extraordinary General Meeting* - All General Meetings other than Annual General Meeting shall be called Extraordinary General Meeting.

*Annual General Meeting* - Subject to the provisions of the Act, the Company shall hold from time to time as provided by the Act in addition to any other meetings, a General Meeting as its Annual General Meeting. The provisions of Section 96 of the Act shall apply to such Annual General Meeting.

*Annual General Meeting when to be held* - Every Annual General Meeting shall be called for a time during business hours and on such day (not being a national holiday) as the Directors may from time to time determine and it shall be held either at the registered office of the Company or at any place within the city, town or village in which the office of the Company for the time being is situated.

*Calling of Extraordinary General Meeting on requisition* - The Board of Directors shall on requisition of Members in accordance with Section 100 of the Act, forthwith proceed to call an Extraordinary General Meeting and the provisions of Section 100 of the Act, shall apply in respect of such meeting.

*Notice of Meeting* - Save as permitted under Section 101 of the Act, a General Meeting of the Company may be called by giving not less than such number of days' notice as specified in the Act or Rule made thereunder, in writing or through electronic mode in such manner as may be specified in the Act or Rule made thereunder.

***Proceedings at general meetings***

*Presence of quorum* - No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business.

*Quorum for General Meeting* - The quorum for the General Meetings shall be as provided in the Act.

*Chairperson of the meetings* - The Chairperson, if any, of the Board shall preside as Chairperson at every General Meeting of the Company.

*Directors to elect a Chairperson* - If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall elect one of their members to be Chairperson of the meeting.

*Members to elect a Chairperson* - If at any meeting no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their Members to be Chairperson of the meeting.

*If quorum not present, meeting to be cancelled/adjourned* - If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting if called upon at the requisition of Members, shall stand cancelled. In any other case the meeting shall stand adjourned to the same day in the next week (not being a national holiday) at the same time and place, or to such other day and at such other time and place as the Board may determine.

*Adjourned meeting to transact business* - If at any adjourned meeting also, a quorum is not present within half an hour of the time appointed for holding the meeting the Members present, whatever their number (not being less than two) shall be the quorum and shall have power to decide upon all the matters which could properly have been disposed of at the meeting for which the adjournment took place.

*Business confined to election of chairperson whilst chair vacant* - No business shall be discussed at any General Meeting except the election of the Chairperson whilst the Chair is vacant. If a poll is demanded on the election of the Chairperson it shall be taken forthwith in accordance with the provisions of the Act and the Articles.

*Casting vote of Chairperson at General Meeting* - On any business at any General Meeting, in case of an equality of votes, whether on a show of hands or electronically, the Chairperson shall have a second or casting vote.

*Time of taking poll* - i. A poll demanded for adjournment of the meeting or appointment of Chairperson of the meeting shall be taken forthwith. ii. A poll demanded on any question other than adjournment of the meeting or appointment of Chairperson shall be taken at such time, not being later than forty-eight hours from the time when the demand was made, as the Chairperson of the meeting may direct.

*Other business may proceed notwithstanding demand of poll* - The demand of poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

*Scrutinizers at poll* - i. Where a poll is to be taken the Chairperson of the meeting shall appoint one or more scrutinizer(s) to scrutinize the votes given on the poll and to report thereon to him/her. ii. The Chairperson shall have power, at any time before the result of the poll is declared, to remove a scrutinizer from office and to fill vacancies in the office of the scrutinizers arising from such removal or from any other cause.

*Reports, Statements and register to be laid on table* - At every Annual General Meeting of the Company there shall be laid on the table, the Directors report and audited statement of accounts, Auditors repot, the proxy register with the proxies and the Register of Director’s Share holdings mentioned under Section 170 of the Act. The Auditors’ Report shall be read before the Members in such General Meeting and shall be open to inspection by any Member of the Company.

*Minutes of General and Board Meeting* - The Board shall cause minutes of all proceedings of every General Meeting and of all proceedings of every meeting of the Board of Directors or of every committee of the Board to be kept in accordance with Section 118 of the Act.

*Inspection of minute book of General Meeting* - The books containing the minutes of the proceedings of General Meetings of the Company shall be kept at the office of the Company and be open to the inspection of Members on working days except Saturdays and Sundays between 11:00 a.m. to 1:00 p.m.

*Postal Ballot* - Where permitted or required by applicable law, the Board may, instead of calling a meeting of any members/ class of members/ Debenture-holders, seek their assent by postal ballot. Such postal ballot will comply with the provisions of the Act and Rules made thereunder in this behalf.

***Adjournment of meetings***

*Chairperson may adjourn the meeting* - i. The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place. ii. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

*Notice of adjourned meeting* - i. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. ii. Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

***Voting rights***

*Entitlement to vote on show of hands and on poll* - Subject to any rights or restrictions for the time being attached to any class or classes of Shares - i. On a show of hands, every Member present in person shall have one vote; and ii. On a poll, the voting rights of Members shall be in proportion to his Share in the paid up Equity Share Capital of the Company.

*Voting through electronic means* - A Member may exercise his vote at a meeting by electronic means in accordance with the provisions of the Act and shall vote only once.

*Vote of joint holders* - i. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. ii. For this purpose, seniority shall be determined by the order in which the names stand in the register of Members.

*Vote of Members of unsound mind* - A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

*Votes in respect of Shares of deceased or insolvent Members, etc.* - Subject to the provisions of the Act and other provisions of the Articles, any person entitled under the Transmission Clause to any Shares may vote at any General Meeting in respect thereof as if he was the registered holder of such Shares, provided that at least 48 hours before the timing of holding the meeting or adjourned meeting, as the case may be, at which he/she proposes to vote, he/she shall duly satisfied the Board of his right to such Shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

*Business may proceed pending poll* - Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

*Restrictions on voting rights* - No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of Shares in the Company have been paid or in regard to which the Company has exercised any right of lien.

*No objection can be raised to the qualification of voter* - i. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. ii. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

*Equal rights of Members* - Any Member whose name is entered in the register of Members of the Company shall enjoy the same rights and be subject to the same liabilities as all other Members of the same class.

***Proxy***

*Member may vote in person or otherwise* - Any Member entitled to attend and vote at a General Meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.

*Proxies when to be deposited* - The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

*Form of Proxy* - An instrument appointing a proxy shall be in the form as prescribed in the Rules.

*Validity of votes given by proxy notwithstanding death etc., of Member* - A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given. Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

*Votes may be given by proxy* - Subject to the provisions of the Act, and the Articles, votes may be given either personally or by proxy or in the case of a body corporate by a representative duly authorised under Section 113 of the Act.

*No voting by proxy on show of hands* - No Member not personally present shall be entitled to vote on a show of hands unless such Member is a body corporate present by attorney or by representative duly authorised under Section 113 of the Act in which case attorney or representative may vote on show of hands as if he/she were an individual Member of the Company.

*Custody of the instrument* - Any instrument of appointment of proxy deposited as aforesaid shall remain permanently or for such time as the Directors may determine in the custody of the Company.

***Board of Directors***

*Board of Directors* - Until otherwise determined by a General Meeting of the Company and subject to the provisions of the Act, the number of Directors shall not be less than three and not more than fifteen.

*Independent Director* - The Company shall appoint such number of Independent Directors as it may deem fit, for a term specified in the resolution appointing him/her in accordance with the provisions of the Act. The provisions relating to retirement of Directors by rotation shall not be applicable to appointment of Independent Directors.

*Additional Director* - Subject to the provisions of the Act, the Board of Directors shall have power at any time, and from time to time, to appoint a person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

*Alternate Director* - The Board of Directors of the Company may appoint an alternate Director to act for a Director, provided that such person proposed to be appointed as an alternate director is not a person who fails to be appointed as a director in a General Meeting (hereinafter called the "original Director") during his/her absence for a period of a not less than three Months from India and such appointment shall have effect and such appointee whilst he/she holds office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and to vote there at accordingly. No person shall be appointed as an alternate director for an Independent Director unless he is qualified to be appointed as an Independent Director under the provisions of the Act or other applicable laws.

An alternate Director appointed under this Article shall not hold office as such for a period longer than permissible to the original Director in whose place he/she has been appointed and shall vacate office if and when the original Director returns to India. If the terms of office of the Original Directors is determined before he/she so returns to India, any provisions in the Act or the Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the original Director and not to the Alternate Director.

*Casual Vacancy* - Subject to the provisions of the Act, if the office of a Director appointed by the Company in General Meeting is vacated before his/her terms of office will expire in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by the members in the immediate next General Meeting and the person so appointed shall hold office up to the date which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid.

***Nominee Directors***

*Nominee Director* - The Board may appoint any person as a director nominated by any financial institution, bank, corporation which are regulated by the Reserve Bank of India or any other statutory body, or if the Company has entered into any obligation with any such institution, bank, corporation which are regulated by the Reserve Bank of India or body in relation to any financial assistance by way of loan advanced to the Company or guarantee or given of any loan borrowed or liability incurred by the Company or so long as the Company is indebted ("**Nominee Director**"). Such Nominee Director(s) shall not be required to hold any share qualification in the Company, and such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

*Remuneration to Directors* - i. The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day. ii. The remuneration payable to the Directors, including any Managing Director or Whole-time Director or Manager, if any, shall be determined in accordance with and subject to the provisions of the Act. iii. Every Director shall be paid a sitting fee not exceeding the limits prescribed in the Act for each meeting of the Board of Directors or of any committee thereof attended by him/her and shall be paid in addition thereto all travelling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company or in connection with the business of the Company to and from any place.

In accordance with Regulation 15(1)(e) of the SEBI (Debenture Trustee) Regulations, 1993 read with Regulation 23(6) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, the Board of Directors shall have the powers to appoint a Nominee Director on the Board of the company in the event of:

(i) two consecutive defaults in payment of interest to the debenture holders; or
(ii) default in creation of security for debentures; or
(iii) default in redemption of debentures.

***Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer***

*Subject to the provisions of the Act,—* i. A Chief Executive Officer, manager, company secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Chief Executive Officer, manager, company secretary or Chief Financial Officer so appointed may be removed by means of a resolution of the Board. ii. A Director may be appointed as Chief Executive Officer, manager, company secretary or Chief Financial Officer. Further, the Board may appoint one or more Chief Executive Officers for its multiple business as may be required.

A provision of the Act or the Articles requiring or authorizing a thing to be done by or to a Director and Chief Executive Officer, manager, company secretary or Chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, Chief Executive Officer, manager, company secretary or Chief Financial Officer.

***Dividends and Reserves***

*Company in General Meeting may declare a dividend* - The Company in General Meeting may declare dividends, but no dividends shall exceed the amount recommended by the Board. However, the Company may declare smaller dividends in the General Meeting.

*Interim Dividend* - Subject to the provisions of the Act, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.

*Establish reserve funds* - i. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, thinks fit. ii. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

*Dividend in proportion to* - i. Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, dividends may be declared and paid according to the amounts of the Shares. ii. No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Article as paid on the Share. iii. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Share shall rank for dividend accordingly.

*Amount payable* - The Board may deduct from any dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.

*Dividend how remitted* - i. Any dividend, interest or other monies payable in cash in respect of Shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of Members, or to such person and to such address as the holder or joint holders may in writing direct. ii. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. iii. The Company shall not be liable for any cheque or warrant lost in transmission or for any dividend lost to the Member or person entitled thereof, by the forged endorsement of a cheque or warrant or the fraudulent recovery thereof by any other means. iv. Any one of two or more joint holders of a Share may give effective receipts for any dividends, bonuses or other monies payable in respect of such Share.

*Notice of dividend to be given* - Notice of any dividend that may have been declared shall be given to the persons entitled to Share therein in the manner mentioned in the Act.

No dividend shall bear interest against the Company.

*Unpaid or unclaimed dividend* – i. There will be no forfeiture of unclaimed Dividend before the claim becomes barred by law. Where the Company has declared a Dividend but which has not been paid or claimed within 30 days from the date of declaration, within seven days from the date of expiry of said period of 30 days or such other period as may be prescribed under applicable law, transfer the total amount of Dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account of Northern Arc Capital Limited". ii. Any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer or such other period as may be prescribed under applicable law, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under the applicable provisions of the Act. iii. No unclaimed or unpaid Dividend shall be forfeited by the Board of Directors.

The waiver in whole or part of any dividend on any Share by any document (whether or not under seal) shall be effective only if such documents is signed by the Member (or the person entitled to the Share in consequences of the death or bankruptcy of the holder) and delivered to the Company and if extent that the same is accepted as such and acted upon by the Board.

### ***Borrowing Powers***

*Borrowing Powers of the Board* - Subject to restrictions provided in the Act, the Directors may, from time to time at their discretion to accept deposits from Members of the Company either in advance on calls or otherwise and generally to raise or borrow or secure the repayment of any sum of money for the purpose of the Company. Any such moneys may be secured in such manner and upon such terms and conditions in all respects as the Directors may think fit and in particular in pursuance of a resolution passed at a meeting of the Board by issue of bonds, Debentures of the Company, charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being and the Debentures and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

*Restrictions on powers of Board* - The Board of Directors shall not, except with the consent of the Company in General Meeting, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the borrowing limits as specified in the Act. Any bonds, Debentures or other securities issued or to be issued by the Company, shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

*Part II*

Part II of the Articles of Association of the Company provides for the rights and obligations of the parties to the SHA. Part II of the Articles of Association was further amended to reflect provisions of the SHA, upon completion of the IFC Private Placement pursuant to a resolutions passed by our Board and our Shareholders on April 4, 2024 and April 15, 2024, respectively. The provisions of Part II shall automatically terminate and cease to be in force and effect immediately from the date of filing of this Red Herring Prospectus with the relevant Registrar of Companies or such earlier date as may be prescribed or suggested by SEBI in connection with an initial public offering of its Equity Shares of the Company and Part I shall continue to be in force and effect, without any further action by the Company or its shareholders.

## SECTION IX: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which are attached to the copy of this Red Herring Prospectus filed with the RoC, and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days and will also be available for inspection on our website at www.northernarc.com/drhp-investors-report from the date of this Red Herring Prospectus until the Bid/Offer Closing Date except for such documents or agreements executed after the Bid/ Offer Closing Date.

**A. Material Contracts for the Offer**

1. Offer Agreement dated February 2, 2024, read with the amendment agreement dated August 14, 2024, entered into among our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated February 2, 2024 entered into among our Company, the Selling Shareholders and the Registrar to the Offer, read with the withdrawal letter dated July 26, 2024 received from Augusta Investments II Pte. Ltd and the withdrawal letter received from 360 ONE Special Opportunities Fund – Series 2, 360 ONE Special Opportunities Fund – Series 3, 360 ONE Special Opportunities Fund – Series 4, 360 ONE Special Opportunities Fund – Series 5, 360 ONE Special Opportunities Fund – Series 6, and 360 ONE Special Opportunities Fund – Series 7 (*formerly known as IIFL Special Opportunities Fund – Series 2, IIFL Special Opportunities Fund – Series 3, IIFL Special Opportunities Fund – Series 4, IIFL Special Opportunities Fund – Series 5, IIFL Special Opportunities Fund – Series 6 and IIFL Special Opportunities Fund – Series 7, respectively*) dated August 12, 2024.

3. Cash Escrow and Sponsor Bank Agreement dated September 9, 2024 entered into among our Company, the Selling Shareholders, the BRLMs, the Bankers to the Offer and the Registrar to the Offer.

4. Syndicate Agreement dated September 9, 2024 entered into among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar to the Offer.

5. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholders and the Underwriters.

6. Share Escrow Agreement dated August 19, 2024 entered into among our Company, the Selling Shareholders and the Share Escrow Agent.

7. Monitoring Agency Agreement dated August 22, 2024 entered into between our Company and the Monitoring Agency.

**B. Material Documents**

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, each as amended from time to time.

2. Certificate of incorporation dated March 9, 1989 issued to our Company by the RoC, in the name of Highland Leasing & Financing Private Limited.

3. Fresh certificate of incorporation dated June 19, 2009 consequent upon change of name issued to our Company by the RoC from Highland Leasing & Financing Private Limited to IFMR Capital Finance Private Limited.

4. Fresh certificate of incorporation dated December 12, 2017 consequent upon conversion into a public limited company issued to our Company by the RoC from IFMR Capital Finance Private Limited to IFMR Capital Finance Limited.

5. Fresh certificate of incorporation dated February 20, 2018 consequent upon change of name issued to our Company by the RoC from IFMR Capital Finance Limited to Northern Arc Capital Limited.

6. Certificate of registration as an NBFC (not accepting public deposits) dated June 24, 1999 issued to our Company under its previous name, Highland Leasing & Finance Private Limited, by the RBI.

7. Fresh certificate of registration as an NBFC (not accepting public deposits) dated August 8, 2013 consequent upon change of name to IFMR Capital Private Limited issued to our Company issued by the RBI.

8. Fresh certificate of registration as an NBFC (not accepting public deposits) dated March 8, 2018 consequent upon change of name to Northern Arc Capital Limited issued to our Company issued by the RBI.

9. Resolution of our Board dated January 3, 2024 authorizing the Offer and other related matters.

10. Resolution of our Shareholders dated January 18, 2024 authorizing the Offer and other related matters.

11. Resolution of our Board dated February 2, 2024 approving the Draft Red Herring Prospectus.

12. Resolution of our Board dated September 9, 2024 approving this Red Herring Prospectus.

13. Consent letters and resolutions passed by the respective boards of directors of the Selling Shareholders for participation in the Offer for Sale, as detailed in "*The Offer*" beginning on page 99.

14. Subscription agreement dated February 2, 2024 entered into between our Company and the International Finance Corporation read with first amendment to the subscription agreement dated April 18, 2024.

15. Amended and restated shareholders agreement dated February 2, 2024 by and among our Company, Dvara Trust, Accion, LeapFrog, Eight Roads, the 360 ONE Funds, Augusta, SMBC and IFC read with the first amendment agreement dated April 18, 2024.

16. Amendment and Termination Agreement dated February 2, 2024 entered into by and among our Company, Dvara Trust, Accion, LeapFrog, Eight Roads, the 360 ONE Funds, Augusta, SMBC and IFC.

17. Share subscription agreement dated September 24, 2021 (read with amendment agreement to the share subscription agreement dated November 19, 2021, second amendment agreement to the share subscription agreement dated March 2, 2022 and third amendment to the share subscription agreement dated November 24, 2023) among Finreach, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*), our Company, Caspian SME Impact Fund IV, Omidyar Network Fund Inc. and Ms. Suvalaxmi Chakraborty.

18. Framework agreement dated September 24, 2021 (read with the first amendment agreement to the framework agreement dated March 2, 2022, second amendment agreement to the Framework Agreement dated November 24, 2023 and read with the letter agreement dated March 29, 2023) among Finreach, Dvara Holdings (*formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited*), our Company, Michael & Susan Dell Foundation, Caspian SME Impact Fund IV, Omidyar Network Fund Inc. and Ms. Suvalaxmi Chakraborty.

19. Policy agreement dated February 2, 2024 between our Company and IFC.

20. Policy agreement dated February 2, 2024 between our Company and SMBC.

21. Commitment letter dated January 31, 2024 received from Augusta Investments II Pte. Ltd and the binding commitment letter dated April 12, 2024 received from Varun Jaipuria and RJ Corp Limited.

22. ESG Framework Letter dated July 10, 2021 between our Company and LeapFrog.

23. Scheme of arrangement (demerger) and amalgamation under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 between our Company, IFMR Holdings Private Limited and Dvara Investments Private Limited.

24. Valuation report issued by Jagadeesh Keerthy and Sarayu, Chartered Accountants, for the scheme of arrangement (demerger) and amalgamation under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 between our Company, IFMR Holdings Private Limited and Dvara Investments Private Limited.

25. Business transfer agreement dated February 21, 2022 entered into between our Company and S.M.I.L.E. Microfinance Limited.

26. Resolutions of our Board and Shareholders, dated February 14, 2022 and March 26, 2022 respectively for appointment of our Managing Director and Chief Executive Officer, compensation letters each dated May 30, 2022, June 8, 2023 and June 12, 2024, and the grant letter dated January 29, 2024.

27. Copies of the annual reports of our Company as of and for the Financial Years 2023, 2022 and 2021.

28. Report titled "*Analysis of NBFC sector and select asset classes*" dated June, 2024 issued by CRISIL Limited and consent dated July 16, 2024 issued by CRISIL Limited with respect to the report.

29. Consents of our Directors, the BRLMs, the Legal Advisors to our Company as to Indian Law, the Registrar to the Offer, the Bankers to our Company, the Company Secretary and Compliance Officer, Monitoring Agency and the Bankers to the Offer in their respective capacities.

30. Written consent dated September 9, 2024 from S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 6, 2024 on the Restated Consolidated Summary Statements; and (ii) their report dated August 13, 2024 on the statement of special tax benefits in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

31. Consent dated August 14, 2024 from M/s Kumbhat & Co, independent chartered accountant to include their name in this Red Herring Prospectus and be named as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of their certificates in connection with the Offer.

32. The examination report dated August 6, 2024 of the Statutory Auditors on the Restated Consolidated Summary Statements.

33. The report dated August 13, 2024 of the Statutory Auditors, on the statement of special tax benefits available to our Company and its Shareholders.

34. Certificate relating to key performance indicators dated September 9, 2024 issued by M/s Kumbhat & Co, independent chartered accountant.

35. Certificate on weighted average price and cost of acquisition dated September 9, 2024 issued by M/s Kumbhat & Co, independent chartered accountant.

36. Certificate on basis for Offer Price dated September 9, 2024 issued by M/s Kumbhat & Co, independent chartered accountant.

37. Certificate on financial indebtedness dated September 9, 2024 issued by M/s Kumbhat & Co, independent chartered accountant.

38. Tripartite agreement dated October 22, 2016 among our Company, NSDL and the Registrar to the Offer.

39. Tripartite agreement dated December 4, 2018 among our Company, CDSL and the Registrar to the Offer.

40. Due diligence certificate dated February 2, 2024 addressed to the SEBI from the BRLMs.

41. In-principle listing approvals each dated June 19, 2024 issued by the BSE and the NSE.

42. SEBI observation letter bearing number SEBI/CFD/RAC-DIL1/2024/22754 dated July 10, 2024 addressed to the BRLMs from the SEBI.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to our Shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

**P.S. Jayakumar**
*Chairman and Non-Executive Independent Director*

Place: Mumbai

Date: September 9, 2024

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

______________________________

**Ashish Mehrotra**
*Managing Director and Chief Executive Officer*

Place: Mumbai

Date: September 9, 2024

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Dr. Kshama Fernandes**
*Non-Executive Non-Independent Director and Vice-Chairperson*

Place: Goa

Date: September 9, 2024

**DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Michael Jude Fernandes**
*Non–Executive Nominee Director*

Place: Singapore

Date: September 9, 2024

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Vijay Nallan Chakravarthi**
*Non–Executive Nominee Director*

Place: Mumbai

Date: September 9, 2024

**DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Trikkur Seetharaman Anantharaman**
*Non-Executive Nominee Director*

Place: Thrissur

Date: September 9, 2024

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Anuradha Rao**
*Non-Executive Independent Director*

Place: Chennai

Date: September 9, 2024

**DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Ashutosh Arvind Pednekar**
*Non-Executive Independent Director*

Place: Mumbai

Date: September 9, 2024

**DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Arunkumar N.T.**
*Non-Executive Independent Director*

Place: Chennai

Date: September 9, 2024

**DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or regulations or guidelines notified thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Red Herring Prospectus are true and correct.

**SIGNED BY:**

Atul Tibrewal

**Atul Tibrewal**
*Chief Financial Officer*

Place: Mumbai

Date: September 9, 2024

## DECLARATION BY ACCION AFRICA-ASIA INVESTMENT COMPANY

The undersigned Selling Shareholder hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF ACCION AFRICA-ASIA INVESTMENT COMPANY**

Name: **Dilshaad Rajabalee**

**Authorised Signatory**

Date: September 9, 2024

Place: Mauritius

**DECLARATION BY SUMITOMO MITSUI BANKING COPORATION**

The undersigned Selling Shareholder hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF SUMITOMO MITSUI BANKING COPORATION**

Name: Hiroshi Nishimura

**Authorised Signatory**

Date: 09/09/2024

Place: Singapore

**DECLARATION BY LEAPFROG FINANCIAL INCLUSION INDIA (II) LTD**

The undersigned Selling Shareholder hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF LEAPFROG FINANCIAL INCLUSION INDIA (II) LTD**

Name: Mr. Jean-Claude Permal

**Authorised Signatory**

Date: Sep 9, 2024

Place: Mauritius

**DECLARATION BY DVARA TRUST**

The undersigned Selling Shareholder hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF DVARA TRUST (acting through its corporate trustee Dvara Holdings)**

DVARA TRUST CHENNAI 600 113

Name: Samir Amrit Shah

**Authorised Signatory**

Date: Sep. 9, 2024

Place: Chennai

**DECLARATION BY EIGHT ROADS INVESTMENTS MAURITIUS II LIMITED**

The undersigned Selling Shareholder hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF EIGHT ROADS INVESTMENTS MAURITIUS II LIMITED**

Name: **Arshad Goodur**

Designation: **Authorised Signatory/Director**

Date: September 9, 2024

Place: Port Louis, Mauritius

**DECLARATION BY 360 ONE SPECIAL OPPORTUNITIES FUND**

The undersigned Selling Shareholder hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF 360 ONE SPECIAL OPPORTUNITIES FUND**

Name: Sandeep Joshi

**Authorised Signatory**

Date: September 9, 2024

Place: Mumbai