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BELSTAR MICROFINANCE LIMITED

A Subsidiary of Muthoot Finance Limited — Creating livelihoods...transforming lives

DRAFT RED HERRING PROSPECTUS
Dated May 3, 2024
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read Section 32 of the Companies Act, 2013)
100% Book Building Offer

BELSTAR MICROFINANCE LIMITED

CORPORATE IDENTITY NUMBER: U06599TN1988PLC081652

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai - 600083, Tamil Nadu, India	M V Square, No. 4/14 Soundara Pandian Street, Ashok Nagar, Chennai, 600083, Tamil Nadu, India	Sunil Kumar Sahu *(Company Secretary and Chief Compliance Officer)*	**Telephone:** +91 44 4341 4503 **Email:** cs@belstar.in	www.belstar.in

OUR PROMOTERS: MUTHOOT FINANCE LIMITED, SARVAM FINANCIAL INCLUSION TRUST AND DR. KALPANAA SANKAR

DETAILS OF THE OFFER TO THE PUBLIC

TYPE	FRESH ISSUE SIZE***	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND SHARE RESERVATION AMONG QIBs, NIBs, RIBs & ELIGIBLE EMPLOYEES
Fresh Issue and Offer for Sale	Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹ 10,000 million	Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹ 3,000 million	Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹ 13,000 million	The Offer is being made pursuant to Regulation 6(2) of the securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**") as our Company does not fulfil the requirements under Regulation 6(1)(a) of the SEBI ICDR Regulations of maintaining not more than 50% of the net tangible assets in monetary assets. For further details, see "*Other Regulatory and Statutory Disclosures – Eligibility for the Offer*" on page 450. For details in relation to the share reservation among QIBs, RIBs, NIBs and Eligible Employees, see "*Offer Structure*" on page 474.

DETAILS OF THE OFFER FOR SALE BY THE SELLING SHAREHOLDERS AND WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE

NAME OF THE SELLING SHAREHOLDERS	TYPE	NUMBER OF EQUITY SHARES OFFERED / AMOUNT	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*#
MAJ Invest Financial Inclusion Fund II K/S	Investor Selling Shareholder	Up to [●] Equity Shares aggregating up to ₹ 1,750 million	181.50
Arum Holdings Limited	Investor Selling Shareholder	Up to [●] Equity Shares aggregating up to ₹ 970 million	340.00
Augusta Investments Zero Pte Ltd	Investor Selling Shareholder	Up to [●] Equity Shares aggregating up to ₹ 280 million	340.00

* *As certified by Varma & Varma Chartered Accountants, by way of their certificate dated May 3, 2024*
\# *Calculated on a fully diluted basis.*

RISKS IN RELATION TO THE FIRST OFFER

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 BRLMs and 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*" on page 112), 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 of our Company, or 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 30.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft 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 Draft 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 Draft 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 of the Selling Shareholder, severally and not jointly, accepts responsibility for, and confirms, only the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus, to the extent that the statements and information specifically pertain to such Selling Shareholder and the Equity Shares offered by such Selling Shareholder under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, does not assume responsibility for any other statement, including without limitation, any and all statements made by or relating to our Company or its business or any other Selling Shareholder(s) or any other person(s), in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the 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, the Designated Stock Exchange shall be [●].

DETAILS OF THE BRLMs

Name of the BRLM and logo	Contact Person	Email and Telephone
ICICI Securities **ICICI Securities Limited**	Harsh Thakkar / Ashik Joisar	**Email:** belstar.ipo@icicisecurities.com **Telephone:** +91 22 6807 7100
AXIS CAPITAL **Axis Capital Limited**	Pavan Naik	**Email:** belstar.ipo@axiscap.in **Telephone:** +91 22 4325 2183
HDFC BANK We understand your world **HDFC Bank Limited**	Dhruv Bhavsar / Sanjay Chudasama	**Email:** belstar.ipo@hdfcbank.com **Telephone:** +91 22 3395 8233

SBI Capital Markets Limited	Sambit Rath / Karan Savardekar	**Email:** belstar.ipo@sbicaps.com **Telephone:** +91 22 4006 9807

REGISTRAR TO THE OFFER

Name of the Registrar	Contact Person	Email and Telephone
Link Intime India Private Limited	Shanti Gopalkrishnan	E-mail: belstar.ipo@linkintime.co.in Tel: +91 810 811 4949

BID/OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE	**[●]***	**BID/OFFER OPENS ON**	**[●]**	**BID/OFFER CLOSES ON**	**[●]**^**

**Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*

*** Our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*

**** Our Company, in consultation with the BRLMs, may consider undertaking a Pre-IPO Placement, at its discretion of such number of securities for a cash consideration aggregating up to ₹ 2,000 million, between the date of this Draft Red Herring Prospectus till the date of Red Herring Prospectus with the RoC, subject to the receipt of the appropriate approvals. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs.*

^The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day.

BELSTAR MICROFINANCE LIMITED
A Subsidiary of Muthoot Finance Limited — Creating livelihoods...transforming lives

BELSTAR MICROFINANCE LIMITED

Our Company was incorporated as 'Belstar Investment and Finance Private Limited' under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 11, 1988, issued by the Registrar of Companies, Karnataka at Bangalore. Our Company subsequently shifted its registered office from Karnataka to Tamil Nadu, pursuant to which a certificate of registration dated August 25, 2011 under the Companies Act, 1956 was issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands. Subsequently, pursuant to a resolution of our Shareholders dated September 23, 2019, the name of our Company was changed from 'Belstar Investment and Finance Private Limited' to 'Belstar Microfinance Private Limited' to reflect the nature of business of our Company which is microfinance lending and not investment activities, and a certificate of incorporation pursuant to change of name under the Companies Act was issued by the Registrar of Companies, Tamil Nadu at Chennai on October 3, 2019. Subsequently, our Company was converted from a private company to a public company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on December 5, 2019, and a certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Tamil Nadu at Chennai on January 10, 2020. For further details of change in name and Registered Office of our Company, please refer to the section titled "*History and Certain Corporate Matters*" on page 264.

Corporate Identity Number: U06599TN1988PLC081652**; Website**: www.belstar.in
Registered Office: New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu, 600083, India
Corporate Office: M V Square, No. 4/14 Soundara Pandian Street, Ashok Nagar, Chennai, 600083, Tamil Nadu, India
Contact Person: Sunil Kumar Sahu, Company Secretary and Chief Compliance Officer**; Telephone:** +91 44 4341 4503**, Email:** cs@belstar.in

OUR PROMOTERS: MUTHOOT FINANCE LIMITED , SARVAM FINANCIAL INCLUSION TRUST AND DR. KALPANAA SANKAR

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF BELSTAR MICROFINANCE LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 13,000 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 10,000 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 3,000 MILLION BY THE SELLING SHAREHOLDERS CONSISTING OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 1,750 MILLION BY MAJ INVEST FINANCIAL INCLUSION FUND II K/S, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 970 MILLION BY ARUM HOLDINGS LIMITED AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 280 MILLION BY AUGUSTA INVESTMENTS ZERO PTE LTD (THE "OFFER FOR SALE"). THE OFFER AND THE NET OFFER WOULD CONSTITUTE [●]% AND [●]%, RESPECTIVELY OF OUR POST-OFFER PAID-UP EQUITY.

THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND 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 [●], ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●] AND ALL EDITIONS OF THE TAMIL NEWSPAPER [●] (TAMIL BEING THE REGIONAL LANGUAGE OF TAMIL NADU, WHERE OUR REGISTERED 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 BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

THIS OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING UP TO ₹[●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". OUR COMPANY IN CONSULTATION WITH THE BRLMS, MAY OFFER A DISCOUNT OF UP TO ₹[●] TO THE OFFER PRICE (EQUIVALENT OF ₹[●] PER EQUITY SHARE) TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). THE OFFER AND THE NET OFFER SHALL CONSTITUTE AT LEAST [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY IN CONSULTATION WITH THE BRLMs, MAY CONSIDER UNDERTAKING A PRE-IPO PLACEMENT, AT ITS DISCRETION OF SUCH NUMBER OF SECURITIES FOR A CASH CONSIDERATION AGGREGATING UP TO ₹ 2,000 MILLION BETWEEN THE DATE OF THIS DRAFT RED HERRING PROSPECTUS TILL THE FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT") SUBJECT TO APPROPRIATE APPROVALS. IF THE PRE-IPO PLACEMENT IS UNDERTAKEN, THE FRESH ISSUE SIZE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO THE OFFER COMPLYING WITH THE MINIMUM OFFER SIZE REQUIREMENTS PRESCRIBED UNDER RULE 19(2)(b) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED ("SCRR"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMs.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar 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 three Working Days, 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 Member(s) and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.

This is an Offer in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in terms of Regulation 6(2) of the SEBI ICDR Regulations, wherein in terms of Regulation 32(2) of the SEBI ICDR Regulations, not less than 75% 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 in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which at least one-third shall be reserved for allocation to 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 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 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders 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 more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders ("**RIBs**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank accounts (including UPI ID for UPI Bidders using UPI Mechanism) (as defined hereinafter) in which the Bid amount will be blocked by the SCSBs or the Sponsor Banks, as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion of the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 479.

RISKS 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 BRLMs and 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*" on page 112), 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 of our Company, or 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 30.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft 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 Draft 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 Draft 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 of the Selling Shareholders, severally and not jointly, accepts responsibility for, and confirms, only the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus, to the extent that the statements and information specifically pertain to such Selling Shareholder and the Equity Shares offered by such Selling Shareholder under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, does not assume responsibility for any other statement, including without limitation, any and all statements made by or relating to our Company or its business or any other Selling Shareholder(s) or any other person(s), in this Draft Red Herring Prospectus.

LISTING

The Equity Shares, once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated **[●]** and **[●]**, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be **[●]**. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 553**.**

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities	AXIS CAPITAL	HDFC BANK We understand your world	SBICAPS Complete Investment Banking Solutions	LINKIntime
ICICI Securities Limited ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025 Maharashtra, India **Telephone**: +91 22 6807 7100 **E-mail**: belstar.ipo@icicisecurities.com **Investor Grievance ID**: customercare@icicisecurities.com **Website**: www.icicisecurities.com **Contact person**: Harsh Thakkar / Ashik Joisar **SEBI Registration No.:** INM000011179	**Axis Capital Limited** 1st Floor, Axis House, C-2 Wadia International Center, Pandurang Budhkar Marg Worli, Mumbai – 400 025, Maharashtra, India **Telephone**: +91 22 4325 2183 **E-mail**: belstar.ipo@axiscap.in **Investor Grievance ID**: complaints@axiscap.in **Website**: www.axiscapital.co.in **Contact person**: Pavan Naik **SEBI Registration No.:** INM000012029	**HDFC Bank Limited** Investment Banking Group, Unit no. 701, 702 and 702-A, 7th floor, Tower 2 and 3, One International Centre, Senapati Bapat Marg, Prabhadevi, Mumbai – 400013 **Telephone**: +91 22 3395 8233 **E-mail**: belstar.ipo@hdfcbank.com **Investor Grievance ID**: investor.redressal@hdfcbank.com **Website**: www. hdfcbank.com **Contact person**: Dhruv Bhavsar / Sanjay Chudasama **SEBI Registration No.:** INM000011252	**SBI Capital Markets Limited** 1501, 15th Floor, A & B Wing Parinee Crescenzo, BKC Bandra (East), Mumbai 400 051 Maharashtra, India **Telephone**: +91 22 4006 9807 **E-mail**: belstar.ipo@sbicaps.com **Investor Grievance ID**: investor.relations@sbicaps.com **Website**: www.sbicaps.com **Contact person**: Sambit Rath / Karan Savardekar **SEBI Registration No.:** INM000003531	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park L.B.S. Marg Vikhroli (West), Mumbai 400 083, Maharashtra, India **Tel:** +91 810 811 4949 **E-mail**: belstar.ipo @linkintime.co.in **Website:** www.linkintime.co.in **Investor Grievance ID:** belstar.ipo @linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration Number:** INR000004058

BID/OFFER PROGRAMME

BID/OFFER OPENS ON	[●]*	BID/OFFER CLOSES ON	[●]**^

**Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*
*** Our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*
^The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise implies or requires, or unless otherwise specified, shall have the meaning as assigned below. References to any legislation, act, statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, supplements, re-enactments, modifications and replacements notified thereto, as of the date of this Draft Red Herring Prospectus, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the SEBI Act, the Depositories Act or the rules and regulations made thereunder. Further, the Offer related terms used but not defined in this Draft Red Herring Prospectus shall have the meaning ascribed to such terms under the General Information Document (as defined hereinafter). In case of any inconsistency between the definitions used in this Draft Red Herring Prospectus and the definitions included in the General Information Document, the definitions used in this Draft Red Herring Prospectus shall prevail.

Notwithstanding the foregoing, terms in "Objects of the Offer", "Basis for Offer Price", "Statement of Special Tax Benefits", "Industry Overview", "Key Regulations and Policies", "History and Certain Corporate Matters", "Financial Information", "Outstanding Litigation and Other Material Developments" and "Description of Equity Shares and Terms of Articles of Association", on pages 106, 112, 140, 147, 247, 264, 307, 437, and 503, respectively, will have the meaning ascribed to such terms in those respective sections.

General Terms

Term	Description
"our Company" or "the Company" or "Belstar"	Belstar Microfinance Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu, 600083, India.
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company.

Company and Selling Shareholders related terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended.
"Audit Committee"	The audit committee of our Board constituted in accordance with the Companies Act, 2013, and the SEBI Listing Regulations and as described in "*Our Management*" on page 269.
"Board" or "Board of Directors"	The board of directors of our Company, as described in "*Our Management*" on page 269.
"Chief Financial Officer" or "CFO"	The chief financial officer of our Company, being Muralidharan L.
"Company Secretary and Chief Compliance Officer"	The company secretary and chief compliance officer of our Company, being Sunil Kumar Sahu.
"Corporate Office"	The corporate office of our Company situated at M V Square, No. 4/14 Soundara Pandian Street, Ashok Nagar, Chennai - 600 083, Tamil Nadu, India.
"Corporate Social Responsibility Committee" or "CSR Committee"	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act, 2013 as described in "*Our Management*" on page 269.
"CRISIL"	CRISIL Limited
"CRISIL Rating(s)"	The rating(s) issued by CRISIL Limited.
"CRISIL Report"	The report titled "*Report on Microfinance Industry in India – For Belstar Microfinance*" dated March 2024, issued by which has been exclusively commissioned and paid for by us in connection with the Offer.
"Director(s)"	Director(s) on the board of our Company, as appointed from time to time.
"Equity Shares"	Equity shares of our Company.
"Executive Director"	Executive director(s) of our Company. For further details of the Executive Director, see "*Our Management*" on page 269.
"Group Companies"	The company(ies) identified as 'group companies' in accordance with Regulation 2(1)(t) of the SEBI ICDR Regulations, as disclosed in section "*Our Group Companies*" on page 299.
"HIH India"	Hand in Hand India
"Independent Directors"	A non-executive, independent Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations. For further details of our Independent Directors, see "*Our Management*" on page 269.
"Independent Director and Chairman"	The independent director and chairman of our Company, Krishnamoorthy Venkataraman.

Term	Description
"IPO Committee"	The IPO committee of our Board constituted as described in "*Our Management*" on page 269.
"IT Strategy Committee"	The IT Strategy committee of our Board comprising of Krishnamoorthy Venkataraman, as the chairman, and Dr. Kalpanaa Sankar, George Alexander and Vijay Nallan Chakravarthi Dhanasekaran S as the members.
"KMP" or "Key Managerial Personnel"	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, which includes key managerial personnel in terms of the Companies Act, 2013, as disclosed in "*Our Management*" on page 269.
"Listed Corporate Promoter"	The listed corporate Promoter of our Company namely, Muthoot Finance Limited. For further details, see "*Our Promoters and Promoter Group* " on page 293.
"Managing Director"	The managing director of our Company, being Dr. Kalpanaa Sankar.
"Materiality Policy"	The materiality policy of our Company adopted pursuant to a resolution of our Board dated April 26, 2024 for the identification of (a) material outstanding litigation proceedings; (b) group companies; and (c) material creditors of the Company, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus.
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended.
"Muthoot Finance Group"	Muthoot Finance Group includes our Company, Muthoot Finance Limited, Asia Asset Finance PLC. Sri Lanka, Muthoot Homefin (India) Limited, Muthoot Insurance Brokers Private Limited, Muthoot Money Limited, Muthoot Asset Management Private Limited and Muthoot Trustee Private Limited.
"Nomination and Remuneration Committee"	The nomination and remuneration committee of our Board constituted in accordance with the Companies Act, 2013, the SEBI Listing Regulations, and as described in "*Our Management*" on page 269.
"Non – Executive Director(s)"	A Director, not being an Executive Director.
"Promoters"	The Promoters of our Company namely, Muthoot Finance Limited, Sarvam Financial Inclusion Trust and Dr. Kalpanaa Sankar. For further details, see "*Our Promoters and Promoter Group*" on page 293.
"Promoter Group"	Such individuals and entities which constitute the promoter group of our Company pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see "*Our Promoters and Promoter Group*" on page 293.
"RAT"	Risk Assessment Team
"Registered Office"	The registered office of our Company situated at New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu, 600083, India.
"Registrar of Companies" or "RoC"	Registrar of Companies, Tamil Nadu at Chennai.
"Restated Financial Information" or "Restated Summary Financial Information"	Restated financial information of our Company, as at and for the nine months period ended December 31, 2023 and as at and for the Fiscals 2023, 2022 and 2021, prepared in terms of 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, comprising the restated statement of assets and liabilities for the nine months period ended December 31, 2023 and for the Fiscals 2023, 2022 and 2021, the restated statements of profit and loss (including other comprehensive income), the restated statement of changes in equity, the restated cash flow statement for the nine months period ended December 31, 2023 and for the Fiscals 2023, 2022 and 2021, the summary statement of significant accounting policies, and other explanatory information.
"Risk Management Committee"	The risk management committee constituted in accordance with the SEBI Listing Regulations and as described in, "*Our Management*" on page 269.
"Selling Shareholders"	Collectively, MAJ Invest Financial Inclusion Fund II K/S, Arum Holdings Limited and Augusta Investments Zero Pte Ltd
"Senior Management Personnel" or "SMP"	Senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, as disclosed in "*Our Management*" on page 269.
"Shareholder(s)"	The equity shareholders of our Company whose names are entered into (i) the register of members of our Company; or (ii) the records of a depository as a beneficial owner of Equity Shares.
"Stakeholders' Relationship Committee"	The stakeholders' relationship committee constituted in accordance with the Companies Act, 2013 and the SEBI Listing Regulations, and as described in, "*Our Management*" on page 269.
"Statutory Auditor"	The current statutory auditors of our Company, being Varma & Varma, Chartered Accountants.
"Whole-time Director"	The whole-time director of our Company, being Balasubramanian Balakumaran.

Offer Related Terms

Term	Description
"Abridged Prospectus"	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf.
"Acknowledgement Slip"	The slip or document issued by relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form.
"Allotment Advice"	A note or advice or intimation of Allotment, sent to all the Bidders who have Bid in the Offer after approval of the Basis of Allotment by the Designated Stock Exchange.

Term	Description
"Allotment", "Allot" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale to the successful Bidders.
"Allottee"	A successful Bidder to whom the Equity Shares are Allotted.
"Anchor Investor(s)"	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus who has Bid or an amount of at least ₹100.00 million
"Anchor Investor Allocation Price"	The price at which Equity Shares will be allocated to Anchor Investors during the Anchor Investor Bid/Offer Period in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the BRLMs.
"Anchor Investor Application Form"	Form used by an Anchor Investor to Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Anchor Investor Bidding Date"	The day, being 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 Book Running Lead Managers will not accept any Bids from Anchor Investor, and allocation to Anchor Investors shall be completed.
"Anchor Investor Offer Price"	The final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the 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/ Issue Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Issue Price, not later than two Working Days after the Bid/ Issue Closing Date
"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, out 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.
"Applications Supported by Blocked Amount" or "ASBA"	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising 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 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 and includes the account of a UPI Bidder which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidder.
"ASBA Bidder"	All Bidders except Anchor Investors.
"ASBA Form"	An application form, whether physical or electronic, used by ASBA Bidders, to submit Bids through the ASBA process, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Banker(s) to the Offer"	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank.
"Bid(s)"	Indication to make an offer during the Bid/ Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Issue Period by an Anchor Investor, 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 in terms of the Red Herring Prospectus and the relevant Bid cum Application Form. The term "Bidding" shall be construed accordingly.
"Basis of Allotment"	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in "*Offer Procedure*" on page 479.
"Bid Amount"	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs 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 the Bid. Eligible Employees Bidding in the Employee Reservation Portion can Bid at the Cut-off Price and the Bid amount will be the Cap Price net of Employee Discount (if any), multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form.
"Bid cum Application Form"	Anchor Investor Application Form or the ASBA Form, as the context requires.
"Bid Lot"	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
"Bid/Offer Closing Date"	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all editions of [●] (a widely circulated English daily national newspaper) and all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] editions of [●] (a widely circulated Tamil daily newspaper, Tamil being the regional language of Tamil Nadu, where our Registered Office is located), each with wide circulation. In case of any revisions, the extended Bid/ Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in

Term	Description
	the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations. Our Company, in consultation with the Book Running Lead Managers may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.
"Bid/Offer Opening Date"	Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, which shall also be notified in all [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Tamil daily newspaper, Tamil being the regional language of Tamil Nadu where our registered office is located).
"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 thereto, in accordance with the SEBI ICDR Regulations and in terms of the Red Herring Prospectus. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. Our Company may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. The Bid/Offer Period will comprise Working Days only.
"Bidder/Applicant"	Any investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and unless otherwise stated or implied, includes an Anchor Investor.
"Bidding Centres"	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.
"Book Building Process"	The book building process, as described in Part A, Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer will be made.
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely ICICI Securities Limited, Axis Capital Limited, HDFC Bank Limited and SBI Capital Markets Limited.
"Broker Centre"	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), and updated from time to time.
"CAN" or "Confirmation of Allocation Note"	The note or advice or intimation of allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares on / after the Anchor Investor Bidding Date.
"Cap Price"	The higher end of the Price Band, i.e. ₹ [●] per Equity Share, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted, including any revisions thereof. The Cap Price shall be at least 105% of the Floor Price and less than or equal to 120% of the Floor Price.
"Cash Escrow and Sponsor Bank Agreement"	Agreement to be entered into and amongst our Company, the Selling Shareholders, the Registrar to the Offer, the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Bank(s), Public Offer Bank(s), Sponsor Bank and Refund Bank(s) in accordance with UPI Circulars, for inter alia, the appointment of the Sponsor Bank in accordance, for the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account(s) and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
"Client ID"	Client identification number maintained with one of the Depositories in relation to the demat account.
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids from relevant Bidders at the Designated CDP Locations in terms of SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 as per the list available on the respective websites of the Stock Exchanges, as updated from time to time.
"Cut-off Price"	Offer Price, finalised by our Company in consultation with the BRLMs, which shall be any price within the Price Band. Only RIBs Bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
"Demographic Details"	Details of the Bidders including the Bidder's address, name of the Bidder's father/ husband, investor status, occupation and bank account details and UPI ID, where applicable.
"Designated CDP Locations"	Such locations of the CDPs where Bidders (other than Anchor Investors) can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
"Designated Date"	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account(s) to the Public Offer Account(s) or the Refund Account(s), as the case may be, and/or the instructions are issued to the SCSBs (in case of UPI Bidders, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account(s) or the Refund Account(s), as the case may be, in terms of the Red Herring Prospectus and the Prospectus after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following

Term	Description
	which Equity Shares will be Allotted in the Offer.
“Designated Intermediaries”	Collectively, the members of the Syndicate, sub-syndicate or agents, SCSBs (other than in relation to RIBs using the UPI Mechanism), Registered Brokers, CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the relevant Bidders, in relation to the Issue. In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. 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, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders (not using the UPI mechanism), Eligible Employees, 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 (other than Anchor Investors) can submit the ASBA Forms to RTAs, a list of which, 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), as updated from time to time.
“Designated SCSB Branches”	Such branches of the SCSBs which shall collect ASBA Forms, a list of which is available on the website of the SEBI at (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time.
“Designated Stock Exchange”	[●]
“Draft Red Herring Prospectus” or “DRHP”	This draft red herring prospectus dated May 3, 2024, filed with SEBI and Stock Exchanges and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the Offer, including the price at which the Equity Shares are Offered and the size of the Offer, and includes any addenda or corrigenda thereto.
“Eligible Employee(s)”	All or any of the following: (a) a permanent employee of our Company or our Promoters, present in India or outside India (excluding such employees who are not eligible to invest in the Offer under applicable laws) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be a permanent employee of our Company or our Promoters, as the case may be, until the submission of the Bid cum Application Form; (b) a Director of our Company or our Promoters, whether whole time or not, who is eligible to apply under the Employee Reservation Portion under applicable law as on the date of filing of the Red Herring Prospectus with the RoC and who continues to be a Director of our Company or our Promoters, until the submission of the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount, if any). Only 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).
“Eligible FPIs”	FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby.
“Eligible NRIs”	NRI(s) eligible to invest under the relevant provisions 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 the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares.
“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, subject to necessary approvals, as may be required, and which shall be announced at least two Working Days prior to the Bid/Offer Opening Date.
“Employee Reservation Portion”	In accordance with and subject to Regulation 33 of the SEBI ICDR Regulations, the portion of the Offer being up to [●] Equity Shares, aggregating up to ₹ [●] million available for allocation to Eligible Employees, on a proportionate basis.
“Escrow Account(s)”	The ‘no-lien’ and ‘non-interest bearing’ account(s) opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid.
“Escrow Collection Bank(s)”	The banks which are clearing members and registered with SEBI as bankers to an issue under the BTI Regulations, and with whom the Escrow Account(s) will be opened, in this case being [●].
“First Bidder” or “Sole Bidder”	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
“Floor Price”	The lower end of the Price Band, i.e., ₹ [●] subject to any revision(s) 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 and which shall not be less than the face value of the Equity Shares.
“Fraudulent Borrower”	A company or person, as the case may be, categorised as a fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in

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	accordance with the guidelines on fraudulent borrowers issued by the RBI and as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
"Fresh Issue"	The fresh issue component of the Offer comprising of an issuance of up to [●] Equity Shares at ₹ [●] per Equity Share (including a share premium of ₹[•] per Equity Share) aggregating up to ₹ 10,000 million by our Company. Our Company, in consultation with the Book Running Lead Managers, may consider undertaking a Pre-IPO Placement, at its discretion of such number of securities, for a cash consideration aggregating up to ₹ 2,000 million between the date of this Draft Red Herring Prospectus till the filing of the Red Herring Prospectus with the RoC, subject to the receipt of appropriate approvals. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs .
"Fugitive Economic Offender"	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
"General Information Document" or "GID"	The General Information Document for investing in public offers, prepared and issued by SEBI, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 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 Book Running Lead Managers.
"Gross Proceeds"	The Offer Proceeds, less the amount to be raised with respect to the Offer for Sale.
"Monitoring Agency Agreement"	Agreement to be entered into between our Company and the Monitoring Agency.
"Monitoring Agency"	Monitoring agency appointed pursuant to the Monitoring Agency Agreement, namely [●].
"Mutual Fund Portion"	Up to 5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
"Mutual Fund"	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
"Net Offer"	The Offer less the Employee Reservation Portion.
"Net Proceeds"	The Gross Proceeds less our Company's share of the Offer-related expenses applicable to the Fresh Issue. For details about use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer*" on page 106.
"Net QIB Portion"	QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors.
"Non-Institutional Investors" or "NII(s)" or "Non-Institutional Bidders" or "NIB(s)"	All Bidders, including FPIs other than individuals, corporate bodies and family offices, registered with SEBI that are not QIBs (including Anchor Investors) or Retail Individual Investors, or the Eligible Employees Bidding in the Employee Reservation Portion, 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 more than 15% of the Net Offer, consisting of [●] Equity Shares, which shall be available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Offer Price, subject to the following and in accordance with the SEBI ICDR Regulations: (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 sub-categories specified in (i) and (ii) above may be allocated to applicants in the other sub-category of Non-Institutional Bidders.
"Non-Resident" or "NRI"	A person resident outside India, as defined under FEMA.
"Offer Agreement"	The agreement dated May 3, 2024 entered amongst our Company, the Selling Shareholders and the Book Running Lead Managers, pursuant to the SEBI ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer.
"Offer for Sale"	The offer for sale of up to [●] Equity Shares aggregating up to ₹ 3,000 million by the Selling Shareholders.
"Offer Price"	₹ [•] per Equity Share, being the final price within the Price Band at which the Equity Shares will be Allotted to successful Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company, in consultation with the Book Running Lead Managers, in accordance with the Book Building Process on the Pricing Date and in terms of the Red Herring Prospectus. A discount of up to [●]% on 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 Book Running Lead Managers.
"Offer Proceeds"	The proceeds of the Fresh Issue which shall be available to our Company 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*" on page 106.
"Offer"	Initial public offering of up to [●] Equity Shares of face value of ₹ 10 each of our Company for cash at a

Term	Description
	price of ₹ [●] per equity share (including a share premium of ₹ [●] per equity share) aggregating up to ₹ 13,000 million. The Offer comprises a Fresh Issue of up to [●] Equity Shares by our Company aggregating up to ₹ 10,000 million and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 3,000 million by the Selling Shareholders. Our Company, in consultation with the Book Running Lead Managers, may consider undertaking a Pre-IPO Placement, at its discretion of such number of securities, for a cash consideration aggregating up to ₹ 2,000 million between the date of this Draft Red Herring Prospectus till the filing of the Red Herring Prospectus with the RoC, subject to the receipt of appropriate approvals. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the Book Running Lead Managers.
"Offered Shares"	The Equity Shares being offered by the Selling Shareholders as part of the Offer for Sale comprising an aggregate of up to [●] Equity Shares.
"Pre-IPO Placement"	Our Company, in consultation with the BRLMs, may consider undertaking a further issue of such number of securities through a preferential issue or any other method as may be permitted in accordance with applicable law to any person(s), at its discretion, for a cash consideration aggregating up to ₹ 2,000 million between the date of this Draft Red Herring Prospectus till the filing of the Red Herring Prospectus with the RoC, subject to the receipt of appropriate approvals. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the Book Running Lead Managers. On utilization of proceeds from the Pre-IPO Placement (if any) prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if any) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.
"Price Band"	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum Price of ₹ [●] per Equity Share (Cap Price) and includes revisions thereof, if any. The Cap Price shall be at least 105% of the Floor Price. The Price Band and the minimum Bid Lot for the Offer will be decided by our Company, in consultation with the Book Running Lead Managers, and will be advertised in all [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Tamil daily newspaper, Tamil being the regional language of Tamil Nadu where our registered office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchange for the purpose of uploading on their respective websites.
"Pricing Date"	The date on which our Company, in consultation with the Book Running Lead Managers, will finalise the Offer Price.
"Prospectus"	The prospectus to be filed with the RoC, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations containing, amongst other things, 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 Bank(s)"	The banks which are clearing members and registered with SEBI under the BTI Regulations, with whom the Public Offer Account(s) will be opened, in this case being [●].
"Public Offer Account(s)"	The 'no-lien' and 'non-interest bearing' account to be opened in accordance with Section 40(3) of the Companies Act, 2013, with the Public Offer Account Bank(s) to receive money from the Escrow Account(s) and from the ASBA Accounts on the Designated Date.
"QIB Portion"	The portion of the Net Offer (including the Anchor Investor Portion) being not less than 75% of the Net Offer, consisting of [●] Equity Shares which shall be Allotted to QIBs, including the Anchor Investors on a proportionate basis, including the Anchor Investor Portion (which allocation shall be on a discretionary basis, as determined by our Company, in consultation with the Book Running Lead Managers up to a limit of 60% of the QIB Portion) subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors), as applicable.
"Qualified Institutional Buyers" or "QIBs"	A qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
"Red Herring Prospectus" or "RHP"	The red herring prospectus to be issued by our Company in accordance with Section 32 of the Companies Act, 2013 and the provisions of SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The 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)"	The 'no-lien' and 'non-interest bearing' account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made.
"Refund Bank(s)"	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●].

Term	Description
"Registered Broker"	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 SEBI.
"Registrar Agreement"	The agreement dated May 3, 2024, entered into amongst 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.
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available on the website of BSE and NSE, and the UPI Circulars.
"Registrar" or "Registrar to the Offer"	Link Intime India Private Limited
"Resident Indian"	A person resident in India, as defined under FEMA.
"Retail Individual Bidders" or "RIB(s)" or "Retail Individual Investors" or "RII(s)"	Individual Bidders (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs) 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.
"Retail Portion"	The portion of the Net Offer being not more than 10% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, which shall not be less than the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price.
"Revision Form"	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders Bidding in the Retail Portion, Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
"SCORES"	Securities and Exchange Board of India Complaints Redress System
"Self Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, or such other website as may be prescribed by SEBI 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 available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, as updated from time to time.
"Share Escrow Agent"	Escrow agent appointed pursuant to the Share Escrow Agreement, namely [●].
"Share Escrow Agreement"	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent for deposit of the Equity Shares offered by the Selling Shareholder in escrow.
"Specified Locations"	The Bidding centres where the Syndicate shall accept Bid cum Application Forms from relevant Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in), and updated from time to time.
"Sponsor Banks"	The Bankers to the Offer registered with SEBI which are appointed by our Company to act as conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the UPI Bidders into the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, the Sponsor Banks in this case being [●], [●], [●] and [●].
"Stock Exchange(s)"	Collectively, BSE Limited and National Stock Exchange of India Limited.
"Syndicate Agreement"	Agreement to be entered into among our Company, the Selling Shareholder, the Book Running Lead Managers, and the Syndicate Members in relation to collection of Bid cum Application Forms by the Syndicate.
"Syndicate Members"	Intermediaries (other than Book Running Lead Managers) registered with SEBI who are permitted to accept bids, application and place orders with respect to the Offer and carry out activities as an underwriter namely, [●].
"Syndicate" or "members of the Syndicate"	Together, the Book Running Lead Managers and the Syndicate Members.
"Systemically Important Non-Banking Financial Company" or "NBFC-SI"	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
"Underwriters"	[●]
"Underwriting Agreement"	The agreement to be entered into amongst the Underwriters, the Selling Shareholder and our Company on or after the Pricing Date, but prior to filing of the Prospectus.

Term	Description
"UPI"	Unified Payments Interface, which is an instant payment mechanism developed by NPCI.
"UPI Bidders"	Collectively, individual Bidders applying as Retail Individual Bidders in the Retail Portion, and individual Bidders applying as Non-Institutional Bidders with a Bid Amount of up to ₹ 500,000 in the Non-Institutional Portion by using the UPI Mechanism. 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 UPI 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"	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, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, read along with SEBI RTA Master Circular, SEBI circular no. CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI master circular with circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent that such circulars pertain to the UPI Mechanism), SEBI master circular with circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, and any subsequent circulars or notifications issued by SEBI in this regard, along with the circulars issued by the Stock Exchanges in this regard, including the circular issued by the NSE having reference no. 25/2022 dated August 3, 2022, and the circular issued by BSE having reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI in this regard.
"UPI ID"	ID created on 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 application and by way of a SMS directing the UPI Bidder to such UPI application) to the UPI Bidder initiated by the Sponsor Bank to authorize blocking of funds in the relevant ASBA Account through the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment. In accordance with the applicable UPI Circulars, UPI Bidders Bidding may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&int mId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.
"UPI Mechanism"	The mechanism that may be used by a UPI Bidder to make a Bid in the Offer in accordance with the UPI Circulars.
"UPI PIN"	Password to authenticate UPI transaction.
"Wilful Defaulter or Fraudulent Borrower"	A wilful defaulter or a fraudulent borrower, as defined under the SEBI ICDR Regulations.
"Working Day"	All days, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business and (c) 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 Stock Exchanges, excluding Sundays and bank holidays in India, as per the circular issued by SEBI from time to time.

Technical/Industry Related Terms or Abbreviations

Term	Description
"Active Customers"	Customers which had an active loan account as of the last day of the relevant period (excluding active customers from buyout portfolio)
"AI"	Artificial Intelligence
"ALM"	Asset Liability Management
"AGT"	Adequate Group Training
"BBPS"	Bharath Bill Payment System
"BELs"	Business Enhancement Loans
"BYOD"	Bring your own device
"CFSS"	Core Financial Services Solution
"CGL"	Consumer Goods Loan
"cKYC"	Central Know Your Customer

Term	Description
"COC"	Centralised Operations Center
"Collection Efficiency"	The monthly average for the period/ year of the ratio of "collections during the month" to "demand during the month" of loan accounts with no overdue as at the beginning of the month, in respect of the gross loan portfolio. For the year ended March 31, 2021, the collection efficiency is based on collections/ demand from October 2020 to March 2021 (as the initial period was covered by general moratorium on account of COVID-19).
"CRAR"	Capital to risk (weighted) assets ratio is calculated as capital funds (Tier I capital plus Tier II capital) divided by risk weighted assets (the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI).
"CRAR – Tier 1 Capital"	Tier I Capital includes (i) paid-up capital (ordinary shares), statutory reserves, and other disclosed free reserves, if any; (ii) perpetual noncumulative preference shares eligible for inclusion as Tier I capital, subject to laws in force from time to time; (iii) innovative perpetual debt instruments eligible for inclusion as Tier I capital; and (iv) capital reserves representing surplus arising out of sale proceeds of assets, as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund as defined in the Master Circular on Prudential Norms on Capital Adequacy, Basel I Framework dated July 1, 2015 issued by the RBI. Total risk weighted assets represents the weighted average of funded and nonfunded items after applying the risk weights as assigned by the RBI.
"CRAR – Tier 2 Capital"	Tier II capital include undisclosed reserves, revaluation reserves, general provisions and loss reserves, hybrid capital instruments, subordinated debt and investment reserve account to the extent the aggregate does not exceed Tier I Capital.
"Credit Information Report"	A statement that has information about your credit activity and current credit situation such as loan paying history and the status of your credit accounts.
"CRIF"	CRIF High Mark Credit Information Services Pvt. Ltd.
"ECB(s)"	External Commercial Borrowing(s)
"EMI"	Equated monthly instalment
"ESIC"	Employees State Insurance Corporation
"GVP"	Group Verification Process
"JLG"	Joint liability group
"MELs"	Micro Enterprise Loans
"NPA(s)"	Non-Performing Asset(s)
"PAR"	Portfolio At Risk
"SELs"	Small and Medium Enterprise Loans
"SFB(s)"	Small Finance Bank(s)
"SHG"	Self help group
"SP"	Service Provider
"TAT"	Turnaround time
"Tier I Capital Ratio"	Tier I Capital Ratio represents the ratio of Tier I Capital to total risk weighted assets. Total risk weighted assets represents the weighted average of funded and nonfunded items after applying the risk weights as assigned by the RBI.
"Tier II Capital Ratio"	Tier II Capital represents the ratio of Tier II Capital as a percentage of risk weighted assets. Total risk weighted assets represents the weighted average of funded and nonfunded items after applying the risk weights as assigned by the RBI.
"Unified Payments Interface"	An instant payment system developed by the National Payments Corporation of India.
"Voter ID(s)"	Voter Identity

Conventional and General Terms or Abbreviations

Term	Description
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupees, the official currency of the Republic of India
"Aadhaar ID"	A 12-digit unique identity number issued by the Unique Identification Authority of India to residents of India.
"AAEC"	Appreciable adverse effect on competition
"AGM"	Annual general meeting
"AIF Regulations"	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
"AIFs"	Alternative investment funds as defined in and registered under the AIF Regulations
"AML"	Anti-Money Laundering
"API"	Application programming interface
"AS"	Accounting standards issued by the Institute of Chartered Accountants of India, as notified from time to time
AUM/Branch	AUM/ Branch represents ratio of AUM divided by total number of branches as of the last day of the relevant year/period
AUM/Sales Officer	AUM/Loan Officer represents ratio of AUM divided by total number of Sales officers as of the last day of the relevant year/period
Average Ticket Size on Disbursements (in Rs	Average Ticket size on Disbursements represents the ratio of aggregate of all loan amounts extended to all our customers to total number of loans disbursed for the relevant year/period

Term	Description
INR)	
"BSE"	BSE Limited
Basic	Basic EPS as reported by the company
"BTI Regulations"	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
"CAGR"	Compounded Annual Growth Rate
"Calendar Year" or "year"	Unless the context otherwise requires, shall refer to the twelve-month period ending December 31
"Category I AIF"	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
"Category I FPIs"	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category II AIF"	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
"Category II FPIs"	FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category III AIF"	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
Capital Adequacy Ratio (%) - Tier 1	Capital Adequacy Ratio (%) - Tier 1 as stated by the company
Capital Adequacy Ratio (%) - Tier 2	Capital Adequacy Ratio (%) - Tier 2 as stated by the company
Capital Adequacy Ratio (%) - Total	Capital Adequacy Ratio (%) - Total as stated by the company
"CCI"	Competition Commission of India
"CDSL"	Central Depository Services (India) Limited
"CERSAI"	Central Registry of Securitisation Asset Reconstruction and Security Interest
"CIBIL"	Credit Information Bureau (India) Limited
"CIN"	Corporate Identity Number
"Civil Code"	Code of Civil Procedure, 1908, as amended.
Cost of Borrowing (%)	Interest paid / (average of deposits and borrowings)
Cost to Income (%)	Operating expenses(Employee Expenses + Depreciation and amortization expense + Fees and commission expense+ Other expenses) / (total income- finance cost)
"Companies Act, 1956"	Erstwhile Companies Act, 1956 along with the relevant rules made thereunder
"Companies Act, 2013"	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force
"Companies Act"	Erstwhile Companies Act, 1956 and/or the Companies Act, 2013 as applicable
"Competition Act"	The Competition Act, 2002
"COVID-19"	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020.
"Cr.P.C."	Code of Criminal Procedure, 1973
Credit cost (%)	(Net loss on fair value changes + Impairment) / total average assets
Credit Rating	Long Term Credit Rating as per public domain
"CSR"	Corporate social responsibility
"Depositories Act"	Depositories Act, 1996
"Depository" or "Depositories"	NSDL and CDSL
"DIN"	Director Identification Number
Diluted	Diluted EPS as reported by the company
Disbursements	Disbursements is defined as the total amount disbursed to customers in the relevant period, pursuant to loans sanctioned
Digital Collection %	Digital Collection as a percentage of total collections
Disbursements Growth (%)	Disbursement growth represents growth in disbursements for the relevant year/period as a percentage of disbursements for the corresponding previous year/period
"DP ID"	Depository Participant's Identification Number
"DP" or "Depository Participant"	A depository participant as defined under the Depositories Act
"DPIIT"	Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, GoI
Employees	Number of Employees- represents aggregate of total employees working in the Company as of the last day of relevant year/ period
"EBITDA"	Earnings before interest, tax, depreciation and amortisation
"ECL"	Expected Credit Loss
"EPS"	Earnings per share
"EGM"	Extraordinary general meeting
"FDI Policy" or "Consolidated FDI Policy"	The consolidated FDI policy, effective from October 15, 2020, issued by 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).
"FDI"	Foreign direct investment.
"FEMA Regulations"	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017.
"FEMA Rules"	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
"FEMA"	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder.
"Financial Year", "Fiscal", "FY" or	Period of twelve months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year, unless stated otherwise.

Term	Description
"F.Y."	
"FIPB"	The erstwhile Foreign Investment Promotion Board.
"FIR"	First information report.
"FPI Regulations"	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
"FPI(s)"	Foreign Portfolio Investor, as defined under the FPI Regulations.
"FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000.
"FVCI"	Foreign venture capital investors, as defined and registered with SEBI under the FVCI Regulations.
"GAAP"	Generally accepted accounting principles.
"GDP"	Gross domestic product.
"GNPA"	Gross non performing assets
Gross NPA (%)	Gross NPA(%) as declared by the company as of the last day of the relevant year/period
Gross Loan Portfolio	Gross loan portfolio is defined as the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by our Company as of the last day of the relevant year/period, loan assets which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year/period.
Gross Disbursements/Branch	Gross Disbursements/Branch represents ratio of Gross Disbursements divided by total number of branches as of the last day of the relevant year/period
Gross Disbursements/Sales Officer	Gross Disbursements/Loan officers represents ratio of Gross Disbursement divided by total number of loan officers as of the last day of the relevant year/period
Gross Loan Portfolio Growth (%)	Gross loan portfolio growth represents growth in gross loan portfolio as of the last day of the relevant year/period over gross loan portfolio as of the last day of the corresponding previous year/period.
"GoI" or "Government" or "Central Government"	Government of India.
"GST"	Goods and services tax.
"Guidance Note"	Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.
"HUF"	Hindu undivided family.
"IAS Rules"	Companies (Indian Accounting Standards) Rules, 2015, as amended.
"ICAI"	The Institute of Chartered Accountants of India.
"ICSI"	The Institute of Company Secretaries of India.
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board.
"Ind AS"	Indian Accounting Standards
"Ind AS ECL Model"	Indian Accounting Standards Expected Credit Loss Model
"India"	Republic of India.
"Indian GAAP"	India's generally accepted accounting principles
"Insider Trading Regulations"	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
"Insurance Act"	The Insurance Act, 1938
"IPC"	The Indian Penal Code, 1860
"IPO"	Initial Public Offer
"IPR"	Intellectual property rights.
"IRS"	U.S. Internal Revenue Service.
"IST"	Indian Standard Time.
"IT Act"	The Income Tax Act, 1961.
"IT"	Information Technology.
"IT Assets"	Assets relating to Information Technology.
"IT Framework Directions"	Information Technology Framework for the NBFC Sector Directions, dated June 8, 2017.
"KYC"	Know Your Customer
Leverage (Average Total Assets to Average Net Worth)	Ratio of average total assets to average net worth
"Listing Agreement"	The equity listing agreement to be entered into by our Company with each of the Stock Exchanges.
"MCA"	Ministry of Corporate Affairs, Government of India.
"MCLR"	Marginal Cost of Funds based Lending Rate.
"MFI(s)"	Micro Finance Institution(s)
"MICR"	Magnetic ink character recognition.
"Microfinance Loans Directions"	Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, dated March 14, 2022.
"MLD"	Market linked debentures.
"Mn" or "mn"	Million.
"NABARD"	National Bank for Agriculture and Rural Development
"N.A."	Not applicable.
"N.I. Act"	The Negotiable Instruments Act, 1881.
"NACH"	National Automated Clearing House.
"NAV"	Net asset value.
Net Asset Value Per	Net Asset Value Per Equity Share represents ratio of net worth to total equity shares of the company

Term	Description
Equity Share	
"NBFC"	Non-Banking Financial Company.
"NBFC-MFI"	Non-Banking Finance Company - Micro Finance Institution
"NBFC-ND-SI"	Systematically Important Non-Deposit taking Non-Banking Finance Company
"NBFC-SBR Master Directions"	Non-Banking Financial Company – Scale Based Regulation, 2023 dated October 19, 2023, as amended.
"NCD"	Non-convertible debentures
"Net Worth"	Net worth is defined as our net worth as of the last date of the relevant year/period as per the Restated Financial Statements
Net Profit	Net Profit after tax for the relevant fiscal year/half year as stated by the company
"NECS"	National electronic clearing service.
"NEFT"	National electronic fund transfer.
Net NPA (%)	Net NPA(%) as declared by the company as of the last day of the relevant year/period
No. of States & UT	Represents the total number of States and UT where the company has its operations as declared by the company
No. of districts	Number of Districts - loans represents the Total number of districts in which the Company operates
No. of branches	Number of Branches- Microfinance loans represents aggregate number of branches of the Company as of the last day of relevant year/period
"NGO"	Non-Governmental Organizations
"NITI Aayog"	National Institution for Transforming India
NIM (%)	(Interest income on loans and advances – total interest paid) /average of gross loan portfolio on book
"NNPA"	Net non performing assets
"NPCI"	National Payments Corporation of India.
"NRE Account"	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
"NRE"	Non-resident external.
"NRI" or "Non-Resident Indian"	Non-Resident Indian as defined under the FEMA Regulations.
"NRO Account"	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
"NRO"	Non-resident ordinary.
"NSDL"	National Securities Depository Limited.
"NSE"	National Stock Exchange of India Limited.
Number of Active Borrowers	Represents the total number of borrowers with whom the Company has a lending relationship as at the respective period end/year end. (Excluding customers forming part of Buyout portfolio)
Opex (%)	Operating expense to total average assets
"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 the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer.
"ODI"	Offshore derivative instruments.
"P/E Ratio"	Price/earnings ratio.
"PAN"	Permanent account number allotted under the Income Tax Act, 1961.
"PFIC"	Passive foreign investment company
Pre-Provisioning Profit	Pre-Provision Operating Profit represents difference of total income minus interest expended minus operating expenses for the relevant fiscal year/quarter
Provision Coverage Ratio (%)	Provision Coverage Ratio represents difference of GNPA and NNPA divided by GNPA as of the last day of the relevant year/period
"RBI"	Reserve Bank of India.
"RBI Act"	Reserve Bank of India Act, 1934
"RBI (RFML) Directions"	Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.
Restructured Book as % of advances	Restructured book as declared by the company divided by net advances as of the last day of the relevant year/period
Return on average gross outstanding loan portfolio (%)	Profit after tax divided by average AUM
Return on Average Total Assets (%)	Profit after tax divided by average total assets
Return on Average Net Worth (ROE) (%)	Profit after tax divided by average total net worth
"Regulation S"	Regulation S under the U.S. Securities Act
"RONW"	Return on Net Worth.
"RTGS"	Real time gross settlement.
"Rule 144A"	Rule 144 A under the U.S. Securities Act
Share of Top 1 state (%)	Represents the Share of AUM in the Top State
Share of top 3 states	Represents the Share of AUM in the Top 3 State

Term	Description
(%)	
"SCRA"	Securities Contracts (Regulation) Act, 1956.
"SCRR"	Securities Contracts (Regulation) Rules, 1957.
"SEBI Act"	Securities and Exchange Board of India Act, 1992.
"SEBI ICDR Regulations"	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
"SEBI Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
"SEBI Master Circular"	SEBI master circular bearing reference number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023.
"SEBI RTA Master Circular"	SEBI master circular bearing number SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023.
"SEBI Merchant Bankers Regulations"	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1999.
"SEBI SBEB Regulations"	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
"SEBI"	Securities and Exchange Board of India constituted under the SEBI Act.
"SICA"	The erstwhile Sick Industrial Companies (Special Provisions) Act, 1985.
"SIDBI"	Small Industries Development Bank of India
Spread (%)	Difference of Yield on advances and cost of borrowings
"State Government"	Government of a State of India.
"STT"	Securities Transaction Tax.
Standard assets	Standard Assets (Gross) represents Performing Assets (Stage 1 and Stage 2) as declared by the company as of the last day of the relevant year/period
"Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
Total Borrowings	Total Borrowings represent sum of debt securities, borrowings other than debt securities and subordinated liabilities as of the last day of the relevant year/period
Total Borrowings to Equity ratio	Ratio of total borrowings to total equity as of the last day of the relevant year/period
"UN"	United Nations
"U.S. GAAP"	Generally Accepted Accounting Principles in the United States of America.
"U.S. QIB"	"Qualified institutional buyer", as defined in Rule 144A of the U.S. Securities Act.
"U.S. Securities Act"	United States Securities Act of 1933, as amended.
"U.S.A"/ "U.S."/ "United States"	The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia.
"US 1986 Code"	U.S. Internal Revenue Code of 1986
"USD" or "US$"	United States Dollars.
"VAT"	Value added tax.
"VCFs"	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be.
Yield on Advances (%)	Interest earned on loans and advances / average of Net loan portfolio on book

OFFER DOCUMENT SUMMARY

This section is a general summary of the terms of the Offer, certain disclosures included in this Draft Red Herring Prospectus and are neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus 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 Draft Red Herring Prospectus, including the sections titled "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Our Promoters and Promoter Group", "Financial Information", "Management's Discussions and Analysis of Financial Condition and Results of Operations", "Outstanding Litigation and Material Developments", and "Offer Structure", on pages 30, 73, 91, 106, 147, 214, 293, 307, 393, 437 and 474, respectively.

Summary of Primary business of our Company

We are the ninth-largest Non-Banking Finance Company - Micro Finance Institution ("**NBFC-MFI**") in India in terms of gross loan portfolio as of December 31, 2023 and a socially responsible microfinance institution, driving financial inclusion across the country by furthering entrepreneurship and economic empowerment of women through the provision of loans in rural and semi-urban regions (*Source: CRISIL Report*). To cater to our customer's needs, we offer a wide range of loan products, such as micro enterprise, small enterprise, consumer goods, festival, education and emergency loans. We are one of the few NBFC-MFIs that focuses on the lending model of "self help group" ("**SHG**") model (representing 56.94% of our gross loan portfolio as of December 31, 2023) (*Source: CRISIL Report*), as we believe that the SHG model encourages generally better financial and credit discipline in the customers, in line with our goal to be a socially responsible MFI.

Summary of the Industry in which our Company operates

The microfinance industry has recorded healthy growth in the past few years. Between March 2018 and December 2023, the microfinance industry's portfolio outstanding clocked a CAGR of 21% to reach ₹4,080 billion as of December 2023. A significant portion of the on-year growth of the overall microfinance industry can be attributed to the expansion of the NBFC-MFI sector and exponential growth in SHG lending which witnessed on-year growth of 71% in Fiscal 2023. Going forward, the overall microfinance industry's growth is expected to see strong growth on back of government's continued focus on strengthening the rural financial ecosystem, strong credit demand, and higher ticket sized loans disbursed by microfinance lenders (*Source: CRISIL Report*).

Names of the Promoters

Our Promoters are Muthoot Finance Limited, Sarvam Financial Inclusion Trust and Dr. Kalpanaa Sankar. For further details, see "*Our Promoters and Promoter Group*" on page 293.

Offer Size

The following table summarizes the details of the Offer. For further details, see "*The Offer*" and "*Offer Structure*" beginning on pages 73 and 474, respectively.

Offer of Equity Shares(1)(2)	Up to [●] Equity Shares, aggregating up to ₹ 13,000 million
of which	
Fresh Issue(1)(3)	Up to [●] Equity Shares, aggregating up to ₹ 10,000 million
Offer for Sale(2)	Up to [●] Equity Shares, aggregating up to ₹ 3,000 million
The Offer comprises:	
Employee Reservation Portion(4)	Up to [●] Equity Shares aggregating up to ₹ [●] million
Net Offer	Up to [●] Equity Shares aggregating up to ₹ [●] million

(1) The Offer has been authorized by our Board pursuant to resolution passed at its meetings held on April 26, 2024, and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution passed on May 2, 2024. Our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to a resolution at its meeting held on April 26, 2024.

(2) The Offered Shares being offered by the Selling Shareholders in the Offer for Sale are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. Each of the Selling Shareholders has, severally and not jointly confirmed compliance with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable, as on the date of this Draft Red Herring Prospectus. For further details of authorizations pertaining to the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 449.

(3) Our Company, in consultation with the BRLMs, may consider undertaking a Pre- IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR.

(4) Our Company, in consultation with the BRLMs, may offer a discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees, which shall be announced at least two Working Days prior to the Bid / Offer Opening Date. For details, see "Offer Structure" beginning on page 474.

The Offer and the Net Offer shall constitute [●]% and [●]%, of the post Offer paid up Equity Share capital of our Company. For further details of the offer, see "*The Offer*" and "*Offer Structure*" on pages 73 and 474, respectively.

Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

(In ₹ million)

Particulars	Amount^
To meet future capital requirements towards onward lending	7,600
General corporate purpose*	[●]*
Total Net Proceeds	[●]

^ Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of securities pursuant to the Pre-IPO Placement, our Company shall utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer. To be determined on finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.

**To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds*

For further details, see "*Objects of the Offer*" on page 106.

Aggregate pre-Offer shareholding of our Promoters, the Promoter Group and the Selling Shareholders

The aggregate pre-Offer shareholding of our Promoters, the Promoter Group and the Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:^

S No.	Name of Shareholder	Pre-Offer	
		Number of Equity Shares	**Percentage of total pre-Offer paid up Equity Share capital**
Promoters			
1.	Muthoot Finance Limited	36,267,608	66.13%
2.	Sarvam Financial Inclusion Trust	3,921,079	7.15%
3.	Dr. Kalpanaa Sankar	9,066	0.02%
	Total (A)	**40,197,753**	**73.30%**
Promoter Group			
4.	CV Sankar	100	Negligible%
	Total (B)	**100**	**Negligible %**
	Total of Promoters & Promoter Group (A) + (B)	**40,197,853**	**73.30%**
Selling Shareholders			
5.	MAJ Invest Financial Inclusion Fund II K/S	4,793,260	8.74%
6.	Arum Holdings Limited	7,647,059	13.94%
7.	Augusta Investments Zero Pte Ltd	2,205,883	4.02%
	Total (C)	**14,646,202**	**26.70%**
	Total (A) + (B) + (C)	**54,844,055**	**100.00%**

^ Based on the beneficiary position statement dated May 3, 2024.

For further details, see "*Capital Structure*" on page 91.

Select Financial Information

The following details of our Equity Share capital, net worth, revenue from operations, restated profit for the year, earnings per Equity Share (basic and diluted), restated net asset value per Equity Share (basic and diluted) and total borrowings for the nine months period ended December 31, 2023 and for the Fiscals 2023, 2022 and 2021 are derived from the Restated Financial Information:

(₹ in million)

Particulars	December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Equity share capital	488.44	488.44	456.09	375.21
Net Worth	13,236.87	10,922.99	8,559.33	5,417.16
Revenue from operations	12,831.40	10,312.61	7,272.29	5,514.04
Restated Profit/(Loss) for the year	2,351.19	1,303.25	451.29	466.51
Earnings per share of face value of ₹ 10 each attributable to equity holders				
-Basic, computed on the basis of profit attributable to equity holders ₹	48.14	27.12	12.01	12.43
-Diluted, computed on the basis of profit attributable to equity holders ₹	48.14	27.12	12.01	12.43
Net asset value per Equity Share (Basic) ₹	271.00	223.63	187.67	144.38

Particulars	December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net asset value per Equity Share (Diluted) ₹	271.00	223.63	187.67	144.38
Total Borrowings	64,241.81	48,264.86	35,570.36	27,956.36

Notes:
1. Basic EPS = Basic earnings per share are calculated by dividing the net restated profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.
2. Diluted EPS = Diluted earnings per share are calculated by dividing the net restated profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares outstanding during the year.
3. Net Asset Value per share = Net Asset Value Per Equity Share represents ratio of net worth to total equity shares of the Company.
4. Equity Shares on fully diluted basis is considered for the purpose of calculation of EPS and NAV.

For further details, see "*Other Financial Information*" on page 391.

Qualifications of the Statutory Auditor which have not been given effect to in the Restated Financial Information

There are no qualifications of the Statutory Auditor which have not been given effect to in the Restated Financial Information. For emphasis of matter in the Restated Financial Information, see "*Risk Factors - The audit reports on our audited special purpose financial statements for the nine months period ended December 31, 2023 and our audited financial statements for Fiscal 2022 contain certain matter of emphasis and the audit reports on our audited financial statements for the last three Fiscals contains certain adverse remarks*" on page 47.

Summary of Outstanding Litigation

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

Name of Entity	Criminal Proceedings	Tax Proceedings (direct and indirect tax)	Statutory or Regulatory Proceedings	Disciplinary actions by SEBI or Stock Exchanges against our Promoters	Material civil litigation	Aggregate amount involved (₹ in million)^
Company						
By our Company	15	N.A.	Nil	N.A.	Nil	6.17
Against our Company	Nil	4	1	Nil	Nil	108.96
Directors (other than Promoter)						
By our Directors	Nil	N.A.	Nil	N.A.	Nil	Nil
Against our Directors	Nil	Nil	Nil	Nil	Nil	Nil
Promoters						
By our Promoters	58	N.A.	N.A.	N.A.	21	26.53
Against our Promoters	1	5	13	Nil	154	5,197.26

^To the extent quantifiable.

As on the date of this Draft Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Companies, the outcome of which may have a material impact on our Company.

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" on page 437.

Risk Factors

Following are the top 10 risk factors:

1. Microfinance borrowers in India generally do not have access to other forms of organised lending and the majority of 99.93% of our loans gross loan portfolio to such borrowers are unsecured as of December 31, 2023. As a result, we may experience increased levels of NPA (for which our as of December 31, 2023 is at 1.88%) and related provisions and write-offs that may adversely affect our business, financial condition and results of operations.

2. Our credit monitoring and risk management policies and provisions may not be adequate to control our Non-Performing Assets which could adversely affect our financial conditions and results of operations.

3. If we are unable to manage our growth effectively, our business and reputation could be adversely affected.

Furthermore, we may not be able to sustain the growth rates we have had since our inception.

4. As of December 31, 2023, 48.46% of our gross loan portfolio is derived from loans originating from Tamil Nadu, and any adverse developments in this region may have an adverse effect on our business, results of operations, financial condition and cash flows.

5. Changes in the tenure of our loan products could result in asset liability mismatches and expose us to interest rate and liquidity risks, which may adversely affect our business, financial condition, results of operations and cash flows.

6. Negative publicity and public perception of the interest rates and terms of our microfinance loans may adversely affect our reputation and the growth and market acceptance of our products and services.

7. For the nine-month period ended December 31, 2023, 67.88% of our collections from customers is in cash, exposing us to operational risks. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our business.

8. Any failure or material weakness of our internal control systems could cause significant operational errors, which would adversely affect our reputation and profitability.

9. We face various risks associated with our large number of rural and semi-urban branches and widespread network of operations, which may adversely affect our business, financial condition and results of operations.

10. COVID-19 has had an adverse effect on our business, results of operations and financial performance.

Specific attention of the investors is invited to "*Risk Factors*" on page 30 to have an informed view before making an investment decision in the Offer.

Summary of Contingent Liabilities of our Company

Except as stated below, there are no contingent liabilities of our Company as at December 31, 2023 derived from the Restated Financial Information.

(₹ in million)

Contingent Liabilities	As at			
Particulars	**December 31, 2023**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Income tax demand	108.96	108.61	106.11	73.15

For further details of the contingent liabilities of our Company as on December 31, 2023, see "*Restated Financial Information – Note 47 – Contingent liabilities, commitments and leasing arrangements* " on page 363.

Summary of Related Party Transactions

Summary of the related party transactions derived from Restated Financial Information, is as follows:

Sr. No.	Name of the counterparty	Type of related party transaction	Value of transaction (₹ in million)			
			Nine months period ended December 31, 2023	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
1	Muthoot Finance Limited	Referral Fees	2.76	-	-	-
	Muthoot Finance Limited	Issue of Equity Shares	-	-	280.00	-
	Muthoot Finance Limited	Dividend Payment	16.70	8.30	7.88	15.76
2	Muthoot Homefin (India) Limited	Loan Received	-	-	-	1,200.00
	Muthoot Homefin (India) Limited.	Loan Repaid	-	-	-	1,200.00
	Muthoot Homefin (India) Limited.	Interest on Loan	-	-	-	53.23
	Muthoot Homefin (India) Limited.	Processing Fee on Loan	-	-	-	0.90
3	Muthoot Insurance Brokers Private Limited	Loan Received	-	-	-	50.00

Sr. No.	Name of the counterparty	Type of related party transaction	Value of transaction (₹ in million)			
			Nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Muthoot Insurance Brokers Private Limited	Loan Repaid	4.85	18.06	16.13	10.96
	Muthoot Insurance Brokers Private Limited	Interest on Loan	0.11	1.75	3.98	4.00
	Muthoot Insurance Brokers Private Limited	Processing Fee on Loan	-	-	-	0.08
	Muthoot Insurance Brokers Private Limited	NCD Repaid	70.00	-	-	100.00
	Muthoot Insurance Brokers Private Limited	Interest Payment - NCDs	2.81	8.40	8.40	23.32
4	Muthoot Securities Limited	Arranger Fees	-	-	5.00	0.98
	Muthoot Securities Limited	Processing Fees on NCD	11.40	-	-	2.00
	Muthoot Securities Limited	NCD Receipt	333.00	-	-	200.00
	Muthoot Securities Limited	NCD Repaid	-	27.14	40.71	-
	Muthoot Securities Limited	Interest Payment - NCDs	27.00	29.08	33.88	13.86
	Muthoot Securities Limited	Insurance Premium Collection Paid	-	-	-	122.58
	Muthoot Securities Limited	Marketing Commission	8.73	28.64	22.19	16.72
5	Muthoot Marketing Services Private Limited	NCD Repaid	-	24.86	24.86	-
	Muthoot Marketing Services Private Limited	Interest Payment - NCDs	-	0.99	2.27	-
6	Hand in Hand Academy for Social Entrepreneurship	Consultancy Services fees paid	33.35	29.37	15.63	19.23
7	Hand in Hand Consulting Services Private Limited	Dividend Payment	0.20	0.10	0.12	0.26
8	Hand in Hand India	CSR expenses paid	12.00	16.43	19.40	15.00
	Hand in Hand India	Service Fees	-	-	0.95	-
	Hand in Hand India	Purchase of Fixed Assets	-	-	-	2.02
	Hand in Hand India	Consulting Fees	-	-	-	3.38
9	Muthoot Vehicle & Asset Finance Limited	Loan Received	-	-	70.00	-
	Muthoot Vehicle & Asset Finance Limited	Loan Repaid	26.25	35.00	-	-
	Muthoot Vehicle & Asset Finance Limited	Interest on Loan	1.48	4.82	0.91	-
10	Sarvam Financial Inclusion Trust	Dividend Payment	3.59	1.84	1.97	3.95
11	MAJ Invest Financial Inclusion Fund II K/S	Issue of Equity Shares	-	-	220.00	-
	MAJ Invest Financial Inclusion Fund II K/S	Dividend Payment	2.88	1.44	1.24	2.49
12	Arum Holdings limited	Issue of Equity Shares	-	350.00	2,250.00	-
	Arum Holdings limited	Dividend Payment	4.59	1.99	-	-

Sr. No.	Name of the counterparty	Type of related party transaction	Value of transaction (₹ in million)			
			Nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
13	Augusta investments zero PTE Limited	Issue of Equity Shares	-	750.00	-	-
	Augusta investments zero PTE Limited	Dividend Payment	1.32	-	-	-
14	Dr. (Mrs.) Kalpanaa Sankar (Managing Director)	Short term employee benefit	19.00	14.73	14.15	9.32
	Dr. (Mrs.) Kalpanaa Sankar (Managing Director)	Dividend Payment	0.03	0.01	0.03	0.06
15	Mr. Sitaraman Chandrasekar (Executive Director)	Short term employee benefit	-	-	-	4.86
16	Mr. K.B Balakumaran (Wholetime Director)	Short term employee benefit	3.21	3.28	1.00	-
	Mr. K.B Balakumaran (Wholetime Director)	Consulting Fees	-	-	1.35	-
17	Mr. L. Muralidharan (Chief Financial Officer)	Short term employee benefit	6.54	7.39	5.41	4.22
18	Mr. Sunil Kumar Sahu (Company Secretary)	Short term employee benefit	1.97	2.00	1.76	1.46
19	Mr. George Alexander (Investor Director)	Sitting fee	0.45	0.71	0.84	0.40
20	Mr. George Muthoot Jacob (Investor Director)	Sitting fee	0.65	0.69	0.80	0.40
21	Mr. Kuttickattu Rajappan Bijimon (Investor Director)	Sitting fee	1.00	0.98	1.20	0.68
22	Mr. Vijay Nallan Chakravarthi (Investor Director)	Sitting fee	0.80	0.66	-	-
23	Mr. Subramanian Ananthanarayanan (Independent Director)	Sitting fee	0.95	1.18	1.24	0.72
24	Mr. Vadakkakara Antony George (Independent Director)	Sitting fee	0.70	1.10	1.24	0.76
25	Mr. Venkataraman Krishnamoorthy (Independent Director)	Sitting fee	1.00	1.17	1.40	0.72
26	Mr. Chinnasamy Ganesan (Independent Director)	Sitting fee	1.10	1.04	1.12	0.56
27	George Alexander	NCD Receipt	100.00	-	125.00	-
	George Alexander	NCD Repaid	14.50	-	-	-
	George Alexander	Interest Payment - NCDs	17.57	11.60	12.52	11.58
28	George Jacob	NCD Receipt	100.00	-	125.00	-
	George Jacob	NCD Repaid	14.63	-	-	-
	George Jacob	Interest Payment - NCDs	17.60	11.60	12.52	11.58
29	George Thomas	NCD Receipt	217.00	-	125.00	-
	George Thomas	NCD Repaid	14.63	-	-	-

Sr. No.	Name of the counterparty	Type of related party transaction	Value of transaction (₹ in million)			
			Nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
	George Thomas	Interest Payment - NCDs	17.60	11.60	12.52	11.58
30	George M George	NCD Receipt	75.00	-	42.00	-
	George M George	NCD Repaid	3.13	-	-	-
	George M George	Interest Payment - NCDs	3.58	-	-	-
31	Alexander George	NCD Receipt	75.00	-	42.00	-
	Alexander George	NCD Repaid	3.13	-	-	-
	Alexander George	Interest Payment - NCDs	3.58	-	-	-
32	Sara George	NCD Receipt	-	-	41.00	-
33	CV Sankar	Dividend Payment	0.00	0.00	0.00	0.00
34	Bindu Dandapani	Dividend Payment	0.00	0.00	0.00	0.00
	TOTAL		**1,277.37**	**1,407.95**	**3,594.62**	**3,119.62**

Sr. No	Name of the counterparty	Type of related party transaction	As of nine months period ended December 31, 2023	As of Fiscal 2023	As of Fiscal 2022	As of Fiscal 2021
	Receivables					
1	Muthoot Finance Limited	Referral Fees	0.49	-	-	-
2	Muthoot Securities Limited	Marketing Commission	9.10	0.70	2.48	3.14
	Payables					
1	Muthoot Insurance Brokers Private Limited	Loan Outstanding	-	4.85	22.91	39.04
	Muthoot Insurance Brokers Private Limited	NCD Outstanding	-	70.00	70.00	70.00
	Muthoot Insurance Brokers Private Limited	Interest Payable - Loan	-	-	0.17	0.28
2	Muthoot Securities Limited	NCD Outstanding	301.00	201.00	227.14	200.00
	Muthoot Securities Limited	Interest Payable - NCD	-	-	1.61	1.61
3	Muthoot Vehicle & Asset Finance Limited	Loan Outstanding	8.75	35.00	70.00	-
4	Muthoot Marketing Services Private Limited	NCD Outstanding	-	-	24.86	-
5	George Alexander	NCD Outstanding	331.64	80.00	205.00	80.00
	George Alexander	Interest Payable - NCD	-	-	0.92	0.92
6	George Jacob	NCD Outstanding	331.64	80.00	205.00	80.00
	George Jacob	Interest Payable - NCD	-	-	0.92	0.92
7	George Thomas	NCD Outstanding	331.73	80.00	205.00	80.00
	George Thomas	Interest Payable - NCD	-	-	0.92	0.92
8	Sara George	NCD Outstanding	84.00	84.00	41.00	-
	Sara George	Interest Payable - NCD	-	-	0.00	-
9	Anna alexander	NCD Outstanding	125.00	125.00	-	-
10	George M George	NCD Outstanding	112.88	41.00	42.00	-
	George M George	Interest Payable – NCD	-	-	0.00	-

11	Alexander George	NCD Outstanding	71.88	-	42.00	-
	Alexander George	Interest Payable – NCD	-	-	0.00	-
12	Susan Thomas	NCD Outstanding	125.00	125.00	-	-
13	Elizabeth Jacob	NCD Outstanding	125.00	125.00	-	-

Note: The remuneration to the Key Managerial Personnel does not include the provisions made for gratuity, as they are determined on an actuarial basis for the company as a whole.

For further details of the related party transactions, see "*Restated Financial Information – Note 48- Related Party Transactions*" at page 365.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, directors of one of our Promoter, Muthoot Finance Limited, our Directors and their relatives have financed the purchase of any securities of our Company by any other person (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Average cost of acquisition for our Promoters and the Selling Shareholders

The average cost of acquisition per Equity Share for shares held by our Promoters and the Selling Shareholders, as at the date of this Draft Red Herring Prospectus is:

Name of the Promoter	Number of Equity Shares held	Average cost of acquisition per Equity Share (in ₹)*
Muthoot Finance Limited	36,267,608	190.80
Sarvam Financial Inclusion Trust	3,921,079	24.10
Dr. Kalpanaa Sankar	9,066	31.45

** As certified by Varma & Varma Chartered Accountants by way of their certificate dated May 3, 2024.*

Name of the Selling Shareholder	Number of Equity Shares held	Average cost of acquisition per share (in ₹)*
MAJ Invest Financial Inclusion Fund II K/S	4,793,260	181.50
Arum Holdings Limited	7,647,059	340.00
Augusta Investments Zero Pte Ltd	2,205,883	340.00

** As certified by Varma & Varma Chartered Accountants by way of their certificate dated May 3, 2024.*

Weighted average price at which the Equity Shares were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

The weighted average price at which the Equity Shares have been acquired by our Promoters and the Selling Shareholders, in the one year preceding the date of this Draft Red Herring Prospectus is provided below.

Name of the Promoter	Number of Equity Shares acquired in the last one year	Weighted average price of acquisition per Equity Share (in ₹)*
Muthoot Finance Limited	8,442,203	491.71
Sarvam Financial Inclusion Trust	-	-
Dr. Kalpanaa Sankar	100	500.00

** As certified by Varma & Varma Chartered Accountants by way of their certificate dated May 3, 2024.*

Name of the Selling shareholder	Number of Equity Shares acquired in the last one year	Weighted average price of acquisition per Equity Share (in ₹)*
MAJ Invest Financial Inclusion Fund II K/S	-	-
Arum Holdings Limited	-	-
Augusta Investments Zero Pte Ltd	-	-

** As certified by Varma & Varma Chartered Accountants by way of their certificate dated May 3, 2024.*

Weighted average cost of acquisition of Equity Shares transacted in one year, eighteen months and three years preceding the date of this Draft Red Herring Prospectus:

Period	Weighted average cost of acquisition per Equity Share (in ₹)*	Cap Price is 'x' times the weighted average cost of acquisition*^	Range of acquisition price per Equity Share: lowest price – highest price (in ₹)*#
Last one year preceding the date of this Draft Red Herring Prospectus	491.71	[●]	430-500

Period	Weighted average cost of acquisition per Equity Share (in ₹)*	Cap Price is 'x' times the weighted average cost of acquisition*^	Range of acquisition price per Equity Share: lowest price – highest price (in ₹)*#
Last 18 months preceding the date of this Draft Red Herring Prospectus	491.71	[●]	430-500
Last three years preceding the date of this Draft Red Herring Prospectus	402.47	[●]	340-500

** As certified by Varma & Varma Chartered Accountants by way of their certificate dated May 3, 2024.*
^To be updated in the Prospectus following finalisation of Cap Price, as per the finalised Price Band.
#Excluding Gift and Bonus transactions

Details of price at which specified securities were acquired by the Promoters, members of our Promoter Group, Selling Shareholders and Shareholders with right to nominate directors or any other rights in the last three years preceding the date of this Draft Red Herring Prospectus

Sr. No.	Name of the acquirer / Shareholder	Category	Date of acquisition of the Equity Shares	Number of Equity Shares acquired	Face value	Acquisition price per Equity Share* (in ₹)
1.	Muthoot Finance Ltd	Promoter	29-03-2022	823,530	10	340
2.	Muthoot Finance Ltd	Promoter	30-03-2022	58,824	10	340
3.	Muthoot Finance Ltd	Promoter	30-03-2022	88,235	10	340
4.	Muthoot Finance Ltd	Promoter	30-03-2022	441,176	10	340
5.	Muthoot Finance Ltd	Promoter	14-06-2022	73,530	10	340
6.	Muthoot Finance Ltd	Promoter	14-06-2022	73,530	10	340
7.	Muthoot Finance Ltd	Promoter	31-08-2023	58,140	10	430
8.	Muthoot Finance Ltd	Promoter	31-08-2023	58,140	10	430
9.	Muthoot Finance Ltd	Promoter	31-08-2023	732,557	10	430
10.	Muthoot Finance Ltd	Promoter	31-08-2023	34,884	10	430
11.	Muthoot Finance Ltd	Promoter	31-08-2023	116,279	10	430
12.	Muthoot Finance Ltd	Promoter	20-03-2024	6,000,000	10	500
13.	Muthoot Finance Ltd	Promoter	27-03-2024	100,000	10	500
14.	Muthoot Finance Ltd	Promoter	27-03-2024	100,000	10	500
15.	Muthoot Finance Ltd	Promoter	16-04-2024	224,958	10	500
16.	Muthoot Finance Ltd	Promoter	18-04-2024	1,017,245	10	500
17.	Dr. Kalpanaa Sankar	Promoter	12-04-2024	100	10	500
18.	Arum Holdings Limited	Selling Shareholder	29-03-2022	6,617,647	10	340
19.	Arum Holdings Limited	Selling Shareholder	29-06-2022	1,029,412	10	340
20.	Augusta Investments Zero Pte Ltd	Selling Shareholder	29-06-2022	2,205,883	10	340
21.	Maj Invest Financial Inclusion Fund II K/S	Selling Shareholder	29-03-2022	647,059	10	340

** As certified by Varma & Varma Chartered Accountants by way of their certificate dated May 3, 2024.*

Details of pre-IPO Placement

Our Company, in consultation with the BRLMs, may consider undertaking a Pre-IPO Placement, at its discretion of such number of securities, for a cash consideration aggregating up to ₹ 2,000 million between the date of this Draft Red Herring Prospectus till the filing of the Red Herring Prospectus with the RoC subject to the receipt of appropriate approvals. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. Each allottee of the Pre-IPO Placement shall be informed that there is no certainty that the Offer shall be consummated and that the Equity Shares will be listed on the Stock Exchanges pursuant to the Offer.

Issue of Equity Shares for consideration other than cash in the last one year

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

Split / Consolidation of Equity Shares in the last one year

There has been no split or consolidation of the Equity Shares of our Company in the last one year.

Exemption from complying with provisions of securities laws granted by SEBI

Our Company has not sought any exemption by SEBI from complying with any provisions of securities laws, as on the date of this Draft Red Herring Prospectus.

CERTAIN CONVENTIONS, CURRENCY OF PRESENTATION, USE OF FINANCIAL INFORMATION AND MARKET DATA

Certain Conventions

All references to "India" in this Draft Red Herring Prospectus are to the Republic of India and its territories and possession 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 "United States" are to the United States of America and its territories and possessions.

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

Financial Data

Unless stated otherwise or the context otherwise requires or indicates, the financial information, financial ratios and any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 214 and 393, respectively, and elsewhere in this Draft Red Herring Prospectus have been derived from our Restated Financial Information.

The restated financial information of our Company, for the nine months period ended December 31, 2023 and for the Fiscals 2023, 2022 and 2021 prepared in terms of 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 (the "**Guidance Note**"), comprising the restated statement of assets and liabilities for the nine months period ended December 31, 2023 and for the Fiscals 2023, 2022 and 2021, the restated statements of profit and loss (including other comprehensive income), the restated statement of changes in equity, the restated cash flow statement for the nine months period ended December 31, 2023 and for the Fiscals 2023, 2022 and 2021, the summary statement of significant accounting policies, and other explanatory information. The audited financial statements as at and for the Fiscals 2023, 2022 and 2021 were audited by our Statutory Auditor.

For further information on our Company's financial information, see "*Financial Information*" on page 307.

Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year. Our Company's financial year commences on April 1 and ends on March 31 of the next calendar year. Accordingly, all references to a particular financial year or fiscal, unless stated otherwise, are to the 12 month period ended on March 31 of that calendar year. Reference in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the 12 months ended on March 31 of such year, unless otherwise specified.

The degree to which the financial information included in this Draft 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 SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Draft Red Herring Prospectus should be limited. There are significant differences between Ind AS, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial statements with Ind AS, IFRS or U.S. GAAP requirements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data.

For further details in connection with risks involving differences between Ind AS and other accounting principles, see "*Risk Factor Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investor's assessments of our financial condition*" on page 64.

Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless the context otherwise requires or indicates, any percentage or amounts (excluding certain operational metrics), with respect to financial information of our Company, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 214 and 393, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of figures derived from the Restated Financial Information.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as otherwise stated, all figures derived from our Restated Financial Information in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to one decimal place. In certain instances, (i) the sum or percentage change of such 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.

Further, any figures sourced from third party industry sources may be rounded off to other than to the second decimal to conform to their respective sources.

Non-GAAP Measures

In evaluating our business, we consider and use non-GAAP financial measures and key performance indicators, including such as, EBITDA, Net Worth, RoNW and NAV which have been included in this Draft Red Herring Prospectus. The presentation of these non-GAAP financial measures and key performance indicators is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with Ind AS. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance and formulate business plans.

These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures and key performance indicators have limitations as analytical tools. Further, these non-GAAP financial measures and key performance indicators may differ from the similar information used by other companies, including peer companies, and therefore their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to profit before tax, net earned premiums, gross earned premiums or any other measure of performance or as an indicator of our operating performance, liquidity or profitability or results of operations. In addition, these Non-GAAP Measures are not a standardized term, hence a direct comparison of similarly titled Non-GAAP Measures and other operating matrices between companies may not be possible. Although the Non-GAAP Measures and other operating matrices are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

Currency and Units of Presentation

All references to:

1. "Rupees" or "INR" or "Rs." Or "₹" are to the Indian Rupee, the official currency of Republic of India; and

2. "USD" or "US$" or "$" or "U.S. Dollar" are to the United States Dollar, the official currency of the United States of America;

Except otherwise specified, our Company has presented certain numerical information in this Draft Red Herring Prospectus in "lakh", "million", "crores" "billion" and "trillion" units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

Exchange Rates

This Draft 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 following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

(in ₹)

Currency#	As on December 31, 2023	As on March 31, 2023(1)	As on March 31, 2022(1)	As on March 31, 2021(1)
1 USD	83.12	82.22	75.81	73.50

#*Source:* www.fbil.org.in
[(1)] *All figures are rounded up to two decimals*

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus, including in "*Industry Overview*" and "*Our Business*" on pages 147 and 214, respectively, has been obtained or derived from the report titled "*Report on Microfinance Industry in India – For Belstar Microfinance*" dated March 2024, prepared by CRISIL and publicly available information as well as other industry publications and sources. The CRISIL Report has been commissioned and paid for by our Company exclusively for the purposes of the Offer, pursuant to an engagement letter dated September 28, 2023 and is available on our Company's website at https://belstar.in/offerdocumentrelatedfilings. Further, CRISIL *vide* their letter dated May 2, 2024 ("**Letter**") has accorded their no objection and consent to use the CRISIL Report, in full or in part, in relation to the Offer. Further, CRISIL, *vide* their Letter has confirmed that they are an independent agency, and confirmed that it is not related to our Company, our Directors and our Promoters. For further details in relation to risks involving in this regard, see "*Risk Factors – Internal Risks – This Draft Red Herring Prospectus contains information from third parties and from the CRISIL Report prepared by CRISIL, which we have commissioned and paid for purposes of confirming our understanding of the industry 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 63.

NOTICE TO PROSPECTIVE INVESTORS IN 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 Draft 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 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 (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs", and for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs") in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions 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 Draft Red Herring Prospectus contains certain statements which are not statements of historical fact and may be described as "forward-looking statements". These forward-looking statements include statements which can generally be identified by words or phrases such as "aim", "anticipate", "are likely", "believe", "continue", "can", "could", "expect", "estimate", "intend", "may", "likely", "objective", "plan", "propose", "will continue", "seek to", "will achieve", "will likely", "will pursue" or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, plans, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Draft Red Herring Prospectus that are not historical facts. However, these are not the exclusive means of identifying forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations 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 our Company operates 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, investments, or the industry in which we operate, 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 domestic laws, regulations and taxes, changes in competition in the industry in which we operate and incidents of any natural calamities and/or acts of violence. Certain important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

1. Microfinance borrowers in India generally do not have access to other forms of organised lending and the majority of 99.93% of our loans gross loan portfolio to such borrowers are unsecured as of December 31, 2023. As a result, we may experience increased levels of NPA (for which our as of December 31, 2023 is at 1.88%) and related provisions and write-offs that may adversely affect our business, financial condition and results of operations

2. Our credit monitoring and risk management policies and provisions may not be adequate to control our Non-Performing Assets which could adversely affect our financial conditions and results of operations.

3. If we are unable to manage our growth effectively, our business and reputation could be adversely affected. Furthermore, we may not be able to sustain the growth rates we have had since our inception.

4. As of December 31, 2023, 48.46% of our gross loan portfolio is derived from loans originating from Tamil Nadu, and any adverse developments in this region may have an adverse effect on our business, results of operations, financial condition and cash flows.

5. Changes in the tenure of our loan products could result in asset liability mismatches and expose us to interest rate and liquidity risks, which may adversely affect our business, financial condition, results of operations and cash flows.

For further discussion of factors that could cause our actual results to differ from our estimates and expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 214 and 393, 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 could materially differ from those that have been estimated.

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

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs, assumptions, current plans, estimates and expectations, 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.

Neither our Company, Selling Shareholders, our Directors, our Promoters, the Book Running Lead Managers, the Syndicate Members nor any of their respective affiliates or advisors have 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 in India are informed of material developments pertaining to our Company and the Equity Share forming part of the Offer from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. In accordance with the SEBI ICDR Regulations, the Selling Shareholders, severally and not jointly (solely to the extent of statements specifically made or confirmed by such Selling Shareholder, in relation to its portion of Offered Shares in this Draft Red Herring Prospectus) shall ensure that our Company is informed of material developments in relation to statements and undertakings specifically confirmed or undertaken by such Selling Shareholder in relation to it and its portion Offered Shares from the date of this Draft Red Herring Prospectus, until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer. Only statements and undertakings which are specifically confirmed or undertaken by the Selling Shareholders in relation to themselves as a Selling Shareholders and the Offered Shares, in this Draft Red Herring Prospectus shall be deemed to be statements and undertakings made by such Selling Shareholders. All other statements or undertakings or both in this Draft Red Herring Prospectus in relation to the Selling Shareholders, shall be statements made by our Company, even if the same relate to the Selling Shareholders.

SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below before making an investment in the Equity Shares. We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be exhaustive or the only risks relevant to us, the Equity Shares, the industry in which we currently operate or propose to operate, or to India. Unless specified or quantified in the relevant risk factor below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, cash flows, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

To obtain a more detailed understanding of our business and operations, you should read this section in conjunction with the sections titled "Industry Overview", "Our Business", "Selected Statistical Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Other Regulatory and Statutory Disclosures" beginning on pages 147, 214, 304, 393 and 449, respectively, as well as other financial and statistical information contained in this Draft Red Herring Prospectus. Unless otherwise indicated or unless the context requires otherwise, our financial information used in this section are derived from our Restated Financial Information. In making an investment decision, prospective investors must rely on their own examination of our business and the terms of the Offer, including the merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences to them of an investment in our Equity Shares.

This Draft 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 but not limited to the considerations described below. For details, see "Forward-Looking Statements" beginning on page 28.

*Unless otherwise indicated, the industry-related information contained in this section is derived from the industry report titled 'Report on Microfinance Industry in India – For Belstar Microfinance' dated March 2024 prepared by CRISIL (the "**CRISIL Report**"). A copy of the CRISIL Report is available on the website of our Company at https://belstar.in/offerdocumentrelatedfilings. We have exclusively 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 an engagement letter dated September 28, 2023. 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. Unless otherwise indicated, all 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 year. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to extensive regulatory environments that may differ significantly from one jurisdiction to another.*

Our Company's financial year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular financial year are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, in this section, references to "we", "us" and "our" are to Belstar Microfinance Limited.

INTERNAL RISKS

1 ***Microfinance borrowers in India generally do not have access to other forms of organised lending and 99.93% of our gross loan portfolio are unsecured as of December 31, 2023. As a result, we may experience increased levels of NPA (for which our as of December 31, 2023 is at 1.88%) and related provisions and write-offs that may adversely affect our business, financial condition and results of operations.***

Our primary microfinance customers segment are predominantly rural women borrowers having an annual household income of up to ₹300,000 who majorly work in the agriculture and allied agriculture sectors. Our customers generally have limited sources of income, savings and credit histories. There is also typically limited or no financial information available about our focus customer segment and some of our customers do not have any credit history supported by tax returns, proper proof of income, bank or credit card statements, statements of previous loan exposures, or other related documents. Hence, it is difficult to consistently carry out credit risk analyses on customers. As a result, such customers may pose a higher risk of default as compared to customers with greater financial resources and established credit histories, as well as customers living in urban areas with better access to education, employment opportunities and social services.

Furthermore, given that we have ₹88,280.73 million unsecured loans and these unsecured loans represented 99.93% of our gross loan portfolio as of December 31, 2023, the majority of our loans to such customers are unsecured and we rely primarily on non-traditional guarantee mechanisms rather than collateral. These unsecured loans are disbursed under either a self help group ("**SHG**") (generally comprising eight to 20 members) or a joint liability model whereby customers form an informal joint liability group ("**JLG**" or "**Pragathi**") (generally comprising three to ten members) and provide joint and several guarantees to us for loans obtained by each member of the group. These unsecured loans are also provided to small business enterprises in meeting their initial capital expenditure and additional working capital requirements via Small Enterprise Loans ("**SELs**"). We cannot assure you that the liability arrangements for the JLG and SHG models will ensure repayment by the other members of the group in the event of default by any one of them. These arrangements are likely to fail if there is no meaningful personal relationship or bond among members of the borrowers' group; if members do not participate regularly in group meetings; if inadequate risk management procedures have been employed for verifying the group members and their ability to repay their loans; or as a result of adverse external factors, such as natural calamities or forced migration. To the extent our loans are secured (our total secured book of ₹61.39 million, which is 0.07% of our gross loan portfolio as of December 31, 2023), it remains that our loans are secured against hypothecation of stock, receivables and other current assets of borrowers from a higher-risk category.

While we have our own due diligence and credit analysis procedures, we cannot assure you that we will be able to ensure low delinquency rates. Furthermore, there is also an increased risk arising out of granting loans to first time small borrowers given their inexperience of making repayment of interests and principal. As a result, our customers may present a higher risk of credit default as compared to that of borrowers from other demographics of the population and/or in other asset-backed financing products. Such higher credit risk may further lead to an increase in our NPAs levels which are 2.72%, 5.68%, 2.42% and 1.88% as of March 31, 2021, 2022, 2023 and December 31, 2023 respectively, and which could adversely affect our business, financial condition, results of operations and cash flows.

2 ***Our credit monitoring and risk management policies and provisions may not be adequate to control our Non-Performing Assets which could adversely affect our financial conditions and results of operations.***

Our credit monitoring and risk management policies may not be properly designed or appropriately implemented. In addition, we may not be able to anticipate future macro-economic developments, which could lead to an increase in our NPAs. There are several factors outside of our control which affect our ability to manage NPAs. These factors include developments in the Indian and global economy, domestic and global macro-economic and political factors, changes in customer behaviours, their loan repayment capabilities and demographic patterns, government decisions, natural calamities, widespread diseases, changes in interest rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI, or the Government of India. In addition, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. If our NPAs increase or provisioning levels deteriorate, it could have an adverse effect on our financial condition and results of operations.

Pursuant to applicable RBI guidelines and our accounting policies, we make and are required to make contingent provisions against standard assets and NPAs, which are recognized as impairment of financial instruments in our restated statement of profit and loss. See "*Restated Financial Information – Note 37*" on page 355. In addition to requiring us to make provisions on loan assets, the RBI requires us to classify and make additional provisions for NPAs. If the number of our loans that become NPAs increases, the credit quality of our loan portfolio will decrease and our provisioning requirement will increase. For details, see "*Key Regulations and Policies*" on page 247. The RBI also published clarifications pursuant to circulars dated November 12, 2021 and February 15, 2022 in relation to prudential norms on income recognition, asset classification and provisioning pertaining to advances, under which there are clarifications and changes in relation to certain items, including (a) income recognition policy for loans with a moratorium on interest payments; (b) the re-designation of NPA accounts as standard only when the entire arrears of interest and principal are paid by the customer pertaining to all the credit facilities availed from a financial institution, instead of partial repayment (of principal or interest overdue, as the case may be); (c) NPA classification in the case of interest payments; and (d) timeline-related clarifications for classification of accounts as "special mention accounts" and NPAs. The RBI has also issued a Scale Based Regulation with effect from October 19, 2023, pursuant to which a minimum requirement to maintain net owned funds must be achieved in accordance with the prescribed timelines. For details, see "*Key Regulations and Policies*" and "*Our Business – Our Strategies - Further strengthen our risk and underwriting model*" on pages 247 and 227. These RBI-mandated requirements may result in higher NPA rates and provisioning requirements than those for similar companies in other countries. We have been in the past, and remain to be, compliant with such RBI requirements relating to contingent provisions against standard assets and NPAs.

In addition to the regulatory requirements, we also consider internal estimates for loan losses and risks inherent in our loan portfolio when deciding on the appropriate level of provisioning. The determination of an appropriate level of loan losses and provisions is subjective and requires that we estimate current credit risks. Any incorrect estimate of risks may result in our provisions not being adequate to cover current NPAs or a further deterioration in our NPA portfolio.

Furthermore, our current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of our total loan portfolio. As a result, if the quality of our total loan portfolio deteriorates for any reason, we may be required to increase the loan loss reserves, which will adversely affect our financial condition and results of operations. Moreover, there is no precise method for predicting loan and credit losses, and we cannot assure that our credit monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If we are unable to control or reduce the level of NPAs or poor credit quality loans, our financial condition and results of our operations could be materially and adversely affected.

The following table sets forth certain information regarding the classification of our assets and provisioning:

	As of December 31,	As of March 31,		
	2023	2023	2022	2021
	(in ₹ millions)			
Gross carrying value:				
Stage I[1]	71,695.83	45,770.14	33,834.19	27,699.10
Stage II	797.51	317.44	1,800.93	335.41
Stage III	1,392.61	1,144.81	2,145.00	783.18
Total gross carrying value	**73,885.95**	**47,232.39**	**37,780.12**	**28,817.69**
ECL allowance[2]:				
Stage I	440.67	30.77	114.09	264.76
Stage II	291.11	86.72	504.25	97.77
Stage III	1,280.15	839.54	1,619.25	617.69
Total ECL carrying value	**2,011.93**	**957.03**	**2,237.59**	**980.22**
ECL allowance percentage[3]	**2.72%**	**2.03%**	**5.92%**	**3.40%**
Net carrying value:				
Stage I	71,255.16	45,739.37	33,720.10	27,434.34
Stage II	506.40	230.72	1,296.68	237.64
Stage III	112.46	305.27	525.75	165.50
Total net carrying value	**71,874.02**	**46,275.36**	**35,542.54**	**27,837.47**

Notes:

(1) Stage I comprises of all non-impaired financial instruments which have not experienced a significant increase in credit risk ("**SICR**") since initial recognition. Stage II comprises of all non-impaired financial instruments which have experienced a SICR since initial recognition. Stage III refers to financial instruments when there is objective evidence of impairment due to one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans.

(2) ECL allowance for all assets is as per our Board-approved ECL model to ensure compliance with RBI Circular No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, as amended from time to time.

(3) ECL allowance percentage represents ECL allowance for the relevant year as a percentage of the total gross carrying value of our loans as of the last day of the relevant year derived from our Restated Financial Information.

The table below sets forth provisions that we made with respect to our NPA portfolio for the Financial Years 2023, 2022, 2021 and the nine-month period ended December 31, 2023:

	For the nine-month period ended December 31, 2023	**For the Financial Year 2023**	**For the Financial Year 2022**	**For the Financial Year 2021**
Provisions carried with respect to our NPA portfolio (₹ million)	1,280.15	839.54	1,619.25	783.18
Provisions carried with respect to our NPA portfolio (%) ("**Provision Coverage Ratio**")	91.49%	72.73%	73.93%	78.29%

3 ***If we are unable to manage our growth effectively, our business and reputation could be adversely affected. Furthermore, we may not be able to sustain the growth rates we have had since our inception.***

Our business has experienced growth over the past few years. Our growth details are set forth as follows:

	December 31,	March 31,		
	2023	**2023**	**2022**	**2021**
Branches	1,009	767	632	560
Employees	10,169	8,022	5,939	4,562
Active Customers (excluding active customers from buyout portfolio)	2.67 million	2.13 million	1.70 million	1.38 million

As part of our growth strategy, we aim to expand our geographical footprint and sourcing platform across India, which may further constrain our capital and human resources, and make asset quality management increasingly difficult. For further details, please see, "*Our Business – Our Strategies – Continue to grow our loan portfolio by expanding our geographical footprint and diversifying product offerings*" on page 225. As we move to newer geographies, we may not be able to maintain the level of our NPAs or the quality of our portfolio. We will need to continue to enhance and upgrade our financial, accounting, information technology, administrative, risk management and operational infrastructure and internal capabilities to manage the future growth of our business effectively. Furthermore, we may be unable to develop adequate infrastructure or devote sufficient financial resources or develop and attract talent to manage our growth. We may not be able to implement necessary improvements in a timely manner, or at all, and we may encounter deficiencies in existing systems and controls. If we are unable to manage our future expansion successfully, our ability to provide products and services to our customers would be adversely affected, and, as a result, our business and reputation could be adversely affected.

4 ***As of December 31, 2023, 48.46% of our gross loan portfolio is derived from loans originating from Tamil Nadu, and any adverse developments in this region may have an adverse effect on our business, results of operations, financial condition and cash flows.***

We have a significant portion of our gross loan portfolio originating from Tamil Nadu, where the majority of our branches are located. For a breakdown of our branches and gross loan portfolio by the Indian states we operate in, please see below and in "*Our Business*" on page 214.

	As of December 31, 2023			
	Loans Originating from	**Branches**	**Disbursements**	**Active Borrowers**
South India (including Tamil Nadu, Karnataka and Kerala)	63.94%	54.31%	64.19%	59.13%
Tamil Nadu	*48.46%*	*36.47%*	*48.18%*	*44.14%*
Rest of India (i.e. outside South India)	36.06%	45.69%	35.81%	40.87%

In the event of an economic slowdown in Tamil Nadu, or any other negative developments, including political unrest or other events, we may experience an adverse effect on our business, financial condition and results of operations, due to, among others, the stress such events cause on the borrowers' ability to honor their loan obligations.

India has also experienced natural calamities, such as floods, cyclones, earthquakes, tsunamis and droughts in the past. Instances of floods or other natural calamities in India, particularly in southern states could have an adverse effect on our business and financials. For instance, the outbreak of the COVID-19 pandemic in 2020 that continued for almost two years, floods in the south Indian state of Kerala in 2018 and 2019, and cyclone in Tamil Nadu in 2018 caused disruptions in our operations and led to an increase in our level of write-offs, thereby adversely affecting our business. For further details, see, "*Our Business – Concentration Risk*" on page 241.

We have, in the past, received an observation from the RBI in its inspection report in relation to higher geographical concentration of our loan assets / portfolio in the states of Tamil Nadu, Kerela and Karnataka. We have responded to the observation and seek to address the geographical concentration risk through our well-defined geographic diversification strategies. For details, please see "*Our Business – Our Strategies - Continue to grow our loan portfolio by expanding our geographical footprint and diversifying product offerings*" on page 225.

5 ***Changes in the tenure of our loan products could result in asset liability mismatches and expose us to interest rate and liquidity risks, which may adversely affect our business, financial condition, results of operations and cash flows.***

We may face adverse asset-liability mismatches in the future, which could expose us to interest rate and liquidity risks. Loan with a tenure of 12 months or less, loan with a tenure of more than 12 months and less than 24 months, and loan with a tenure of more than 36 months or less constitute 18.84%, 79.86% and 1.31% of our total gross loan portfolio as of December 31, 2023, respectively.

If we are unable to repay the outstanding amounts under the facilities when recalled, we would default under the respective loan agreements. For details, see "*Restated Financial Information – Notes 20-22*" and "*Financial Indebtedness*" on pages 340 and 433, respectively. As a result, we may face potential liquidity risks due to varying periods over which our assets and liabilities may mature. Such mismatches could adversely affect our business, financial condition, results of operations and cash flows. The below table shows the abstract of our asset and liabilities mismatches as of December 31, 2023 (in ₹ millions):

	1 - 7 days	8 - 14 days	14 - 30 days	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Month to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5Years	Over 5Years	Total
Liabilities	233.93	2,638.24	1,572.04	4,051.20	3,360.45	8,797.94	17,885.41	27,204.44	515.84	14,709.32	**80,968.81**
Assets	5,330.36	2,235.96	2,675.62	4,034.22	4,164.99	12,698.17	23,801.96	25,895.89	65.14	66.49	**80,968.70**
Mismatch	5,096.43	-402.28	1,103.58	-16.98	804.54	3,900.23	5,916.45	-1,308.55	-450.70	-14,642.83	**0.11**
Cumulative Mismatch	5,096.43	4,694.15	5,797.73	5,780.75	6,585.29	10,485.52	16,401.97	15,093.42	14,642.72	-0.11	**0.00**

6 ***Negative publicity and public perception of the interest rates and terms of our microfinance loans may adversely affect our reputation and the growth and market acceptance of our products and services.***

Reputation risk is the risk of the loss arising from the adverse perception of the image of our Company and our Listed Corporate Promoter by our customers, counterparties, investors, or regulators. This is particularly relevant as our business involves ensuring customers that we are credible and can offer secured services expected by the customers. We have not experienced any negative publicity in the last three Financial Years and for the nine-months ended December 31, 2023. However, if we or our Listed Corporate Promoter experiences any such negative publicity, it could adversely affect our brand and ability to attract and retain customers. Furthermore, the reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally or us specifically could adversely affect our ability to keep and attract customers and expose us to litigation and regulatory action.

Negative publicity can result from our or our Listed Corporate Promoter's actual or alleged conduct in any number of activities, including lending practices and specific credit exposures, the level of non-performing loans, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government, regulators, investigative agencies, judiciary and community organizations in response to that conduct.

In particular, as we provide loans to women in low-income groups primarily in rural areas, our operating expenses, particularly, finance, employee, travel and rent costs are relatively high. This, along with our cost of financing, may result in higher interest rates being charge to our customers, in comparison to those charged by banks. This, as well as the terms of our loans, continue to be the subject of careful evaluation, analysis and often, criticism. The public perception of our business and business model, including, among others, by social and political commentators, could harm our reputation. Furthermore, farmers and rural customers may experience difficulties meeting our repayment schedules due to failure of crop harvests or other factors, resulting in significant publicity and media coverage. A public perception that we do not provide satisfactory services to customers, even if factually incorrect or based on isolated incident or based on the aggregate effect of individually insignificant incidents, could damage our reputation, undermine the trust and credibility we have established and have a negative impact on our ability to attract new customers. As a result, we cannot assure you we will not face any material adverse publicity in the future, which may adversely affect our growth and the market acceptance of our products and services.

7 ***For the nine-month period ended December 31, 2023, 67.88% of our collections from customers is in cash, exposing us to operational risks. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our business.***

A significant portion of our collections from customers is in cash. The table below sets forth our details relating to our collections in cash for the periods indicated:

	For nine-month period ended December 31, 2023		**For Financial Year 2023**		**For Financial Year 2022**		**For Financial Year 2021**	
	Amount of cash collected (₹ million)	% of total	Amount of cash collected (₹ million)	% of total	Amount of cash collected (₹ million)	% of total	Amount of cash collected (₹ million)	% of total
Cash collections	35,985.66	67.88%	38,149.18	81.99%	28,727.06	93.36%	20,394.36	100.00%

Large cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. We have experienced certain instances of misappropriation or unauthorized transactions by certain employees over the last three Financial Years and the nine-month period ended December 31, 2023, including cash embezzlements as set forth in the table below:

	For nine-month period ended December 31, 2023		**For Financial Year 2023**		**For Financial Year 2022**		**For Financial Year 2021**	
	Cash embezzled (₹ million)	% recovered	Cash embezzled (₹ million)	% recovered	Cash embezzled (₹ million)	% recovered	Cash embezzled (₹ million)	% recovered
Cash embezzlements	1.55	5.00	0.25	0.00	2.40	35.38	1.22	5.88

We cannot assure you that the insurance obtained by us adequately covers all risks involved or will be paid in relation to the entire amount involved, or at all.

We are also involved in certain criminal proceedings related to criminal breach of trust, cheating, misappropriation of funds against our representatives and employees, which could adversely affect our goodwill. For further information, see "*Outstanding Litigation and Material Developments*" on page 437. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. Our customers are primarily from rural markets, which carry additional risks due to limitations on infrastructure and technology. In addition, given the volume of transactions involving cash processed by us on a regular basis, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and successfully rectified despite our internal audit and controls systems. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or rectify.

Our business is also susceptible to fraud by other agents through the forgery of documents and unauthorized collection of instalments on behalf of us, and we cannot assure you that such instances will not occur in the future.

For further details, please see "*—The audit reports on our audited financial statements and the examination report on our Restated Financial Information contain emphasis of matter and/or certain negative observations*".

8 ***Any failure or material weakness of our internal control systems could cause significant operational errors, which would adversely affect our reputation and profitability.***

We are responsible for establishing and maintaining adequate internal measures and controls commensurate with the size and the complexity of our operations. Our internal or concurrent audit functions are equipped to make an independent evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business personnel adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal control systems as necessary, 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. Although we have not faced any material instances of failure of internal processes and systems in the past (including in Fiscals 2021 to 2023 and the nine-months period ended December 31, 2023), we cannot assure you that we will not face any such failures in the future.

Given our high volume of transactions, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information ("**MIS**") 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. If internal control weaknesses are identified, our actions may not be prompt or sufficient to fully correct such internal control weakness. We have, in the past, received observations from the RBI in its inspection reports for lack of reliable MIS to facilitate system-based monitoring of asset liability management ("**ALM**") position on an ongoing basis and consequent non-adherence to instructions contained in the Master Direction for NBFC-NDSIs dated September 01, 2016. While our Company has adopted automatic system for automating the ALM position, and no penalties have been levied by the RBI in relation to the said non-compliance, we cannot assure you that no penalties will be imposed by the regulatory authorities in the future owing to any inadequacies in our systems.

We face operational risks in our business and there may be losses due to deficiencies in the credit sanction process, inaccurate financial reporting and fraud and failure of critical systems and processes. We have in the past encountered fraud and/or misappropriation which amounted to the following:

	For the nine-month period ended December 31, 2023	**For the Financial Year 2023**	**For the Financial Year 2022**	**For the Financial Year 2021**
Fraud and misappropriation (in ₹ million)	1.55	0.25	25.57	1.22
Fraud and misappropriation (% to total cash collections for the period)	0.004	0.001	0.089	0.006

In addition, we carry out certain processes manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may suffer losses. Such instances may also adversely affect our reputation and profitability.

9 ***We face various risks associated with our large number of rural and semi-urban branches and widespread network of operations, which may adversely affect our business, financial condition and results of operations.***

As of December 31, 2023, we had 2.67 million Active Customers (excluding active customers from buyout portfolio), who are served by our 1,009 branches across 279 districts in 19 states and union territories in India. As a consequence of our large number of rural and semi-urban branches and widespread network, we are exposed to certain risks, including, among others:

- difficulties in upgrading, expanding and securing our technology platform;
- difficulties in maintaining high levels of customer satisfaction;
- difficulties arising from coordinating and consolidating corporate and administrative functions;
- delay in the transfer of data among various locations;
- failure to efficiently and optimally allocate management, technology and other resources across our branch network;
- failure to manage third-party service providers in relation to any outsourced services;
- difficulties in the integration of new branches with our existing branch network;
- difficulties in supervising local operations from our centralized locations;
- difficulties in hiring and training skilled personnel in sufficient numbers to operate the new branches locally;
- unforeseen legal, regulatory, property, local taxation, labour or other issues; and

- risk of fraud, petty theft, embezzlement or other misconduct by employees or outsiders, exacerbated by the high level of delegation of power and responsibilities that our business model requires. For details, see "*— For the nine-month period ended December 31, 2023, 67.88% of our collections from customers is in cash, exposing us to operational risks. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our business*" on page 36.

Any of the above reasons may result in our failure to manage our business operations in an effective manner, which may adversely affect our brand, reputation, business, financial condition and results of operations.

10 *COVID-19 has had an adverse effect on our business, results of operations and financial performance.*

Our business and operations were adversely impacted by the COVID-19 pandemic, which increased our level of write-offs and temporarily reduced the demand for our products. Furthermore, primarily because of government-imposed lockdowns and safe distancing measures, which resulted in us not being able to have physical meetings with our customers during certain periods (especially in the Financial Year 2022 where no further moratorium on loans was provided by RBI during the second wave of the COVID-19 pandemic), (a) our regular collection efficiency for the Financial Year 2022 was lower than that for the Financial Years 2021 and 2023 and (b) our disbursements in the Financial Years 2021 and 2022 were negatively impacted as compared to the Financial Year 2023 and the nine-month period ended December 31, 2023, as set forth in the table below:

	For the nine-month period ended December 31, 2023	For the Financial Year 2023	For the Financial Year 2022	For the Financial Year 2021
Collection Amounts (in ₹ million)	53,014.21	46,529.87	30,769.58	20,394.36
Regular Collection Efficiency (%)	99.26	98.88	94.90	98.02
Disbursements (in ₹ million)	67,759.36	57,950.85	35,463.86	24,350.27

Although the impact of the COVID-19 pandemic has significantly decreased as there has been no major business disruption or government restrictions after March 2022, there can be no assurance that similar levels of business interruptions caused by another pandemic or other similar causes will not occur.

11 *We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law which exposes us to certain operational risk.*

We enter into arrangements with third-party vendors and independent contractors to provide services that include, among others, service providers, provision of insurance products from insurance partners for our customers, telecommunications infrastructure services and software services including for core banking and e-KYC solutions. We also enter into arrangements with credit bureaus for availing credit assessment and other services. However, we cannot guarantee that in the future there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreements with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, and this may result in litigation or other costs. Furthermore, we finance loans for purchase of products such as sewing machines, mobile phones, solar lanterns and fans, water purifiers and induction stoves, among others, from third parties. Any defects or deficiencies in the products sold by such third parties may impact repayment of the loans provided by us.

Our arrangements with third-party service providers are subject to government regulations, with which we may not be able to comply. Pursuant to the RBI Directions on Managing Risks and RBI Master Directions, 2023, NBFCs have been mandated to put in place necessary safeguards and corporate governance measures for activities outsourced by them. For further details, see "*Key Regulations and Policies*" on page 247.

12 ***There are certain instances of delays in payment of statutory dues by us. Any further delay in or non-payment of statutory dues may attract financial penalties from the respective government authorities and in turn may have an adverse impact on our financial condition and cash flows*.**

We are required to pay various statutory dues in respect of our employees, including employee provident fund contributions, ESIC, tax deducted at source and other statutory deductions, in terms of applicable law. There are certain instances of delays in payment of certain statutory dues, including with respect to payment of tax deducted at source, contributions towards employee provident fund and employee state insurance, professional tax and labour welfare fund. The details of delay in payment of certain statutory dues during Fiscals 2023, 2022 and 2021, and for the nine-months period ended December 31, 2023 is mentioned below:

S. No.	Nature of statutory dues	Range of delay (in days)
1.	Employee state insurance	12
2.	Employees provident fund	1
3.	Professional tax	1-1,126
4.	Labour welfare fund	2-322
5.	Tax deducted at source	2-76

For the nine-months ended December 31, 2023, and Fiscals 2023, 2022 and 2021, we have had instances of delays in the payment of certain statutory dues, which as of the date of this Draft Red Herring Prospectus have been paid. As on December 31, 2023, our total outstanding amount of statutory dues was ₹47.37 million, which had been repaid as of the date of this Draft Red Herring Prospectus. While no penalties have been levied in the past by any of the relevant statutory authorities, any further delay in payment of statutory dues which may arise in the future could lead to imposition of financial penalties from the relevant government authorities which in turn may have a material adverse impact on our business, financial condition and cash flows.

13 ***We do not own all the real estate properties on which our business operates, which exposes us to certain operational risks.***

We do not own the premises on which our Registered Office, Corporate Office and all of our branches are situated and as of December 31, 2023, our Registered Office, our Corporate Office and all our branches are utilized by us on lease and leave license basis. Some of our lease agreements have expired and are expected to be renewed. Failure to renew lease or license agreements for these premises on terms and conditions acceptable to us or at all, may require us to move the concerned branch offices to new premises. We may incur substantial rent escalation in terms of the leave and license agreements, as applicable, and additional relocation costs due to installation of new infrastructure as a result of such relocation. We may also face the risk of being evicted if our landlords allege a breach on our part of the terms of the lease agreements. We have not faced any such instances of eviction by our landlords in the past.

Furthermore, if we fail to duly register and adequately stamp our lease agreements, such lease agreements will not be admitted as evidence in an Indian court or may be subject to penalties for such admission, which in turn may affect our business activities and operations. In addition, if any dispute arises in relation to our use of the relevant space-sharing or leased properties in the future, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such properties. For information in relation to our premises, see "*Our Business – Properties*" on page 246.

14 ***We may face difficulties in managing our operating expenses in the event of a decline in the volumes of disbursements and the size of the gross loan portfolio of the Company.***

In cases of significant reduction in new disbursements or the size of our gross loan portfolio and any significant reduction in our business, we may not be able to adjust our employee numbers commensurately and reduce our employee benefits expenses in a relatively shorter period. Our employee benefits expenses amounted to the following:

	For the nine-month period ended December 31, 2023	**For the Financial Year 2023**	**For the Financial Year 2022**	**For the Financial Year 2021**
Employee benefits expenses (in ₹ million)	2,258.76	2,155.78	1,529.53	1,190.96
Employee benefits expenses (% to operating expenses that includes employee benefits expenses, fee and commission expenses, depreciation and amortization and other expenses)	66.53%	63.54%	66.12%	65.82%

Other large components of our operating expenses include rent, travelling and conveyance, repairs to machinery, legal and professional charges, bank charges and communication expenses, which may be difficult to reduce quickly. In such instances, our inability to retain sufficient flexibility in our cost structure and adjust to rapid change of business circumstances may adversely affect our business and results of operations.

15 ***We face the threat of cyber-fraud and cyber-attacks, such as hacking, phishing and theft of sensitive internal data or customer information. We also face the threat of a system breakdown, network outage and system failure. These may damage our reputation and adversely affect our business and results of operations.***

We have deployed necessary systemic and operational controls to protect our systems. However, they may not be adequate to prevent cyber-frauds, and cyber-attacks targeted at disrupting our services, such as zero-day attacks, hacking, phishing and theft of sensitive internal data or customer information. Furthermore, our internet platforms may be targeted for hacking or compromise by third parties, resulting in thefts and losses to our customers and us. Some of these cyber threats from third parties can include data theft, ransom-ware attacks and advanced persistent threats. Our information technology systems, software and networks may be vulnerable to bugs and computer viruses that could compromise data integrity and security. We have not faced any material instances of cyber-frauds and cyber-attacks in the last three Financial Years and nine-month period ended December 31, 2023. However, we cannot assure you that we will not encounter any instances of cyber-frauds and cyber-attacks in the future. The frequency of such cyber-frauds and cyber-attacks may increase in the future with the increased digitization of our services. If we become the target of any of such cyber-frauds and cyber-attacks, it could adversely affect our business and results of operations. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

A significant system breakdown, bugs or glitches, network outage or system failure caused by intentional or unintentional acts would also have an adverse effect on our business. In June 2017, the RBI issued master directions on information technology frameworks for NBFCs which prescribe measures to be adopted by NBFCs to minimize cyber risk, including adoption of IT strategy policies (overseen by a strategy committee), information and cyber security protocols and policies, and reporting of cyber-security incidents and breaches to the RBI from time to time. The RBI has also issued Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices and has repealed the master directions issued by the RBI in June 2017. For further details, see "*Key Regulations and Policies – Key Regulations Applicable to Our Company – Master*

*Direction - Information Technology Framework for the NBFC Sector Directions, dated June 8, 2017 ("**IT Framework Directions**")*" on page 259.

16 ***Our business is subject to interest rate risk, and volatility in interest rates could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations.***

We are subject to interest rate risk, principally because we lend to our customers at fixed interest rates and/or periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. Our results of operations depend to a large extent on the amount of our net interest income as our primary revenue source is interest income. The table below sets forth the breakdown of our interest income as a percentage of our total revenue:

	For the nine-month period ended December 31, 2023		For the Financial Year 2023		For the Financial Year 2022		For the Financial Year 2021	
	(₹ *in million*)	(% of total revenue)	(₹ *in million*)	(% of total revenue)	(₹ *in million*)	(% of total revenue)	(₹ *in million*)	(% of total revenue)
Interest income	11,592.33	89.50%	8,817.73	84.96%	6,768.32	92.92%	5,229.37	94.57%

Net interest income is the difference between our revenue from operations and our finance costs. The difference between the interest rates that we charge on interest-earning assets (e.g., our microfinance loans) and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities have a significant effect on our results of operations. Interest rates are highly sensitive, and any fluctuations thereof are dependent upon many factors which are beyond our control, including RBI monetary policy, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors.

Changes in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. Furthermore, increases in interest rates may affect our ability to raise low-cost funds. Under RBI regulations, the interest rates charged by us are governed by our Board-approved policy on pricing of credit. As of December 31, 2023, the annual effective interest of our income-generating loans was 24.98% based on loans disbursed during the period ended December 31, 2023, and the average yield on our income generating loans was 23.89% based on loans disbursed during the period ended December 31, 2023. There is no assurance that we will be able to effectively pass through interest rate increases to our customers in the future. Any further increases in interest rates in the future could adversely impact our business, financial condition and results of operations. For example, if our cost of fund and operating expenses increase, due to increases in interest rates, to a level where compliance with the NBFC-SBR Master Directions results in pressure on our operating margins, our business, financial condition, results of operations and cash flows may be adversely affected. Furthermore, any future regulations that restricts the amount of yield that our Board-approved policy determine may also impact our net income margin. In addition, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income and net interest margin, thereby affecting our results of operations. Furthermore, changes in interest rates could also affect our fixed income portfolio and treasury income.

17 ***Loans due within two years account for almost all of our interest income, and a significant reduction in short-term loans may result in a corresponding decrease in our interest income.***

Approximately 98.00% of the loans we issue are due within approximately two years of disbursement. The relatively short-term nature of our loans mean that our long-term interest income stream is less certain than if a portion of our loans are for a longer term. The short-term nature of our loan must be continuous to ensure consistent interest income, despite regular marketing expenditures. In addition, our customers may not obtain new loans from us upon maturity of their existing loans, particularly if the competition increases. The potential instability of our interest income could materially and adversely affect the results of our operations and our financial position.

18 ***We are subject to certain conditions under our financing arrangements, which could restrict our ability to conduct our business and operations in the manner we desire.***

As of December 31, 2023, we had debt securities (excluding subordinated debt) of ₹8,924.04 million and borrowings (other than debt securities and subordinated debt) of ₹52,512.41 million. Incurring indebtedness is a direct consequence of the nature of our business, and having a large outstanding borrowings portfolio may have significant implications on our business and results of operations, including, *inter alia*:

- fluctuations in market interest rates may affect the cost of our borrowings, as our indebtedness is at variable interest rates;
- affecting our ability to obtain additional financing in the future at acceptable terms;
- triggering provisions of cross-default across multiple financing arrangements;
- adverse and onerous implications (including limitations on the use of funds in the relevant facility) in the event of inability to comply with financial and other covenants specified in the financing agreements; and
- our lenders' right to recall loans.

For further information, please see "*Financial Indebtedness*" on page 433.

Some of the financing arrangements entered into by us also include conditions that require us to obtain the respective lender's consent prior to carrying out certain activities. These covenants limit our ability to: (i) change our capital structure; (iii) change in general nature of business or diversifying into non-core areas viz. business other than the current business; (iv) enter into any scheme of amalgamation or merger of doing a buyback; (v) alter our constitutional documents; (vi) change management control, ownership or shareholding pattern of our Company; prepayment of any existing indebtedness (viii) undertaking any further capital expenditure except being funded by our Company's own resources (ix) repaying subordinated loans availed from directors/group companies (x) effecting any dividend payout / capital withdrawal, in case of delays in debt servicing or breach of financial covenants (xi) winding up or liquidating our affairs or agreeing to settle any litigation / arbitration having material adverse effect (xii) paying any commission, brokerage or fees to its promoters / directors / guarantors / security providers (xiii) making any repayment of loans and deposits and discharge other liabilities (xiv) paying dividend in case of delay of debt servicing or breach of any financial covenants (xv) dilution in the shareholding of Muthoot Finance Limited below the threshold prescribed. In addition, our financing arrangements also includes financial covenants that require us to, among other things, maintain ratios relating to capital adequacy our gross NPA to gross loan portfolio, net NPA to tangible net worth pre-provision after tax net income, capital to risk weighted asset, debt to equity and failure to observe covenants under our financing arrangements or failure to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, trigger of cross-default provisions and the enforcement of security provided.

19 ***We may not be able to repay our financing obligations in full, or at all, if there is a recall or acceleration notice.***

There have been certain instances of breach of financial covenants included in our borrowing agreements in the past in relation to gross NPA ratio, net NPA ratio, etc, due to impact of COVID-19 pandemic on our business.

While no adverse action has been taken against us by our lenders, we cannot assure you that the lenders will not levy any higher interest or recall of the facility and such breaches in the future may not have a material adverse impact on our business, financial condition and cash flows.

Except as disclosed above, there have been no instances of delay in the repayment of principal, and no such breach of any financial covenants under our financing obligations by us in the past (including Fiscals 2021 to 2023 and the nine-months period ended December 31, 2023). However, we cannot assure you that we will be able to repay our loans in full, or at all, at the receipt of a recall or acceleration notice, or otherwise. In the past, we have availed moratorium from certain of our lenders under the framework permitted by the RBI on account of the COVID-19 pandemic. Our Company availed and repaid the same within 6 months as liquidity started to ease up. Additionally, some of the consents received from our lenders, as required under the relevant loan documentations, are subject to certain conditions including, among others, the shareholding of Muthoot Finance Limited should not be less than 51% at any point of time, adherence of all regulatory guidelines by the Company pertaining to the Offer, as applicable.

Our inability to comply with the conditions prescribed under the financing arrangements, or repay the loans as per the repayment schedule, may have an adverse effect on our credit rating, business, results of operations and financial performance. Breaches of our financing arrangements, including the aforementioned terms and conditions, in the future may result in the termination of the relevant credit facilities, levy of penal interest, triggering cross default provisions, having to immediately repay our borrowings and enforcement of security. We may be restricted from obtaining alternative financing by the terms of our existing or future debt instruments. Any acceleration of amounts due under our facilities may also trigger cross default provisions under our other financing agreements. Any of these circumstances could adversely affect our business, credit ratings, prospects, results of operations and financial condition. Moreover, any such action initiated by our lenders could adversely affect the price of the Equity Shares.

20 ***Our business requires a substantial amount of capital, and any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity, financial condition, results of operations and cashflows.***

As an NBFC-MFI, our business requires a substantial amount of capital that would allow us to continue providing loans to our customers. The liquidity and profitability of our business depends, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including term loans, non-convertible debentures, cash credit, securitisation, direct assignments and subordinated debt. Our business thus depends on our ability to access a variety of funding sources. Our non-convertible debentures (excluding subordinated debt) aggregating to ₹8,924.04 million as of December 31, 2023 will mature in the remainder of the Fiscal 2025.

	Outstanding Balance (in ₹ million)	Mature Date
MLD1	1,248.81	February 28, 2024 (matured)
MLD2	2,985.45	October 31, 2024
NCD	4,689.78	August 1, 2025
Total	**8,924.04**	

Furthermore, our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected by our ability to continue to secure low-cost funding at rates lower than the interest rates at which we lend to our customers. The table below sets forth our average effective cost of borrowing as of the below dates:

	As of December 31, 2023	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
Average effective cost of borrowings (%)	7.25%	8.72%	9.17%	9.99%

Our ability to raise funds at competitive rates depends on various factors including our current and future results of operations and financial condition, our risk management policies, the shareholding of our Promoters in our Company, our management of certain financial ratios, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy.

Furthermore, the restrictions imposed on NBFCs by the RBI through the NBFC-SBR Directions, as well as "priority sector lending" targets, may restrict our ability to obtain bank financing for specific activities. Our ability to raise foreign funds through debt is governed by RBI regulations and is subject to certain restrictions, including raising loans only from certain recognized lenders and with minimum average maturity period of not less than three years, except in cases where the minimum average maturity period is more or less than three years. This includes the cancellation of priority sector lending benefits for NBFC-MFIs, which can increase the cost of funds for the company. The NBFC-SBR Directions also imposes certain restrictions in relation to changes in the shareholding of our Company beyond certain thresholds. As of December 31, 2023, we have ₹4,234.26 million market-linked debentures that are issued and outstanding. Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, or at all, which could adversely affect our liquidity and financial condition.

In addition, any changes to the regulations on priority sector lending may also disrupt our sources of funding. The RBI currently mandates domestic scheduled commercial banks (excluding regional rural banks and SFBs) and foreign banks, operating in India, to maintain an aggregate 40.00% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, as "priority sector lending". In the event that the laws relating to priority sector lending, as applicable, to the banks undergo a change, or if any part of our loan portfolio is no longer classified as a priority sector lending by the RBI, or if we are no longer able to satisfy the prescribed conditions to be eligible for such classification, our ability to raise resources based on priority sector advances would be hampered, which may adversely affect our financial condition, results of operations and/or cash flows.

21 ***We have experienced negative cash flows from operating activities.***

We have in the past (including Fiscals 2021 to 2023 and the nine-months period ended December 31, 2023), and may in the future, experience negative cash flows from operating activities on account of increases in our gross loan portfolio. The following table sets forth our net cash used in/generated from operating activities for the periods indicated:

	As of December 31, 2023	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
	(₹ in million)			
Net cash from/ (used in) operating activities	(23,413.73)	(8,685.54)	(7,526.69)	(6,516.99)

We had net cash outflow from operating activities of ₹6,516.99 million, ₹7,526.69 million and ₹8,685.54 million for the Financial Years 2021, 2022 and 2023, respectively, primarily due to an increase in the loans disbursed as a result of increase in the operational scale and growth of our business, and ₹23,413.73 million for the nine-month period ended December 31, 2023, primarily due to increase in the operational scale and growth of our business. Any negative cash outflows from operating activities over extended periods, or significant cash outflows in the short term from investing and financing activities, could have an adverse impact on our cash flow requirements, business operations and growth plans. As a result, our cash flows, business, future financial performance and results of operations could be adversely affected. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Cash Flows*" on page 423.

22 ***Any downgrade of our credit ratings may constrain our access to equity and debt capital markets and, as a result, may adversely affect our cost of borrowings and our results of operations.***

We have obtained the grading and credit ratings, as provided below:

Grading / Credit Rating	Organization	Date of Rating	Instrument
CRISIL AA/Stable	CRISIL	February 9, 2024	Long Term Bank Facilities
CRISIL AA/Stable	CRISIL	February 9, 2024	Non-Convertible Debenture
CARE AA-Stable	CARE	August 8, 2023	Subordinated Debt
CRISIL AA/Stable	CRISIL	February 9, 2024	Subordinated Debt
CRISIL PPMLD AA/Stable	CRISIL	February 9, 2024	Principal Protected Market Linked Debenture
CARE M1C1	CARE	May 1, 2023	Code of Conduct Assessment
MFR 1	CARE	March 1, 2023	MFI Grading
Gold	MFR	January 2022 (valid for 36 months)	Client Protection

On February 9, 2024, CRISIL Ratings revised its outlook on our long-term bank facilities and debt instruments from 'AA-' to 'AA' with a stable outlook. Before this upgraded ratings from CRISIL, we had continued to maintain the CRISIL AA- ratings for long-term borrowing for three years in a row from 2021 to 2023.

The cost and availability of funds is dependent, among other factors, on our short-term and long-term credit ratings. Credit ratings reflect a rating agency's opinion of our financial strength, operating performance, industry position and ability to meet our obligations. Any issues impacting our business performance or the microfinance industry as a whole may result in a downgrade of our credit ratings, which may constrain our access to capital and debt markets and thus may adversely affect our cost of borrowings and our results of operations. There can be no assurance that we will be able to maintain any of the aforementioned credit ratings in the future. In addition, any downgrade of our credit ratings could result in additional terms and conditions being included in any additional financing or refinancing arrangements in the future. For details of our credit ratings, see "*Our Business – Grading and Credit Ratings*" on page 243.

23 ***We have contingent liabilities which have not been provided for in our Restated Financial Information, and our financial condition could be adversely affected if these materialize.***

The following is a summary table of our contingent liabilities as of March 31, 2023 and December 31, 2023 as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

Nature of Contingent Liability	As at December 31, 2023	As at March 31, 2023
	(₹ in millions)	
Income tax (AY 2017-18)	73.15	73.15
Income tax (AY 2018-19)	32.96	32.96
Income tax (AY 2020-21)	2.50	2.50
Income tax (AY 2022-23)	0.35	-
Total	**108.96**	**108.61**

For further information, see "*Restated Financial Information – Note 47*" on page 363. 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, our financial condition may be adversely affected.

24 ***The audit reports on our audited special purpose financial statements for the nine-months period ended December 31, 2023 and our audited financial statements for Fiscal 2022 contain certain matters of emphasis and the audit reports on our audited financial statements for the last three Fiscals contains certain adverse remarks.***

The audit reports on our audited special purpose financial statements for the nine-months period ended December 31, 2023 contain matter of emphasis at Note No. 2.1 to the audited special purpose financial statements, which describes the basis of preparation. As stated thereunder, the comparative financial information has not been included in these audited special purpose financial statements. The Statutory Auditors have stated that only a complete set of financial statements together with comparative financial information can provide a fair presentation of the Company's state of affairs, profit, changes in equity and cash flows. Furthermore, the audited financial statements of our Company for Fiscal 2022 contains matter of emphasis on the continuing impact of COVID-19 pandemic. Additionally, the audit reports on our audited financial statements of our Company for the last three Fiscals contains certain adverse remarks / observations. For further details in this respect and the adverse remarks, please see "*Management's Discussion and Analysis of our Results of Operations – Reservations, Qualifications, Matters of Emphasis or any Adverse Remarks".* We cannot assure you that our audit reports for any future fiscal periods will not contain qualifications, emphasis of matters or other observations which affect our results of operations in such future periods.

25 ***Any deterioration in the performance of any pool of receivables assigned by us and other institutions may adversely affect our financial condition and results of operations.***

To improve liquidity and minimize operational risks, we assign or securitize a portion of our receivables from our loan portfolio to securitization companies / reconstruction companies . We undertake such direct assignment and securitization transactions based on our internal estimates of funding requirements, which may vary from time to time. Furthermore, additional loss estimation is conducted by the relevant rating agencies. The table below sets forth details relating to our book value of loans securitized and our direct assignment portfolio without any recourse with banks and financial institutions:

	As of December 31, 2023		**As of March 31, 2023**		**As of March 31, 2022**		**As of March 31, 2021**	
	Total amount *(₹ million)*	**As a percentage of total assets *(%)***	**Total amount *(₹ million)***	**As a percentage of total assets *(%)***	**Total amount *(₹ million)***	**As a percentage of total assets *(%)***	**Total amount *(₹ million)***	**As a percentage of total assets *(%)***
Book value of loans securitized........................	14,486.46	17.87%	14,791.23	23.75%	6,543.26	14.35%	4,401.58	12.69%

In the event the banks or financial institutions do not realize the receivables due under loans that have been securitized or assigned, the relevant banks or financial institutions can enforce the underlying credit enhancements assured by us. Furthermore, any deterioration in the performance of any pool of receivables assigned or securitized to banks and financial institutions could adversely affect the banks' internal credit ratings assigned to the Company and credibility and therefore our ability to conduct further assignments and securitizations. We may also be named as a party in legal proceedings initiated by such financial institution in relation to the assigned or securitized assets. In addition, any changes in the RBI or other government actions in relation to securitizations or assignments by NBFCs in general or MFIs specifically, could have an adverse effect on our assignment and securitization plans in the future. For further details, please see "— *To support and grow our business, we must maintain a minimum capital to risk weighted assets ratio, and lack of access to capital may prevent us from maintaining an adequate ratio*".

26 ***Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition and results of operations.***

Our operations are subject to various risks inherent to the finance industry, as well as fraud, theft, robbery, acts of terrorism and other force majeure events. While we currently maintain certain insurance policies of the type and in the amounts that we believe are commensurate with our operations, including non-linked non-participating group term micro-insurance for the employees and their nominees, public liability – offices and residential premises policy, fire insurance policy, money insurance policy that covers burglary, theft and robbery of cash maintained at our properties and branches and cash-in transit and directors' and officers' liability insurance covering liability pay-outs by our directors and key officers, our insurance coverage may not be adequate to fully cover any or all of our risks and liabilities.

The table below sets forth details relating to insurance for our property, plant and equipment and fraud in operations:

	As of the nine-month period ended December 31, 2023		**As of March 31, 2023**		**As of March 31, 2022**		**As of March 31, 2021**	
	Amount insured (₹ *in million*)	**As a percentage of total property, plant and equipment *(%)***	**Amount insured (₹ *in million*)**	**As a percentage of total property, plant and equipment *(%)***	**Amount insured *(₹ million)***	**As a percentage of total property, plant and equipment *(%)***	**Amount insured *(₹ in million)***	**As a percentage of total property, plant and equipment *(%)***
Property, plant and equipment	140.01	42.97%	173.18	62.75%	169.28	78.49%	198.16	117.73%
	Amount of fraud (₹ in million)	**Recovery percentage (%)**	**Amount of fraud (₹ in million)**	**Recovery percentage (%)**	**Amount of fraud (₹ in million)**	**Recovery percentage (%)**	**Amount of fraud (₹ in million)**	**Recovery percentage (%)**
Frauds in operations	1.55	5.00%	0.25	0.00%	25.57	3.32%	1.22	5.87%

An event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could harm our business, financial condition and results of operations. We cannot assure you that any claims filed under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our business, financial condition and results of operations may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

Furthermore, there are various types of risks and losses for which we do not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in 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 and results of operations. For further details, see "*Our Business – Insurance*" on page 245.

27 ***Our Company has entered into the Amended and Restated Shareholder's Agreement dated August 24, 2021 and as amended on February 25, 2022 ("First Amendment"), on May 30, 2022 ("Second Amendment") (Amended and Restated Shareholder's Agreement dated August 24, 2021, the First Amendment and the Second Amendment, hereinafter collectively referred to as the "SHA") amongst our Company, Dr. Kalpanaa Sankar, C.V. Sankar, Bindu Dandapani, Hand In Hand Consulting Services Private Limited, Sarvam Financial Inclusion Trust (collectively, the "SHA Promoters"), Muthoot Finance Limited, MAJ Invest Financial Inclusion Fund II K/S ("MAJ"), Augusta Investments IV Pte Ltd, Arum Holdings Limited and Augusta Investments Zero Pte Ltd (Augusta Investments IV Pte Ltd, Arum Holdings Limited and Augusta Investments Zero Pte Ltd collectively referred to as "Affirma") read with the Waiver cum Amendment Agreement dated May 3, 2024 ("WCA") to the SHA amongst our Company, KS Group (i.e., Dr. Kalpanaa Sankar, C.V. Sankar and Sarvam Financial Inclusion Trust), Muthoot Finance Limited, MAJ, Arum Holdings Limited and Augusta Investments Zero Pte Ltd. (for the purposes of the WCA, the Affirma entities mean Arum Holdings Limited and Augusta Investments Zero Pte Ltd.)***

Our Company has entered into the SHA pursuant to which the Parties will continue to have Board nomination rights. The said Board nomination rights are also reflected in the Articles of Association of our Company, which comprises two parts, identified as Part A and Part B, of which Part A, which shall continue to be in effect after the filing of the Red Herring Prospectus with the RoC, or as directed by SEBI, and shall conform to requirements and directions provided by the Stock Exchanges, and Part B, which contains the Articles of Association (amended to reflect the changes pursuant to the WCA) and which shall automatically terminate and cease to have any force and effect from the date of filing of the Red Herring Prospectus with the RoC, without any further corporate or other action by our Company or the Parties. For details, see the section titled "*History and Certain Corporate Matters – Shareholders' Agreements*" and "*Description of Equity Shares and Terms of Articles of Association – Part A*" on pages 266 and 503, respectively. The interests of the Parties, including our Promoters and the Selling Shareholders could conflict with the interests of other Shareholders. While the actions carried out by our Company post-listing will be subject to Board and Shareholders' approvals, as required under the Companies Act, 2013, and the SEBI Listing Regulations, in the interest of our Company and its minority Shareholders and in compliance with the SEBI Listing Regulations, any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

28 ***We depend on the recognition of the "Belstar" brand and the logo associated with our brand. Any failure to use, maintain and enhance awareness of the brand would adversely affect our ability to retain and expand our base of customers.***

Our business depends on the recognition and continued usage of the "Belstar" brand and the " " logo (the "**Trademarks and Logos**"), but we cannot assure you that such Trademarks and Logos will not be adversely affected in the future by events such as actions that are beyond our control, including action or inaction of entities using such Trademarks and Logos, regulatory actions against such companies or adverse publicity from any other source.

Furthermore, we do not own and the " " logo (the "**HIH Logo**"). We have entered into a Trade Marks Licensing Agreement with HIH India for the permission and license to use the HIH Logo as part of its corporate name, domain name and on stationery, letterheads, promotional and marketing material, business cards, websites, and other material in any medium for use in connection with our business, on a non-exclusive, non-transferable, non-assignable, non-sublicensable, royalty-free basis and, subject to other terms stipulated therein. The permission and license to use the HIH Logo shall continue to be in effect unless terminated by either (i) HIH India by way of a written notice to us or (ii) either us or HIH India if the non-terminating party commits a breach of its material obligations under the Trade Marks Licensing Agreement and does not cure such breach within 30 days from the date of notice complaining of such breach.

We are subject to certain covenants under the Trade Marks Licensing Agreement, including use of the HIH Logo in solely for the purposes mentioned above and in furtherance of our business, which might affect our usage of the Trademarks and Logos. Furthermore, the terms of the Trade Marks Licensing Agreement do not permit any proposed use of such trademark other than purposes mentioned therein and above which may be deemed infringing, and thereby restrict our usage of this trademark

Any damage to our Trademarks and Logos or any adverse proceedings against our use of the Trademarks and Logos may impact our ability to use these Trademarks and Logos in the future, which could have an adverse effect on our financial condition, cash flows and results of operations.

29 ***Certain provisions of the RBI (RFML) Directions impose requirements that restrict our business, results of operations and growth.***

The RBI enacted the Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 (the **"RBI (RFML) Directions**") with effect from April 1, 2022, under which our Company is required to comply with certain additional compliances and conditions, including (i) forming a board approved policy to assess the household income of its borrowers; (ii) forming a board approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income, which is capped at 50% of the monthly household income; (iii) forming a board approved policy regarding pricing of microfinance loans; (iv) forming a board approved policy to provide flexibility of repayment periodicity on microfinance loans as per borrower requirements; (v) adopting a fair practices code for conduct towards borrowers in line with the RBI (RFML) Directions; (vi) putting in place a mechanism for recovery of loans which is borrower friendly; and (vii) ensuring that a minimum of 75% of our total assets are 'microfinance loans'.

For further details, see "*Our Business – Description of our Business – Compliance with the NBFC-SBR Master Directions*" and "*Key Regulations and Policies – Key Regulations Applicable to Our Company – Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 (the "**NBFC-SBR Master Directions**")"* on pages 238 and 248, respectively. The laws and regulations governing the banking and financial services industry in India have become increasingly complex, with the regulations relating to MFIs still evolving. The requirement to comply with increasing regulations may continue to adversely affect our business and the microfinance industry in general. These laws and regulations may require us to restructure our activities, and among other limitations, impose limits on interest rates we can charge and as such limit our interest income, and require us to incur additional expenses, which could adversely affect our business, results of operations and growth.

30 ***There are certain outstanding legal proceedings involving our Company, Directors, Promoters. An adverse outcome in any of these proceedings may adversely affect our reputation, business, financial condition, results of operations and cash flows.***

There are certain outstanding legal proceedings involving our Company, Directors and Promoters. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. The brief details of such outstanding legal proceedings are as follows:

Category of individuals / entities	Criminal proceedings	Tax proceeding	Statutory or regulatory proceedings	Disciplinary actions by SEBI or the Stock Exchanges against our Promoters in the last five years, including outstanding action	Material civil litigation *	Aggregate amount involved (₹ in million)(1)
Company						
By the Company	15	N.A.	N.A.	N.A.	Nil	6.17
Against the Company	Nil	4	3	Nil	Nil	108.96
Directors (excluding the individual Promoters)						
By the Directors	Nil	N.A.	N.A.	N.A.	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Promoters						
By Promoters	58	N.A.	N.A.	N.A.	21	26.53
Against Promoters	1	5	13	Nil	154	5,197.26

(1) To the extent ascertainable and quantifiable

** Determined in terms of the Materiality Policy.*

Our Group Companies are not party to any pending litigation which will have a material impact on our Company.

In relation to any current or future outstanding litigation matters involving our Company, Directors, Promoters and Group Companies, while the amounts and interests levied thereon to the extent ascertainable and involved in these matters have been mentioned above, the amounts and interests involved in many pending litigations are not ascertainable or quantifiable and are hence not disclosed. For further details of such outstanding legal proceedings against our Company, Directors and Promoters, see "*Outstanding Litigation and Material Developments*" on page 437.

31 ***We are subject to laws and regulations governing the financial services industry in India and changes in laws and regulations governing us could adversely affect our business, results of operations and prospects.***

Our business, financial condition, cash flows and results of operations may also be adversely affected by certain state regulations.

As an NBFC-MFI, we are subject to regulation by government authorities, including the RBI. The RBI regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. Additionally, we are required to make various filings with the RBI, the BSE, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, we may be subject to penalties and legal proceedings. Any non-compliance with regulatory guidelines and directions may result in substantial penalties, revocation of our licenses and reputational impact. Among other things, if found non-compliant, we could be fined or prohibited from engaging in certain business activities. In addition, the regulations applicable to us also govern issues such as our conduct with customers, recovery practices, market conduct and foreign investment.

The laws, regulations and policies applicable to us may change at any time such that we may be required to restructure our activities and incur additional expenses to comply with applicable laws and regulations. Such changes may also adversely affect our business, to the extent that we are unable to suitably comply with any such changes in applicable law, regulations and policies. Furthermore, many of the regulations applicable to our operations may be subject to varying interpretations. Unfavourable changes in or varying interpretations of existing laws, rules and regulations, could result in us being deemed to be in contravention of such laws, may require us to apply for additional approvals or subject us to penalties and legal proceedings against us.

In addition, while NBFC-MFIs are currently regulated by the RBI, the respective state government of the states where we operate may pass laws either *suo moto*, or in response to any legal action initiated against the NBFC-MFIs of a state, which impact the business of NBFC-MFIs. We cannot assure you that any such actions taken by the state governments in these states will not adversely impact our business, financial condition and results of operations. Furthermore, certain states, including those in which we have operations, have in the past instituted farm loan waiver schemes as a policy instrument to alleviate the financial distress of farmers. Such large-scale government enforcement of loan write-offs may, in the long run, impair the loan repayment culture in the farm sector as farmers may become willing defaulters in anticipation of the next loan waiver scheme. This disruption in credit discipline may undermine the financial status of financial institutions that loan to the farm sector in such states, including us. In the event that the government of any state in India requires us to comply with the provisions of their respective state moneylending laws, or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business and results of operations may be adversely affected.

32 ***As an NBFC-MFI, we are also subject to periodic inspections by the Reserve Bank of India, and any non-compliance with observations made by the Reserve Bank of India during these inspections could expose us to penalties and restrictions.***

The RBI as a part of its supervisory processes, conducts periodic inspections pursuant to which it issues observations, directions and monitorable action plans, on issues related to, amongst other things, our operations, risk management systems, internal controls, regulatory compliance and credit monitoring systems. During the course of finalizing inspections, the RBI inspection team shares its findings and recommendations with us and provides us with an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. The RBI incorporates such findings in its final inspection report and, upon final determination by the RBI of the inspection results, we are required to take actions specified in the inspection report issued by the RBI to its satisfaction, including, without limitation, requiring us to ensure regulatory compliance, make provisions, implement credit rating and scoring models for loans, and tighten controls and compliance measures.

We have had a few instances of non-adherence to the instructions, rules, directions and regulations as observed by the RBI in their annual inspection reports, including but not limited to:

- failure in uploading all KYC records to the central KYC registry;
- failure in maintaining a reliable management information system to facilitate system-based monitoring of ALM position on an ongoing basis;
- deficiencies in borrower-wise asset classification system and unique customer identity code;
- deducting insurance premium from its sanctioned loans thereby compelling its non-microfinance customers to seek insurance from a particular insurance company;
- failure to ensure borrower-based asset classification for all the loan products, outsourcing of core management functions;
- masking of aadhaar card numbers;
- granting COVID-19 moratorium to ineligible borrowers; and
- disclosing BC branches as their own branches, failure in prominently displaying salient features of ombudsman scheme in English, Hindi and vernacular languages at branches, etc.

While the Company has responded to the aforesaid observations and taken corrective actions, no penalties have been imposed by the RBI in relation to the aforementioned non-compliances, however, we cannot assure you that the RBI will not make similar or other observations including divergences in the future that will financially impact our business and operations or levy any penalties or fines.

In the event we are unable to resolve such deficiencies and other matters to the RBI's satisfaction, we may be restricted in our ability to conduct our business as we currently do. In the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty, restriction, or issue of adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

33 ***Any non-compliance with mandatory anti-money laundering and know your customer regulations could expose us to additional liability and harm our business and reputation.***

We are mandated to comply with the applicable anti-money laundering ("**AML**") and know your customer ("**KYC**") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures as part of our business operations. For further details, see "*Key Regulations and Policies*" on page 247. However, there may be material instances where the information may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities, and we cannot assure you that we will not face any such material instances in the future.

There have not been any material instances of violation to any AML or KYC laws or regulations in the past. However, we cannot assure you that we will in the future be able to fully control instances of any potential or attempted violations of AML or KYC regulations by any party and we may accordingly be subject to regulatory actions. Our business and reputation could suffer if any such party uses or attempts to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with the applicable regulatory requirements.

34 ***To support and grow our business, we must maintain a minimum capital to risk weighted assets ratio, and lack of access to capital may prevent us from maintaining an adequate ratio.***

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("**CRAR**") consisting of Tier I and Tier II capital of not less than 15% of our aggregate risk weighted assets on-balance sheet and of the risk-adjusted value of off-balance sheet items. Furthermore, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. For further details see, "*Key Regulations and Policies*" on page 247. We have been in compliance with such requirements for the periods stated below:

	Requirements	**Nine-month period ended December 31, 2023**	**Financial Year 2021**	**Financial Year 2022**	**Financial Year 2023**
CRAR	Must be not less than 15.0%	18.64%	22.24%	24.06%	21.97%
CRAR – Tier I	--	15.43%	16.64%	20.96%	20.30%
CRAR – Tier II	Cannot exceed 100% of CRAR – Tier I	3.21%	5.60%	3.10%	1.67%

For further details, please see "*Business – Compliance, Internal Audit and Internal Controls – Compliance with Capital Adequacy Ratio Requirements*".

Our ability to support and grow our business would become limited if our CRAR is low. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital to continue to meet applicable CRAR with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favourable to us, and this may adversely affect the growth of our business. In addition, any changes in the RBI or other government actions in relation to securitizations or assignments by NBFCs in general or MFIs specifically, including if any assignment is held unenforceable under applicable law, could have an adverse effect on our assignment and securitization plans in the future. This may result in non–compliance with applicable capital requirements, which could have an adverse effect on our business, financial condition and results of operations. If we are unable to meet any existing or new and revised requirements, our business and results of operations may be adversely affected.

35 ***Our non-convertible debentures are listed on the BSE, and we are subject to rules and regulations with respect to such listed non-convertible debentures. Additionally, as a 'high value debt listed entity', we are subject to additional compliances under the SEBI Listing Regulations. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows.***

Our non-convertible debentures are listed on the debt segment of the BSE. We are required to comply with various applicable rules and regulations, including the applicable SEBI regulations and applicable provisions of the SEBI Listing Regulations, in terms of our listed non-convertible debentures. While we have been in compliance with such rules and regulations in the past (including in Fiscals 2021 to 2023 and the nine-months period ended December 31, 2023, if we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, restrictions on the further issuance of securities and freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows. For details of such listed non-convertible debentures, see "*Financial Indebtedness – Details of listed non-convertible debentures issued by our Company*" on page 435.

Furthermore, we are qualified as a 'high value debt listed entity' as per the thresholds set out under the SEBI Listing Regulations. As a 'high value debt listed entity', Chapter IV of the SEBI Listing Regulations is applicable to us on a mandatory basis from April 1, 2023. Accordingly, the required compliance with Chapter IV of the SEBI Listing Regulations may cause additional compliance and legal costs for us and any non-compliance in relation to this may attract penalties, which may have an adverse effect on our business, results of operations, financial condition.

36 ***We require certain statutory and regulatory approvals, licenses, registrations and permissions to conduct our business and an inability to obtain or maintain such approvals, licenses, registrations and permissions in a timely manner, or at all, may adversely affect our operations.***

We require certain approvals, licenses, registrations and permissions to operate our business, including a registration for our Company with the RBI as an NBFC-MFI as well as various other corporate actions, such as certificates of incorporation and registrations under the various tax and labour legislations. In the future, we will be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. For example, we may need additional approvals from regulators to introduce new insurance and other fee-based products to our members. We cannot assure you that the relevant authorities will issue any such permits or approvals in a timely manner, or at all, or on favourable terms and conditions. Our failure to comply with the terms and conditions of such permits or approvals or to maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have an adverse effect on our operations.

If we are unable to comply with the requirements stipulated under the relevant regulations within the specified time limit, or at all, we may be subject to regulatory actions by the RBI, including the levy of fines or penalties or the cancellation of our license to operate as an NBFC-MFI. Further, we have also filed an application dated May 2, 2024 seeking approval from the RBI in relation to the proposed change in the shareholding of our Company of 26.00% or more of the paid-equity share capital of the Company pursuant to the Offer, Pre-IPO Placement and certain inter-se Promoter and other transfers in terms of the SBR Master Directions, as amended in connection with the Offer ("**RBI Approval**"). As of the date of the DRHP, we have not received the RBI

Approval. For further details, please see "*Other Regulatory and Statutory Requirements*" and "*Material Contracts and Documents for Inspection*" on pages 449 and 553, respectively.

In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations (including labour welfare fund, employee state insurance and employee provident fund), GST registrations and trade licenses of the particular state in which we operate. For instance, we have applied for but not received certain approvals in relation to the branches of our Company, such as shops and establishments registration for certain of our branches in the states of Tamil Nadu, Puducherry, Bihar, Madhya Pradesh, Uttar Pradesh, Gujarat, Odisha, Rajasthan and Andhra Pradesh, and labour welfare board registrations for certain of our branches in the states of Andhra Pradesh, Tamil Nadu, Bihar, Madhya Pradesh, Uttar Pradesh and Odisha, amongst others. For further information on our key approvals and licenses, see "*Government and Other Approvals*" on page 446. If we fail in the future to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims that we have not complied, with any of these conditions, we may be liable to fines or penalties, and our certificates of registration may be suspended or cancelled and we would no longer be able to carry on such activities required for our business.

Furthermore, several of the licenses and approvals required in relation to our branches are subject to local state or municipal laws, including the renewal of approvals, which expire from time to time, in the ordinary course of our business. The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. We have obtained a significant number of, but not all, approvals, licenses, registrations and permits that we require from the relevant authorities. If we fail to obtain such approvals for our branches under local state or municipal laws, our business activities and operations may be adversely affected or we may be liable to pay fines or penalties.

37 ***Our Listed Corporate Promoter, Muthoot Finance Limited, is involved in other financial services related businesses and is subject to extensive regulation. Any non-compliance or perceived non-compliance by our Promoters or Directors, or by the Promoters or Directors of our Promoters may entail negative perception of us by our customers and also adversely affect our reputation, business, results of operations and prospects.***

Our Listed Corporate Promoter, Muthoot Finance Limited, is registered with the RBI as an NBFC-UL, carries out financial services in India and is a listed entity in India. NBFC-ULs are subject to compliance with the Companies Act, and extensive RBI regulations. Any non-compliance by our Promoters with these regulations or any other regulations applicable to them, may entail negative perception of us by our customers and also adversely affect our ability to comply with regulations applicable to us and our business, results of operations and prospects may be adversely affected. Furthermore, Muthoot Finance Limited has had instances of non-compliance under certain provisions of SEBI Listing Regulations in the past relating to constitution of nomination and remuneration committee, stakeholders relationship committee, non-filing of quarterly interest payment, and late filing of intimation regarding interest payments. Muthoot Finance Limited has paid a fine imposed on it aggregating to ₹0.02 million for such non-compliance.

Any adverse action against or alleged non-compliance by Muthoot Finance Limited, or our other Promoters and Directors may have an adverse impact on our brand and reputation, and our ability to carry out our business and comply with regulations applicable to us. For example, under the RBI regulations applicable to us we are required to, among other things, 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 and furnish to the RBI a quarterly statement on change of directors and a certificate from our managing director that fit and proper criteria in selection of the directors has been followed. Any letter or investigation from RBI directed to our

Company in relation to our Directors' 'fit and proper' nature could divert management's time and attention and adversely impact our business and operations.

Additionally, our Promoters continue to hold a substantial interest in several entities which operate across a variety of sectors and are regulated by specific regulators and regulations. For details in relation to the entities in which our Promoters are interested, see "*Our Promoters and Promoter Group – Promoter Group*" on page 293.

38 ***Our Promoters, Directors, Key Managerial Personnel and Senior Management Personnel may have interests other than reimbursement of expenses incurred and receipt of remuneration or benefits from our Company. Certain of our Promoters and Director may have interest in entities, which are in businesses similar to ours and this may result in conflict of interest with us.***

Certain of our Promoters, Directors, Key Managerial Personnel and Senior Management Personnel are interested in us, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding, direct and indirect, and benefits arising therefrom. For further details, please see "*Our Management - Arrangement or understanding with major Shareholders, customers, suppliers or others*" and "*Interest of Directors*" on pages 275 and 277, respectively. We cannot assure you that our Promoters and Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in the future. It may also enable a competitor to take advantage of a corporate opportunity at our expense. Such decisions could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, our Listed Corporate Promoter, Muthoot Finance Limited, is also an NBFC, and we cannot assure you that their business, operations or any decisions taken will not conflict with ours in the future. Should we face any such conflicts in the future, there is no guarantee that they will get resolved in our favour.

39 ***Our Promoters will continue to retain significant shareholding in us after this Offer, which will allow them to exercise significant influence over us. Any substantial change in our Promoters' shareholding may have an impact on the trading price of our Equity Shares, which could adversely affect our business, financial condition, results of operations and cash flows.***

As at the date of this Draft Red Herring Prospectus, our Promoters collectively hold 40,197,753 Equity Shares, or 73.30% of the issued, subscribed and paid-up pre-Offer Equity Share capital of our Company on a fully diluted basis. In particular, our Managing Director, Dr. Kalpanaa Sankar, currently owns 9,066 Equity Shares, or 0.02% of the issued, subscribed and paid-up pre-Offer Equity Share capital of the Company, which we expect to be reduced. Upon completion of the Offer, our Promoters will hold continue to hold a significant percentage of our Equity Share capital, amounting to [●]% (subject to finalisation of the Basis of Allotment). Our Promoters will therefore be able to continue to exercise significant control or influence over our business and major policy decisions, including over the outcome of matters submitted to our Board or our Shareholders for approval. Such matters may include the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. Our Promoters' concentration of ownership of our Equity Share capital may also delay, defer or even prevent a change in control of our Company, and it may be more difficult or impossible for our Company to enter into certain transactions without the support of our Promoters. The trading price of our Equity Shares could be adversely affected if potential new investors are disinclined to invest in us because of any perceived disadvantages of our Promoters owning a high concentration of our shareholding. For details of our Equity Shares held by our Promoters, see "*Capital Structure — History of the Share Capital held by our Promoters*" on page 95. Following our listing, our Promoters and the Selling Shareholders also seek to retain their rights to nominate Directors on our Board, subject to the receipt of the requisite regulatory and corporate authorizations (including special resolution to be passed by our Shareholders in the first general meeting after the listing of the Equity Shares). For further details in relation to the current and proposed nominee rights of our Promoters, see "*History and Certain Corporate Matters – Shareholders' agreements and other agreements*" and "*Description of Equity Shares and Terms of Articles of Association*" on pages 266 and 503, respectively.

40 ***Our success depends, in large part, upon our management team and skilled personnel and on our ability to attract and retain such persons. Additionally, failure to train and motivate our employees may lead to an increase in our employee attrition rates, and our results of operations could be adversely affected as a result of any disputes with our employees.***

We are dependent on our Board, Key Managerial Personnel and Senior Management Personnel and employees for our operations. The RBI mandates NBFCs to have in place supervisory standards to ensure that directors have appropriate qualifications, technical expertise and a credible track record, and these requirements may make it more difficult for us to identify suitable replacement for our directors. In particular, our senior management has significant experience in the financial services industry. We also face a challenge to hire, assimilate, train and retain skilled personnel. Competition for management and other skilled personnel in India is intense, and we may not be able to attract and retain the managerial and other personnel we need in the future.

As a result, our success will depend in large part on our ability to identify, attract and retain skilled managerial and other personnel. If we are not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain our quality and reputation, it will be difficult for us to manage our business and growth. Our business is also dependent on our team of personnel who directly manage our relationships with our customers. Our business and profits would suffer adversely if a substantial number of such personnel left us or became ineffective in servicing our members over a period of time.

The table below sets forth the number of our employees and the corresponding attrition rates (defined as the number of employees that have voluntarily resigned, i.e., excluding separation on account of termination, death, superannuation, etc. during the specified year divided by the yearly average number of employees for that year):

	As of / for the nine-month period ended December 31, 2023	**As of / For the Financial Year 2023**	**As of / For the Financial Year 2022**	**As of / For the Financial Year 2021**
Number of employees	10,169	8,022	5,939	4,562
Attrition rate (%)	23.32%	32.73%	31.73%	23.16%

In addition, the attrition rate of our Key Managerial Personnel is nil in the past Fiscals 2021 to 2023 and the nine-months period ended December 31, 2023. However, large scale attrition, especially at the senior management level, can make it difficult for us to manage and grow our business. The loss of key managerial personnel and senior management or our inability to replace key managerial personnel and senior management may restrict our ability to grow, to execute our strategy, to raise the profile of our brand, to raise funding, to make strategic decisions and to manage the overall running of our operations, which would have an adverse effect on our results of operations and financial position.

Moreover, labour disputes, protracted wage negotiations, work stoppages and strike actions may impair our ability to carry on our day-to-day operations, which could adversely affect our results of operations. We have not faced any such material labour disputes, protracted wage negotiations, work stoppages or strike actions in the past. Furthermore, our employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect our business and results of operations.

41 ***Our funding requirements and the proposed deployment of Net Proceeds have not been appraised and our management will have discretion over the use of the Net Proceeds.***

We intend to use the Net Proceeds from the Fresh Issue towards augmenting our capital base. For further details, see "*Objects of the Offer*" on page 106. Pending utilization of the Net Proceeds, we intend to deposit such Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the RBI Act, as may be approved by our Board. Our proposed deployment of the Net Proceeds has not been appraised by any agency, including any bank or finance institutions and it is based on management estimates. Our management will therefore have discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of the Net Proceeds towards the objects of the Offer. Any variation in the utilisation of net proceeds shall require prior shareholder approval through postal ballot.

Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business, which may affect our prospects and results of operations. Accordingly, the use of Net Proceeds may not result in growth of our business or increased profitability.

42 ***We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the entire proceeds from the Offer for Sale.***

This Offer includes an Offer for Sale of up to [●] Equity Shares aggregating up to ₹3,000 million by the Selling Shareholders. Hence, the entire proceeds from the Offer for Sale will be paid to the Selling Shareholders and we will not receive such proceeds from the Offer for Sale. For further details, see "*Objects of the Offer*" on page 106.

43 ***We have entered into, and will continue to enter into, related party transactions which may potentially involve conflicts of interest.***

In the ordinary course of our business, we have entered into several transactions with related parties, including our Promoters and certain members of our Promoter Group. These related party transactions include, among others, payment for services rendered, services received, processing fees paid, consultancy services availed for training, and interest payable. The table below sets forth details relating to our related party transactions for the periods indicated:

	For nine-month period ended December 31, 2023		**For Financial Year 2023**		**For Financial Year 2022**		**For Financial Year 2021**	
	Aggregate amount of related party transactions *(₹million)*	**% of revenue from operations**	**Aggregate amount of related party transactions *(₹million)***	**% of revenue from operations**	**Aggregate amount of related party transactions *(₹million)***	**% of revenue from operations**	**Aggregate amount of related party transactions *(₹million)***	**% of revenue from operations**
Related party	1,277.37	9.96 %	1,407.95	13.65 %	3,594.62	49.43%	3,119.62	56.58%

transaction									

In Financial Year 2023, there were no materially significant related party transactions entered into by the Company which may have potential conflict with the interest of the Company. During the year, the Company had not entered into any contracts, arrangements, or transactions with related parties which could be considered material in accordance with the provisions of Regulation 23 of SEBI Listing Regulations and the Company's policy on related party transactions. All contracts, arrangement, or transactions entered by the Company during the Financial Year 2022-23, with its related parties, were in the ordinary course of business and the details of the transaction with related parties, were reviewed by our Audit Committee and approved by our Board. Transactions with related parties, as per the requirements of Ind AS, are disclosed in the notes to the accounts annexed to the Restated Financial Information.

While all our related party transactions have been conducted on an arm's length basis and in compliance with Companies Act, 2013, and SEBI Listing Regulations and applicable law, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Such related party transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company. We cannot assure you that such related party transactions, individually or in the aggregate, will always be in the best interests of our shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

For further details on our related party transactions, see "*Offer Document Summary – Summary of Related Party Transactions*" on page 18.

44 *We have issued Equity Shares during the last twelve months at a price that may be lower than the Offer Price.*

Except as stated in "*Capital Structure – Notes to Capital Structure – Share Capital History of our Company – Equity Share Capital*" on page 91, we have not in the last twelve months prior to filing this Draft Red Herring Prospectus, issued Equity Shares at prices that could be lower than the Offer Price. The prices at which Equity Shares have been issued by us in the last one year should not be taken to be indicative of the Price Band, Offer Price and the trading price of our Equity Shares after listing. Furthermore, certain of our Promoters or our Directors have sold their Equity Shares in the ordinary course of business, such as due to need of liquidity and cash flow. For instance, Dr. Kalpanaa Sankar has sold part of her Equity Shares (amounting to 2% of the issued, subscribed and paid-up pre-Offer Equity Share capital of the Company) to our Listed Corporate Promoter, Muthoot Finance Limited. The prices at which Equity Shares have been sold in such transactions should not be taken to be indicative of the Price Band, Offer Price and the trading price of our Equity Shares after listing.

45 ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and lender consents and we cannot assure you that we will be able to pay dividends in the future.***

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. In addition, any dividend payments we make are subject to the prior consent of certain of our lenders pursuant to the terms of the agreements we have with them. The following table shows the dividends that have been paid in the Financial Years 2021, 2022 and 2023 and the nine months period ended December 31, 2023, and from January 1, 2024 until the date of this Draft Red Herring Prospectus:

Particulars	January 1, 2024 till the date of this Draft Red Herring Prospectus	December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
No. of Equity Shares	5,48,44,055	4,88,44,055	4,56,08,760	3,75,20,524	3,75,20,524
Face value per Equity Share (in ₹)	10	10.00	10.00	10.00	10.00
Aggregate Dividend (in ₹ million)	Nil	29.31	13.68	11.26	22.51
Dividend per Equity Share (in ₹)	Nil	0.60	0.30	0.30	0.60
Rate of dividend (%)	Nil	6.00%	3.00%	3.00%	6.00%
Dividend Distribution Tax (in ₹)	Nil	Nil	Nil	Nil	Nil
Mode of Payment of Dividend	N.A.	Electronic Transfer	Electronic Transfer	Electronic Transfer	Electronic Transfer

For further details, please see "*Dividend Policy*" on page 303.

In addition, the declaration and payment of dividend is subject to relevant RBI regulations and guidelines issued by the RBI from time to time. For instance, in order to infuse transparency and uniformity in practice of declaration of dividend by NBFCs, the RBI through its circular on 'Declaration of dividends by NBFCs' dated June 24, 2021, prescribed guidelines for declaration of dividend from the profits of the Financial Year ending March 31, 2022 onwards, providing among other things, eligibility criteria on different parameters such as capital adequacy, net NPA ratio and quantum of dividend payable, compliance with regulations and guidelines issued by the RBI, including prescribed ceilings on dividend payout ratio, among others. Similar guidelines may be imposed in the future. While we have been paying dividends historically on our Equity Shares, we cannot assure you that we will be able to pay dividends in the future.

46 ***Competition from other micro-finance institutions, banks (including small finance banks) and financial institutions, as well as state-sponsored social programs, may adversely affect our profitability and position in the Indian microcredit lending industry.***

We face significant competition from other NBFCs, MFIs and banks in India (including SFBs). For details, see "*Our Business – Competition*" on page 243. Many of these institutions with which we compete may have larger businesses in terms of assets under management, better access to lower cost of funding, larger assets size, number of branches and higher geographical penetration than we do. In certain areas, they may also have better name recognition and larger customer bases than us. We anticipate that we may encounter greater competition as we continue expanding our operations in India, which may result in an adverse effect on our business, results of operations and financial condition.

Traditional commercial banks, as well as regional rural and cooperative banks, have generally and not directly targeted the lower income segments of the population for new customers. However, some banks do participate in microfinance by financing the loan programs of self help groups often in partnership with non-governmental organizations, or through certain state-sponsored social programs. Furthermore, most small finance banks which received approval from the RBI for the commencement of SFB operations are focused on low and middle-income individuals and micro, small and medium enterprises. Some commercial banks are also beginning to directly compete with for-profit MFIs, including through their partner institution model and co-lending model, for lower income segment customers in certain geographies.

Disruption from digital platforms could also have an adverse effect on our business model and the success of our products and services that we offer to our customers. We face threats to our business from newer business models that leverage technology to bring together savers and customers. The verification and disbursement process, undertaken through e-KYC and Aadhaar ID, is generally much faster than a typical NBFC. While we are currently working on developing the relevant technological infrastructure to undertake our verification and disbursement process through e-KYC and Aadhaar ID, we cannot assure you that we will be successful in developing and implementing the same.

In addition, as competition amongst micro-finance players increases, customers may take more than one loan from different micro-finance players, which may adversely affect our asset quality or the asset quality of the industry as a whole.

47 ***There are factual inaccuracies in certain of our corporate records and corporate filings. Additionally, certain of our historical corporate and secretarial records are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future which may impact our financial condition and reputation and we will not be subject to any penalty imposed by the competent regulatory authority in this regard.***

Our Company has, inadvertently, made certain errors in its statutory / corporate filings with the RoC in the past. For instance, in relation to the allotment of Equity Shares dated September 6, 1993, the Form-2 is dated August 31, 1993, whereas the accurate date of allotment has been recorded in the Board resolution for allotment, i.e., September 6, 1993. Further, there are certain inaccuracies and discrepancies in the names of the allottees in relation to certain allotments. For instance, there are certain typographical errors in the names of prospective allottees in the board resolution approving the issuance of Equity Shares in relation to the allotment dated April 26, 2010. There are also certain typographical errors and consequent discrepancies between the names of the allottees in the board resolutions for allotments and the register of members. Additionally, certain corporate records in relation to the allotments made by our Company are not traceable by our Company, for instance, the board resolutions approving the issuance of Equity Shares in relation to the allotment dated March 27, 2010 and April 26, 2010 are not traceable by our Company. Also, the board resolutions authorising the grant of loan with option to convert outstanding loan to equity shares in relation to the allotment of Equity Shares in lieu of debt owed, dated September 29, 1990 and March 28, 1994 are not traceable by our Company. Additionally, certain delivery instruction slips for some of the secondary transactions involving our Promoters are not traceable by our Company. The details of such transactions are as follows: (i) transfer dated December 8, 2016 to our Listed Corporate Promoter by way of purchase of 2,000,000 Equity Shares from International Finance Corporation, (ii) transfer dated April 16, 2018 to our Listed Corporate Promoter by way of purchase of 300,000 Equity Shares from our Promoter, Dr. Kalpanaa Sankar, (iii) transfer dated August 31, 2023 to our Listed Corporate Promoter by way of purchase of 116,279 Equity Shares from Hand in Hand Consulting Services Private Limited, and (iv) transfer dated March 31, 2017 from our Promoter, Dr. Kalpanaa Sankar by way of sale of 100 Equity Shares to C V Sankar. Further, certain letters of renunciation and acceptance by then existing shareholders of our Company in relation to the rights issue dated December 23, 2013 are not traceable by our Company. Accordingly, for the purpose of making disclosures in the "*Capital Structure*" section of this Draft

Red Herring Prospectus, we have relied on the search report prepared by Krishna Sharan Mishra, Independent Practising Company Secretary (having peer review certificate bearing number 604/2019), and certified by their certificate dated May 2, 2024 ("**RoC Search Report**") pursuant to their inspection and independent verification of the documents available or maintained by our Company, the Ministry of Corporate Affairs at the MCA Portal and the RoC.

Further, our Company has in the past inadvertently delayed in making the prescribed statutory filings for few corporate actions, such as, filing of Form-2 for allotment dated March 27, 2010. While we have paid the requisite fine / additional fees as prescribed under the Companies Act, 1956, and, or, 2013 (as applicable), at the time of the delayed filing, we cannot assure you that such delayed reporting will not occur in the future. Further, while there have been no regulatory proceedings or actions initiated against us in relation to the aforementioned anomalies, non-compliance, inaccuracies or non-availability of the corporate records, we cannot assure you that the relevant corporate records will become available in the future, that regulatory proceedings or actions will not be initiated against us in the future, or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

48 ***This Draft Red Herring Prospectus contains information from third parties and from the CRISIL Report prepared by CRISIL, which we have commissioned and paid for purposes of confirming our understanding of the industry 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.***

The industry and market information contained in this Draft Red Herring Prospectus includes information that is derived from the CRISIL Report dated March 2024 prepared by an independent third-party research agency, CRISIL. Our Company has commissioned CRISIL pursuant to the engagement letter dated September 28 2023. Neither we nor any of our Directors, Key Managerial Personnel, Senior Management Personnel, Promoters, the Selling Shareholders or the BRLMs are related parties of CRISIL. The CRISIL Report has been commissioned and paid for by us for the purposes of confirming our industry exclusively in connection with the Offer. The report uses certain methodologies for market sizing and forecasting, and it may include numbers relating to our Company that differ from those we record internally. Accordingly, investors should read the industry-related disclosure in this Draft Red Herring Prospectus in this context. Industry sources and publications are also 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, projections, forecasts and assumptions that may prove to be incorrect. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus. While these industry sources and publications may take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data.

Given the scope and extent of the CRISIL Report, disclosures are limited to certain excerpts and the CRISIL Report has not been reproduced in its entirety in this Draft Red Herring Prospectus. The CRISIL Report is available on the website of our Company at https://belstar.in/offerdocumentrelatedfilings and will also be made available as part of the material documents for public inspection from the date of the Red Herring Prospectus until the Bid/Offer Closing Date. For further details, please see, "*Material Contracts and Documents for Inspection – Material documents for the Offer*" on page 553. Furthermore, the CRISIL Report is not a recommendation to invest or disinvest in any company covered in the CRISIL Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information. You should consult your own advisors and undertake an independent assessment of information in this Draft Red Herring Prospectus based on, or derived from, the CRISIL Report before making any investment decision regarding the Offer. For details, see "*Industry Overview*" on page 147. For the disclaimer associated with the CRISIL Report, see, "*Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data*" on page 24.

49 ***We have presented, in this Draft Red Herring Prospectus, certain financial measures and other selected statistical information relating to our financial condition and operations which are not prepared under or required by Indian GAAP. These financial measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.***

This Draft Red Herring Prospectus includes financial measures and certain other statistical information of our financial condition and operations not prepared under or required by Indian GAAP, i.e., non-GAAP financial information, which may not accurately represent our financial condition, performance and results of operations. We compute and disclose such non-GAAP financial information relating to our financial condition and operations as we consider such information to be useful measures of our business and financial performance. Such non-GAAP financial information is based on management accounts and internal financial information systems of our Company and is prepared by adjusting, based on management estimates, the financial measures in our Restated Financial Information. Non-GAAP information should not be considered in isolation from, or as a substitute for, financial information presented in the Restated Financial Information.

Furthermore, the non-GAAP financial information may be different from financial measures and statistical information disclosed or followed by other NBFCs or micro finance companies. The non-GAAP financial 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 measures and statistical information of similar nomenclature that may be computed and presented by NBFCs, micro finance companies or other financial services companies. For further information, see "*Other Financial Information – Non-GAAP Measures*" on page 391. Accordingly, investors should not place undue reliance on the non-GAAP financial information included in the Draft Red Herring Prospectus.

50 ***Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investor's assessments of our financial condition.***

Our Restated Financial Information included in this Draft Red Herring Prospectus have been compiled from the audited financial statements as at and for and the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, and the audited financial statements as at and for the nine-month period ended December 31, 2023, which were prepared in accordance with Ind AS, and in each case restated in accordance with the SEBI ICDR Regulations, the Guidance Note and relevant provisions of the Companies Act. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft 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. Accordingly, the degree to which our Restated Financial Information, included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

EXTERNAL RISKS

51 ***Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.***

The Indian economy and the financing industry are influenced by economic, political and market conditions in India and globally. Our Company is incorporated in India, and all of our assets and employees are located in India. We operate only within India and, accordingly, all of our revenues are derived from the domestic market. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. A slowdown in the growth or negative growth of sectors where we have relatively higher exposure could result in lower demand for credit and other financial products and services and higher defaults, and hence adversely impact our performance. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, or change in India's credit rating, resulting in an adverse effect on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, local political environment (such as the recent negative sentiment against MFIs in Assam and Andhra Pradesh), civil unrest, acts of violence, terrorist attacks, regional conflicts or situations of war terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- man-made or natural disasters such as earthquakes, tsunamis, floods, droughts, as well as the effects of climate change;
- infectious disease outbreaks or other serious public health concerns such as the COVID-19 pandemic; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

52 ***It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.***

We are incorporated under the laws of India and most of our Directors, Key Managerial Personnel and members of the Senior Management Personnel reside in India. As a result, you may be unable to effect service of process in jurisdictions outside India, upon our Company or enforce in Indian courts judgments obtained in courts of jurisdictions outside India against our Company, including judgments predicated upon the civil liability provisions of securities laws of jurisdictions outside India.

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 a limited number of jurisdictions. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended (the "**Civil Code**"). The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court. Even if an investor obtained a judgment in such a jurisdiction against our Company, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

The United Kingdom, United Arab Emirates, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, 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 cannot be enforced by proceedings in execution in India.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court will award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with public policy, or if judgment is in breach or contrary to Indian law. 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 outside India.

53 ***Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.***

Foreign ownership of Indian securities is subject to Government regulation. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the pricing and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. In addition, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which our Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. Furthermore, NBFCs are required to obtain prior written permission of the 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 26.00% or more of the paid-up equity capital (no prior approval is required if the shareholding going beyond 26% is due to buyback 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 a NBFC, which results in change in more than 30% of the directors, excluding independent directors, provided that no prior approval shall be required in case of directors who get re-elected on retirement by rotation.

Furthermore, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, which has been incorporated as the proviso to Rule 6(a) of the FEMA Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular term or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 402. Our ability to raise foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, results of operations, financial condition and cash flows.

54 ***Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be similar to the shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in an Indian company, such as our Company, than as a shareholder of a corporation in another jurisdiction.

55 ***Our ability to raise foreign currency funds may be constrained by Indian law.***

As an Indian NBFC, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings 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.

56 ***We may be affected by competition law in India.***

The Competition Act regulates practices having an appreciable adverse effect on competition ("**AAEC**") in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and results in the imposition of substantial monetary penalties. Furthermore, 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 by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

The Competition Act also includes provisions in relation to combinations which require any acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India ("**CCI**").

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Furthermore, 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. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are 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 the Competition Act, it would adversely affect our business, results of operations and prospects.

57 ***We may be negatively impacted by a downgrading of India's sovereign debt rating by an international rating agency.***

Any downgrading of India's sovereign debt rating by an international rating agency could have a negative impact on our business, financial performance and results of operations.

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

58 ***Pursuant to the listing of the Equity Shares and the SEBI directive dated August 7, 2023, we may be subject to pre-emptive surveillance measures like the Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.***

SEBI and the Stock Exchange have introduced various pre-emptive surveillance measures in order to enhance market integrity and safeguard the interests of investors, including ASM and GSM. ASM and GSM are imposed on securities of companies based on various objective criteria, such as significant variations in price and volume, concentration of certain client accounts as a percentage of combined trading volume, average delivery, securities which witness abnormal price rise not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net worth, price / earnings multiple and market capitalization. Upon listing, the trading of our Equity Shares would be subject to differing market conditions as well as other factors which may result in high volatility in price, low trading volumes, and a large concentration of client accounts as a percentage of combined trading volume of our Equity Shares. The occurrence of any of the abovementioned factors or other circumstances may trigger any of the parameters prescribed by SEBI and the Stock Exchange for placing our securities under the GSM and/or ASM framework or any other surveillance measures, which could result in significant restrictions on trading of our Equity Shares being imposed by SEBI and the Stock Exchange. These restrictions may include requiring higher margin requirements, requirement of settlement on a trade for trade basis without netting off, limiting trading frequency, reduction of applicable price band, requirement of settlement on gross basis or freezing of price on upper side of trading, as well as mentioning of our Equity Shares on the surveillance dashboards of the Stock Exchanges. The imposition of these restrictions and curbs on trading may have an adverse effect on market price, trading and liquidity of our Equity Shares and on the reputation and conditions of our Company.

59 ***The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares upon listing on the Stock Exchanges. Furthermore, the current market price of some securities listed pursuant to initial public offerings which were managed by the Book Running Lead Managers in the past, is below their respective issue prices.***

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company's board or the IPO Committee, in consultation with the BRLMs through the book building process in accordance with the SEBI ICDR Regulations. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" on page 112 and may not be indicative of the market price of the Equity Shares upon listing on the Stock Exchanges. The price of our Equity Shares upon listing on the Stock Exchanges will be determined by the market and may be influenced by many factors outside of our control. For further details, see "*– The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Furthermore, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all*." on page 69. Furthermore, the current market price of securities listed pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue price. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the Book Running Lead Managers*" on page 458.

60 ***The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Furthermore, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. This Offer Price will be based on numerous factors, including as described under "*Basis for Offer Price*" on page 112 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, results of operations that vary from the expectations of research analysts and investors, results of operations that vary from those of our competitors, and changes in expectations as to our future financial performance conditions in financial markets, including those outside India, the strain of being a listed company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, 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, and may decline below the Offer Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Offer Price.

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

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realized on the sale of our Equity Shares on a stock exchange held for more than 12 months is subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on a stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). A securities transaction tax ("**STT**") will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realized on the sale of our Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to long-term capital gains tax in India. Furthermore, 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. Furthermore, any gain realized on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to short-term capital gains tax at a higher rate compared to the transaction where STT has been paid in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident.

As a result, subject to any relief available under an applicable tax treaty or under the laws of their own jurisdictions, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of our Equity Shares.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 and clarified 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 Finance Act, 2020, has, *inter alia*, amended the tax regime, including a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, that such dividends are not exempt in the hands of the shareholders, and that such dividends are likely to be subject to tax deduction at source. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

The Government announced the union budget for Fiscal 2024 and the Finance Bill in the Lok Sabha on February 1, 2023. The Finance Bill has received assent from the President of India on March 30, 2023 and has been enacted as the Finance Act, 2023. We cannot predict whether any amendments made pursuant to the Finance Bill would have an adverse effect on our business, financial condition, future cash flows and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations, governing our business and operations could result in us being deemed to be in contravention of such laws requiring us to apply for additional approvals.

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

Under the Companies Act, a company having share capital and incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offer document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company would be diluted.

63 ***Holders of the Equity Shares may be subject to any future issuance of Equity Shares, or convertible securities or other equity linked instruments which may result in dilution of shareholding,***

We may be required to finance our growth, whether organic or inorganic, through future equity offerings, convertible securities, or equity linked instruments. Any such issuances of equity, convertible securities or equity linked instruments by us, including a primary offering or under an employee benefit scheme, may lead to the dilution of investors' shareholdings in us. There can be no assurance that we will not issue further Equity Shares, convertible securities or other equity linked instruments, and any future issuances of such Equity shares, convertible securities or other equity linked instruments could dilute the value of the shareholder's investment in the Equity Shares. In addition, any perception by investors that such issuances or sales of such Equity Shares, convertible securities, or other equity linked instruments may also affect the market price of the Equity Price.

64 ***Currency exchange rate fluctuations may affect the value of the Equity Shares.***

The Equity Shares are and will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into other currencies for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the Net Proceeds received by the shareholders.

65 ***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.***

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of the Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors, on the other hand, can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/ Offer Closing Date. While our Company is required to complete Allotment within three Working Days from the Bid or Offer Closing Date or such other period as may be prescribed by SEBI, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, political or economic conditions, or changes to our business or financial condition, may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

66 ***A third party could be prevented from acquiring control of us following the Offer of our Equity Shares because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that 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 us. 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 Takeover Regulations.

67 ***Certain of the existing Holders of the Equity Shares or future holders of the Equity Shares may not be able to collectively exert substantial voting control over the Company, which may limit the ability of investors to influence corporate matters.***

As of the date of this Draft Red Herring Prospectus, our five largest shareholders beneficially owned an aggregate of 54,834,889 Equity Shares, representing 99.98% of our outstanding Equity Shares. While the shareholding of our Company is diversified, some existing or future shareholders together may limit your ability to influence corporate matters that require shareholder approval. These existing or future shareholders may be able to exercise considerable influence over any matters requiring shareholder approval, including the election of directors, approval of lending and investment policies and the approval of corporate transactions, such as a merger or other sale of our Company or its assets or further fund-raising transactions, such as a merger or other sale of our Company or its assets or further fund-raising transactions. In addition, our dispersed shareholdings may cause matters requiring shareholder approval to be delayed or not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to share any business opportunities with us.

68 ***There is no guarantee that the Equity Shares will be listed, or continue to be listed, on the Stock Exchanges in a timely manner, or at all, and such that the prospective investors will not be able to immediately sell their Equity Shares.***

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted by the Stock Exchanges until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the Stock Exchanges, which would adversely affect your ability to sell our Equity Shares.

SECTION III – INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer of Equity Shares(1)(2)(7)	Up to [●] Equity Shares, aggregating up to ₹ 13,000 million
of which:	
Fresh Issue (1) (7)	Up to [●] Equity Shares, aggregating up to ₹ 10,000 million
Offer for Sale (2)	Up to [●] Equity Shares aggregating up to ₹ 3,000 million
of which:	
Employee Reservation Portion(8)	[Up to [●] Equity Shares aggregating up to ₹ [●] million]
Net Offer	[Up to [●] Equity Shares aggregating up to ₹ [●] million]
The Net Offer consists of:	
A) QIB Portion (3) (4) (6)	Not less than [●] Equity Shares
of which:	
i. Anchor Investor Portion	Up to [●] Equity Shares
ii. Net QIB Portion available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
a. Available for allocation to Mutual Funds only (5% of the Net QIB Portion)	[●] Equity Shares
b. Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion(4) (5) (6)	Not more than [●] Equity Shares
of which:	
One-third of the Non-Institutional Portion available for allocation to Bidders with an application size more than ₹ 200,000 and up to ₹ 1,000,000	[●] Equity Shares
Two-third of the Non-Institutional Portion available for allocation to Bidders with an application size of more than ₹ 1,000,000	[●] Equity Shares
C) Retail Portion (4) (6)	Not more than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as at the date of this Draft Red Herring Prospectus)	54,844,055 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer – Net Proceeds*" on page 106 for details regarding the use of Net Proceeds arising from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

1. *The Offer has been authorized by a resolution of our Board dated April 26, 2024 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated May 2, 2024.*

2. *Our Board has taken on record the consent of each of the Selling Shareholders to severally and not jointly participate in the Offer for Sale pursuant to its resolution dated April 26, 2024. Each of the Selling Shareholders has, severally and not jointly, specifically authorized its respective participation in the Offer for Sale to the extent of its respective portion of the Offered Shares pursuant to their respective consent letters. Each of the Selling Shareholders, severally and not jointly, confirm that their respective portion of the Offered Shares have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI in accordance with Regulation 8 of the SEBI ICDR Regulations or are otherwise eligible for being offered for sale in the Offer in accordance with the provisions of the SEBI ICDR Regulations. Each of the Selling Shareholders has, severally and not jointly confirmed compliance with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable, as on the date of this Draft Red Herring Prospectus. The details of such authorisations are provided below:*

Name of the Selling Shareholder	Aggregate amount of Offer for Sale (₹ million)	Number of Equity Shares offered in the Offer for Sale	% of Pre-Offer Shareholding	Date of board resolution/ authorization to participate in the Offer for Sale	Date of consent letter
MAJ Invest Financial Inclusion Fund II K/S	1,750	[●]	[●]	April 30, 2024*	May 3, 2024
Arum Holdings Limited	970	[●]	[●]	May 2, 2024	May 3, 2024
Augusta Investments Zero Pte Ltd	280	[●]	[●]	May 2, 2024	May 3, 2024

* *Authorised by the board of directors of Fonden MIFIF II GP, the general partner of MAJ Invest Financial Inclusion Fund II K/S.*

3. *Our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion 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 only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription*

in the Anchor Investor Portion, the remaining 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 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 as specified above, 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. For details, see "Offer Procedure" on page 479.

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, as applicable, at the discretion of our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable law. In case of under-subscription in the Offer, Equity Shares up to 90% of the Fresh Issue ("***Minimum Subscription***") will be issued prior to the sale of Equity Shares in the Offer for Sale, provided that post satisfaction of the Minimum Subscription, Equity Shares held by the Selling Shareholders offered under the Offer for Sale will be Allotted on a pro-rata basis in a manner proportionate to the respective Offered Shares. The balance Equity Shares of the Fresh Issue (i.e., 10% of the Fresh Issue) will be offered only once the entire portion of the Offered Shares are Allotted in the Offer.*

5. *Further, (a) 1/3rd of the portion available to NIBs shall be reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000 and (b) 2/3rd of the portion available to NIBs shall be reserved for applicants with application size of more than ₹ 1,000,000. Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of NIBs. The allocation to each NIB shall not be less than the Minimum NIB Application Size, subject to availability of Equity Shares in the Non-Institutional Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the SEBI ICDR Regulations.*

6. *Allocation to Bidders in all categories, except Anchor Investors, if any, Non-Institutional Bidders and Retail Individual Bidders, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each Non-Institutional Bidder and Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Non-Institutional Portion and 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. For details, see "Offer Procedure" on page 479.*

7. *Our Company, in consultation with the Book Running Lead Managers, may consider undertaking a Pre-IPO Placement, at its discretion of such number of securities, for cash consideration aggregating up to ₹ 2,000 million, between the date of this Draft Red Herring Prospectus till the date of filing of the Red Herring Prospectus with the RoC, subject to the receipt of the appropriate approvals. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR. On utilization of proceeds from the Pre-IPO Placement (if any) prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if any) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.*

8. *Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹ 500,000 (net of Employee Discount, if any). However, a Bid by an Eligible Employee Bidding 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 Bidding in the Employee Reservation Portion 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). Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Non-Institutional Portion or the Retail Portion and such Bids will not 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. Our Company, in consultation with the Book Running Lead Managers, may offer a discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees, which shall be announced at least two Working Days prior to the Bid / Offer Opening Date. For details, see "Offer Structure" beginning on page 474.*

For details, including in relation to grounds for rejection of Bids, see "*Offer Procedure*" on page 479. For details of the terms of the Offer, see "*Terms of the Offer*" on page 467.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Information as of and for the nine months period ended December 31, 2023 and as at and for the Fiscals 2023, 2022 and 2021. The summary financial information presented below should be read in conjunction with "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 307 and 393, respectively.

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Summary of restated statement of assets and liabilities

(₹ in million)

		Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
I	**ASSETS**					
	1	**Financial assets**				
	a)	Cash and cash equivalents	5,885.01	12,812.45	7,218.36	4,521.23
	b)	Bank Balance other than (a) above	398.50	448.80	1,360.18	1,256.62
	c)	Derivative financial instruments	-	-	-	-
	d)	Receivables				
		(I) Trade Receivables	3.38	7.61	3.58	3.80
		(II) Other Receivables	-	-	-	-
	e)	Loans	71,874.02	46,275.36	35,542.53	27,837.47
	f)	Investments	59.89	528.64	-	-
	g)	Other Financial assets	1,398.77	1,318.56	669.92	625.47
	2	**Non-financial Assets**				
	a)	Current tax assets (Net)	477.20	362.15	-	-
	b)	Deferred tax assets (Net)	492.41	167.59	514.59	195.84
	c)	Investment Property	1.10	1.10	1.10	1.10
	d)	Property, Plant and Equipment	56.84	53.60	47.69	35.76
	e)	Right-of-use assets	72.36	97.12	97.29	72.89
	f)	Intangible assets under development	3.29	0.44	0.49	0.55
	g)	Other Intangible assets	4.11	7.95	6.81	13.31
	h)	Other non financial assets	241.93	187.64	140.32	108.84
		Total Assets	**80,968.81**	**62,269.01**	**45,602.86**	**34,672.88**
II	**LIABILITIES AND EQUITY**					
		LIABILITIES				
	1	**Financial Liabilities**				
	a)	Derivative financial instruments	-	29.32	-	-
	b)	Payables				
		(I) Trade Payables				
		(i) total outstanding dues of micro enterprises and small enterprises	-	7.20	-	-
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2.99	24.55	5.76	8.33
		(II) Other Payables				
		(i) total outstanding dues of micro enterprises and small enterprises				
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises				
	c)	Debt Securities	8,924.04	6,215.71	3,807.89	5,284.95
	d)	Borrowings (other than debt securities)	52,512.41	40,399.64	30,118.88	21,032.99
	e)	Subordinated Liabilities	2,805.36	1,649.51	1,643.59	1,638.42
	f)	Lease liabilities	78.37	105.86	106.39	80.43
	g)	Other Financial liabilities	3,174.49	2,773.08	1,188.47	1,115.66
	2	**Non-financial Liabilities**				

		Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	a)	Current tax liabilities (net)	-	-	64.87	20.34
	b)	Provisions	152.71	81.86	61.54	50.97
	c)	Other non-financial liabilities	81.57	59.29	46.14	23.63
		EQUITY				
	a)	Equity share capital	488.44	488.44	456.09	375.21
	b)	Other equity	12,748.43	10,434.55	8,103.24	5,041.95
		Total Liabilities and Equity	**80,968.81**	**62,269.01**	**45,602.86**	**34,672.88**

Summary of the restated statements of profit and loss (including other comprehensive income)

(₹ in million)

		Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
		Revenue from operations				
	(i)	Interest income	11,592.33	8,817.73	6,768.32	5,229.37
	(ii)	Fee and commission income	2.81	64.29	37.37	28.15
	(iii)	Net gain on fair value changes	36.74	27.47	7.87	13.84
	(iv)	Net gain on de-recognition of financial instruments under amortised cost category	1,199.52	1,403.12	458.73	242.68
(I)		**Total Revenue from operations**	**12,831.40**	**10,312.61**	**7,272.29**	**5,514.04**
(II)		Other Income	120.74	66.54	12.02	15.37
(III)		**Total Income (I + II)**	**12,952.14**	**10,379.15**	**7,284.31**	**5,529.41**
		Expenses				
	(i)	Finance costs	4,080.62	3,654.44	2,912.21	2,342.37
	(ii)	Fee and commission expense	234.71	263.79	196.68	129.03
	(iii)	Net loss on fair value changes	252.96	193.06	-	-
	(iv)	Impairment of financial instruments	2,150.07	1,445.79	1,497.50	807.55
	(v)	Employee benefit expenses	2,258.76	2,155.78	1,529.53	1,190.96
	(vi)	Depreciation, amortization and impairment	93.76	118.39	86.39	92.55
	(vii)	Other expenses	807.89	854.83	500.54	396.83
(IV)		**Total Expenses (IV)**	**9,878.77**	**8,686.08**	**6,722.85**	**4,959.29**
(V)		**Profit/(loss) before tax (III - IV)**	**3,073.37**	**1,693.07**	**561.46**	**570.12**
(VI)		**Tax Expense:**				
	(i)	Current tax	1,061.45	48.16	422.77	261.36
	(ii)	Deferred tax	(322.12)	351.25	(312.60)	(150.50)
	(iii)	Earlier years adjustments	(17.15)	(9.59)	-	(7.25)
(VII)		**Profit/(loss) for the period (V - VI)**	**2,351.19**	**1,303.25**	**451.29**	**466.51**
(VIII)		**Other Comprehensive Income**				
	A)	**Items that will not be classified to profit or loss**				
		(i) Actuarial Gain/(Loss) on defined benefit obligation	(19.83)	(7.74)	(2.27)	2.99
		(ii) Changes in value of forward element of forward contract	8.89	(8.89)	-	-
		(iii) Tax impact thereon	2.75	4.18	(0.02)	(0.75)
		Subtotal (A)	**(8.19)**	**(12.45)**	**(2.29)**	**2.24**
	B)	**Items that will be classified to profit or loss**				
		(i) Fair value gain/ (loss) on Financial instruments measured at FVOCI	-	-	(17.89)	(9.84)
		(ii) Effective portion of gain on Hedging Instruments in Cash Flow Hedges	0.23	(0.23)	-	-
		(ii) Tax impact thereon	(0.06)	0.06	6.18	2.48
		Subtotal (B)	**0.17**	**(0.17)**	**(11.71)**	**(7.36)**
		Other Comprehensive Income (A + B)	**(8.02)**	**(12.62)**	**(14.00)**	**(5.12)**
(IX)		**Total Comprehensive Income for the period (VII + VIII)**	**2,343.17**	**1,290.63**	**437.29**	**461.39**
(X)		**Earnings per equity share (Face Value – Rs 10 per share)**	Not Annualised			
		Basic (Rs.)	48.14	27.12	12.01	12.43

Particulars			For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
		Diluted (Rs.)	48.14	27.12	12.01	12.43

Summary of the restated statement of cash flow

(₹ in million)

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Operating activities				
Profit before tax	**3,073.37**	**1,693.07**	**561.46**	**570.12**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation & amortisation	93.76	118.39	86.39	92.55
Impairment on financial instruments	2,150.07	1,445.79	1,497.50	807.55
Finance cost	4,080.62	3,654.44	2,912.21	2,342.37
Net loss on fair value changes	252.96	193.06	-	-
Net gain on fair value changes	(36.74)	(27.47)	(7.87)	(13.84)
Interest income on deposits	(224.40)	(286.68)	(163.05)	(163.26)
Profit on sale of asset	-	-	-	(0.13)
Operating Profit Before Working Capital Changes	**9,389.64**	**6,790.60**	**4,886.64**	**3,635.36**
Working capital changes				
(Increase) / Decrease in Trade receivables	4.23	(4.15)	(0.32)	(1.54)
(Increase) / Decrease in Loans	(27,748.74)	(12,178.62)	(9,220.45)	(7,763.27)
(Increase) / Decrease in Other financial asset	(91.16)	(724.37)	(10.89)	232.30
(Increase) / Decrease in Other non financial asset	(54.30)	(47.22)	(9.73)	(0.62)
Increase / (Decrease) in Trade and Other payables	(28.75)	29.01	(5.31)	8.05
Increase / (Decrease) in Other liabilities	142.47	1,378.29	234.09	(228.43)
Increase / (Decrease) in Provision	51.03	12.58	8.32	(4.11)
Cash flows from/(used in) operating activities before tax	**(18,335.58)**	**(4,743.88)**	**(4,117.65)**	**(4,122.26)**
Interest paid on borrowings	(3,911.84)	(3,476.05)	(3,009.62)	(2,128.22)
Income tax paid	(1,166.31)	(465.61)	(399.42)	(266.51)
Net cash flows from/(used in) operating activities	**(23,413.73)**	**(8,685.54)**	**(7,526.69)**	**(6,516.99)**
Investing activities				
Acquisition of fixed and intangible assets	(55.02)	(69.28)	(51.31)	(34.19)
Net gain on fair value changes	36.74	27.47	7.87	13.84
Proceeds from sale of fixed assets	-	-	-	0.17
Investment in security receipts (ARC)	-	(721.70)	-	-
Redemption of security receipts (ARC)	215.79	-	-	-
Redemption / (Investment) in fixed deposits	50.30	911.38	(103.56)	167.17
Interest received on deposits	240.80	361.42	128.53	177.10
Net cash flows from/(used in) investing activities	**488.61**	**509.29**	**(18.47)**	**324.09**
Financing activities				
Proceeds from issue of shares	-	1,086.70	2,716.14	-
Proceeds from / (Repayment) of borrowings	16,076.07	12,763.79	7,587.22	9,065.09
Interest paid on Lease liabilities	(6.86)	(11.02)	(11.84)	(10.33)
Payment towards Lease liabilities	(42.22)	(55.45)	(37.97)	(37.40)
Dividend paid on equity shares	(29.31)	(13.68)	(11.26)	(22.51)
Net cash flows from financing activities	**15,997.68**	**13,770.34**	**10,242.29**	**8,994.85**
Net increase in cash and cash equivalents	**(6,927.44)**	**5,594.09**	**2,697.13**	**2,801.95**
Net foreign exchange difference	-	-	-	-
Cash and cash equivalents at beginning of the Year / Period	12,812.45	7,218.36	4,521.23	1,719.28
Cash and cash equivalents at end of the year / Period	**5,885.01**	**12,812.45**	**7,218.36**	**4,521.23**

GENERAL INFORMATION

Our Company was incorporated as 'Belstar Investment and Finance Private Limited' under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 11, 1988, issued by the Registrar of Companies, Karnataka at Bangalore. Our Company subsequently shifted its registered office from Karnataka to Tamil Nadu, pursuant to which a certificate of registration dated August 25, 2011 under the Companies Act, 1956 was issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands. Subsequently, pursuant to a resolution of our Shareholders dated September 23, 2019, the name of our Company was changed from 'Belstar Investment and Finance Private Limited' to 'Belstar Microfinance Private Limited' to reflect the nature of business of our Company which is microfinance lending and not investment activities, and a certificate of incorporation pursuant to change of name under the Companies Act was issued by the RoC on October 3, 2019. Subsequently, our Company was converted from a private company to a public company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on December 5, 2019, and a certificate of incorporation consequent upon conversion to public limited company was issued by the RoC on January 10, 2020.

Registered and Corporate Office

The details of our Registered Office are as follows:

Belstar Microfinance Limited
New No. 33, Old No. 14,
48th Street, 9th Avenue,
Ashok Nagar, Chennai – 600 083
Tamil Nadu, India.

The details of our Corporate Office are as follows:

Belstar Microfinance Limited
M V Square, No. 4/14 Soundara Pandian Street,
Ashok Nagar, Chennai – 600 083
Tamil Nadu, India

For details of change in our Registered Office, see "*History and Certain Corporate Matters – Changes in our Registered Office"* on page 264.

Corporate identity number and registration number

Corporate Identity Number: U06599TN1988PLC081652

Company Registration Number: 81652

RBI Registration Number: B-07.00792

Address of the RoC

Registrar of Companies, Tamil Nadu at Chennai
Block No.6, B Wing 2nd Floor,
Shastri Bhawan 26, Haddows Road,
Chennai – 600034,
Tamil Nadu

Our Board

Our Board comprises the following Directors as on the date of filing of this Draft Red Herring Prospectus:

Name	Designation	DIN	Address
Dr. Kalpanaa Sankar	Managing Director	01926545	No. 2/226, 2nd Street, Karpagambal Nagar, Kottivakkam, Kancheepuram, Thiruvanmiyur – 600 041, Tamil Nadu, India
Balasubramanian Balakumaran	Whole-time Director	09099182	3/1135 G2, JKB Sri Arul Flats, Madha Nagar, 2nd Main Road, Madhananthapuraam, Mugalivakkam, Kancheepuram – 600 125, Tamil Nadu, India
Vadakkakara Antony George	Independent Director	01493737	Flat T-3, Shireen No. 2, Karpagam Avenue, R A Puram, Chennai – 600 028, Tamil Nadu, India

Name	Designation	DIN	Address
Krishnamoorthy Venkataraman	Independent Director and Chairman	02443410	Flat No B – 123, First Floor, S I S Acropole, Edamalaipatti Puthur, No 90, Madurai main Road, Mekkudi, Tiruchirapalli – 620 012, Tamil Nadu, India
Chinnaswamy Ganesan	Independent Director	07615862	Flat No. 1, SPA Mount, 99 LDG Road, Little Mount Saidapet, Chennai – 600 015, Tamil Nadu, India
Rajeswari Karthigeyan	Independent Director	10051618	G406, Casagrand Bellissimo, Kanna Colony, Alandur, Kencheepuram, Chennai – 600 016, Tamil Nadu, India
Kuttikattu Rajappan Bijimon	Non-Executive Director	00023071	Kuttikattu, Thekkekkara, Kunnonny P.O., Kottayam, - 686 582, Kerala, India
George Alexander	Non-Executive Director*	00018384	G-343, Muthoot, Panampilly Nagar, Ernakulam – 682 036, Kerala, India
George Muthoot Jacob	Non-Executive Director*	00018955	Muthoot House, TC 4/2515, Kowdiar Road, Marappalam, Pattom P.O., Trivandrum – 695 004, Kerala, India
Vijay Nallan Chakravarthi	Non-Executive Director**	08020248	3001, Tower 4, Planet Godrej, K.K. Marg, Mahalaxmi, Mumbai – 400 011, Maharashtra, India
Siva Chidambaram Vadivel Alagan	Non – Executive Director***	08242283	HIG 1685, T N H B Layout, Avadi, Tiruvallur, - 600 054, Tamil Nadu, India

** George Alexander, Kuttikattu Rajappan Bijimon and George Muthoot Jacob are the nominee Directors of Muthoot Finance Limited.*
***Vijay Nallan Chakravarthi is appointed as a Non-Executive Director representing M/s Arum Holdings Limited and Augusta Investments Zero Pte Ltd*
**** Siva Chidambaram Vadivel Alagan is appointed as a Non-Executive Director representing MAJ Invest Financial Inclusion Fund II K/S on the Board.*

For further details of our Board, see "*Our Management*" on page 269.

Company Secretary and Chief Compliance Officer

Sunil Kumar Sahu
New No. 33, Old No. 14, 48th Street,
9th Avenue, Ashok Nagar, Chennai,
Tamil Nadu, 600083, India
Telephone: 044-43414503
E-mail: cs@belstar.in

Investor Grievances

Investors can contact the Company Secretary and Chief Compliance Officer, the BRLMs 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 orders or non-receipt of funds by electronic mode.

All Offer related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) 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's DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary(ies) where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than UPI Bidders) in which the amount equivalent to the Bid Amount was blocked or the UPI ID, in case of UPI Bidders. Further, the ASBA Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediary(ies) in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchange with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarification or grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

ICICI Securities Limited
ICICI Venture House,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400025
Maharashtra, India
Telephone: +91 22 6807 7100
E-mail: belstar.ipo@icicisecurities.com
Investor Grievance ID: customercare@icicisecurities.com
Website: www.icicisecurities.com

Axis Capital Limited
1st Floor, Axis House, C-2
Wadia International Center,
Pandurang Budhkar Marg
Worli, Mumbai – 400 025,
Maharashtra, India
Telephone: +91 22 4325 2183
E-mail: belstar.ipo@axiscap.in
Investor Grievance ID: complaints@axiscap.in

Contact person: Harsh Thakkar / Ashik Joisar
SEBI Registration No.: INM000011179

Website: www.axiscapital.co.in
Contact person: Pavan Naik
SEBI Registration No.: INM000012029

HDFC Bank Limited
Investment Banking Group,
Unit no. 701, 702 and 702-A, 7th floor,
Tower 2 and 3, One International Centre,
Senapati Bapat Marg, Prabhadevi,
Mumbai – 400013
Telephone: +91 22 3395 8233
E-mail: belstar.ipo@hdfcbank.com
Investor Grievance ID: investor.redressal@hdfcbank.com
Website: www. hdfcbank.com
Contact person: Dhruv Bhavsar / Sanjay Chudasama
SEBI Registration No.: INM000011252

SBI Capital Markets Limited
1501, 15th Floor, A & B Wing
Parinee Crescenzo, BKC
Bandra (East)
Mumbai 400 051
Maharashtra, India
Telephone: +91 22 4006 9807
E-mail: belstar.ipo@sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact person: Sambit Rath / Karan Savardekar
SEBI Registration No.: INM000003531

Legal Counsel to the Company as to Indian law

AZB & Partners
AZB House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Maharashtra, India
Telephone: +91 (22) 6639 6880

Statutory Auditor

Varma & Varma Chartered Accountants
No.2, Old No 20, 2nd Canal Cross Road,
Gandhinagar, Adyar,
Chennai 600020
Tel: +91 (0) 44 24454672 /24452239 /24423496
E-mail: chennai@varmaandvarma.com
Firm Registration Number: 004532S
Peer Review Certificate Number: 014223

Changes in the auditors

Set out below are the details of change in auditors in the last three years:

Particulars	Date of change	Reason for change
Varma & Varma, Chartered Accountants No.2, (Old No 20) | Second Canal Cross Road, Gandhinagar, Adyar, Chennai 600020 **Tel**: +91 (0) 44 24454672 /24452239 /24423496 **E-mail**: chennai@varmaandvarma.com **Firm Registration Number**: 004532S **Peer Review Certificate Number**: 014223	Appointed on December 29, 2021	Appointment due to casual vacancy arising out of disqualification of the previous auditors in terms of the 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 issued by Reserve Bank of India (the "**RBI Guidelines**"). Thereafter, upon conclusion of this term, re-appointed on September 9, 2022 until the conclusion of the 36th annual general meeting of our Company.
N. Sankaran & Co., Chartered Accountants I-A, Raja Annamalai Building, 2nd Floor, No. 72, Marshalls Road, Egmore, Chennai – 600008. Firm Registration Number: 003590S Peer Review Certificate Number: 0035905	Resigned on November 12, 2021	Resignation due to ineligibility to continue as the auditors on account of completion of the current term of three years in terms of the 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 issued by Reserve Bank of India (the "**RBI Guidelines**").

Registrar to the Offer

Link Intime India Private Limited
Tel: +91 810 811 4949

E-mail: belstar.ipo@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance ID: belstar.ipo@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

Syndicate Members

[●]

Bankers to the Offer

[●]

Escrow Collection Bank

[●]

Public Offer Bank

[●]

Refund Bank

[●]

Sponsor Bank(s)

[●]

Bankers to our Company

Aditya Birla Finance Limited
Tower 1, 16th Floor, One World Center
Jupiter Mill Compound 841
Mumbai, Maharashtra 40013
Telephone Number: 9833188817
Contact Person: Parag Shah
Website: https://abfl.adityabirlacapital.com/
Email: care.finance@adityabirlacapital.com, parag.shah@adityabirlacapital.com

Bandhan Bank
2-44/2 Madhapur Pride Guttala Begumpet
Hitech city main road Gr Flr
Madhapur Pin – 500081.
Telephone Number:9949999146
Contact Person: Satish Kumar G
Website: www.bandhanbank.com
Email: satish.g@bandhanbank.com

Bank of Bahrain & Kuwait BSC
Ground Floor, Hotel Sunnys Building,
Bypass Jn, Aluva, Ernakulam,
Kerala-683101
Telephone Number: 0 484-4037 433
Contact Person: Mr. Athul Anilkumar
Website: https://www.bbkindia.com/
Email: cbd@bbkindia.com

DBS Bank India Limited
GF: Nos. 11 & 12 & FF- Nos. 110 to 115
Capital Point BKS Marg,
Connaught Place Delhi
New Delhi, Delhi, India 110001
Telephone Number: 18001036500/18004199500
Contact Person: Pooja Singhi
Website: https://www.dbs.com/in/index/default.page
Email: businesscarein@dbs.com

DCB Bank Limited
650/12, BEE EM Avenue, 2nd Stage, D Block,
Dr. Rajkumar Road, Rajajinagar,
Bangalore - 560001
Telephone Number: +91-7042937785
Contact Person: Mr. Paritosh Singh
Website: https://www.dcbbank.com/
Email: paritosh.singh@dcbbank

Equitas Small Finance Bank Limited
4th Floor, Phase II, Spencer Plaza No.769,
Mount Road, Anna Salai,
Chennai, Tamil Nadu, India, 600002
Telephone Number(s): +91 44 4299 5000
Contact Person: Rajarajan Rajendran
Website: https://www.equitasbank.com/
Email: rajarajanrajendran@equitasbank.com

The Federal Bank Limited
Federal Towers, Bank Junction,
Aluva, Ernakulam,
Kerala - 683101
Telephone Number: 0484 2634394
Contact Person: Sreekesh TT
Website: www.federalbank.co.in
Email: sreekeshtt@federalbank.co.in

The Hongkong and Shanghai Banking Corporation Limited
"Rajalakshmi", No.5 & 7,
Cathedral Road,
Chennai - 600 086.
Telephone number: +91 98840 15577
Contact person: Bharath Srinivas
Email: Bharath.srinivas@hsbc.co.in
Website: www.hsbc.co.in

ICICI Bank Limited
ICICI Bank Towers,
Near Chakli Circle, Old Padra Road,
Vadodara 390 007
Telephone Number: +9122-40087415
Contact Person: Neeraj Biyani
Website: www.icicibank.com
Email: neeraj.biyani@icicibank.com

IDBI Bank Limited
IDBI Towers, WTC Complex, Cuffe Parade, Colaba,
Mumbai-400 005
Telephone Number: +91(22) 66553355/3120
Contact Person: Sasikanta Sethi, DGM, MFI & Securitization Cell
Website: https://www.idbibank.in/
Email: mfi.securitization@idbi.co.in

IDFC FIRST Bank Limited
KRM Tower, 7th Floor, No. 1, Harrington Road,
Chetpet, Chennai - 600031,
Tamil Nadu, India
Telephone Number: +91 9841315698
Contact Person: S.Susheel
Website: www.idfcfirstbank.com
Email: s.susheel@idfcfirstbank.com

Karnataka Bank Limited
No.190-192, Hamid Complex,
Ground Floor, Anna Salai,
Chennai - 600006
Telephone Number: 95660 46234
Contact Person: Mr.Fiyaz Ahmed C
Website: www.karnatakabank.com
Email: mad.mount.rd@ktkbank.com

Kotak Mahindra Bank Limited
Kotak Infiniti,
4th Floor, Building No. 21,
Infinity Park, Off Western Express Highway,
General AK Vaidya Marg, Malad (E)
Mumbai 400097.
Telephone Number: 022-6605 4885
Contact Person: Kushal Dhande
Website: www.kotak.com
Email: kushal.dhande@kotak.com

RBL Bank
One World Centre, Tower 2B, 6th Floor, 841,
Senapati Bapat Marg, Lower Parel,
Mumbai, Maharashtra 400013
Telephone Number: 9920308185
Contact Person: Rajesh Adhikari
Website: www.rblbank.com
Email: Rajesh.Adhikari@rblbank.com

SBM Bank (India) Limited
No.85, Ground Floor, NAC Tower,
(Opp. AVM Rajeshwari Marriage Hall)
Dr. Radhakrishnan Salai, Mylapore,
Chennai – 600 004
Telephone Number: 044 - 69235252
Contact Person: Dilip Kumar.s
Website: www.sbmbank.co.in
Email: dilipkumar.s@sbmbank.co.in

Standard Chartered Bank
Bandra Kurla Complex,
Mumbai - 400051
Telephone Number: +9 12242658220
Contact Person: Balaji Iyer
Website: Sc.com
Email: iyer.balaji@sc.com

Small Industries Development Bank of India
Swavalamban Bhavan, Plot No. C-11,
'G' Block, Bandra Kurla Complex,
Bandra (East),
Mumbai - 400051 Maharashtra
Telephone Number: 022-67531175
Contact Person: Manager, NBFC Vertical, SIDBI, Mumbai Office

Tata Capital Limited
11th Floor, Tower A.,
Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai - 400013
Telephone Number: 91 44 6692 78000
Contact Person: Phani Amam
Website: www.tatacapital.com

Website: www.sidbi.in
Email: sfmc-mf@sidbi.in

Email: phani.amam@tatacapital.com

Bank of Baroda
No 1, Club House Road
Mount Road, Chennai 600 002
Telephone Number: 044-23454280
Contact Person: M Shan
Website: www.bankofbaroda.com
Email: mountr@bankofbaroda.co.in

State Bank of India
Industrial Finance Branch
No. 2, Harrington Road, KRM Plaza
Ground Floor, Chetpet
Chennai – 600 031
Telephone Number: 044 28362893
Contact Person: K Sakthivel
Website: www.sbi.co.in
Email:.rm2.09930@sbi.co.in

Sumitomo Mitsui Banking Corporation
Unit no. 601, 6th floor,
Platina Building, Plot no. C-59
G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400051
Maharashtra
Telephone Number: 91 – (22) 6229-5000
Contact Person: Gaurav Dangwal
Website: www.smbc.co.jp/asia/india/
Email:.india_loandocs@in.smbc.co.jp

YES BANK Limited
YES BANK House,
Off Western Express Highway
Santacruz East
Mumbai - 400055
Telephone Number: +91(22) 50919565
Contact Person: Immanuel Peter
Website: www.yesbank.in
Email: Immanuel.peter@yesbank.in

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a UPI Bidders), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or at such other websites as may be prescribed by SEBI from time to time.

Further, the branches of the SCSBs where the Designated Intermediaries could submit the ASBA Form(s) of Bidders (other than RIBs) is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.

Details of nodal officers of SCSBs, identified for Bids made through the UPI Mechanism, are available at www.sebi.gov.in.

Eligible SCSBs and mobile applications enabled for UPI Mechanism

In accordance with 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/DIL2/CIR/P/2022/45 dated April 5, 2022 and SEBI circular No SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the UPI Bidders may only apply through the SCSBs and mobile applications whose names appears on the website of the SEBI, which may be updated from time to time. A list of SCSBs and mobile applications, using the UPI handles and which are live for applying in public issues using UPI mechanism, is provided in the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, as updated 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 (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stockbroker network of the stock exchange, *i.e.* through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at https://www.bseindia.com/ and https://www.nseindia.com, 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 the Stock Exchanges at https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx and https://www.nseindia.com/products/consent/equities/ipos/asba-procedures.htm, as updated from time to time.

Designated Collecting Depository Participants

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 website of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Experts to the Offer

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

(1) Our Company has received written consents dated May 3, 2024 from Varma & Varma, Chartered Accountants, to include their name as required under section 26 (5) of the Companies Act, read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated April 26, 2024 on our Restated Financial Information; and (ii) their report dated May 3, 2024 on the Statement of Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

(2) Our Company has received written consent dated May 2, 2024 from KSM Associates, to include their name as the practicing company secretary and as an "expert" as defined under Section 2(38) of the Companies Act, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Monitoring Agency

Our Company will appoint a monitoring agency to monitor utilization of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus. For details in relation to the proposed utilisation of the Net Proceeds, see "*Objects of the Offer*" on page 106.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency. For details, see "*Risk Factors - Our funding requirements and the proposed deployment of Net Proceeds have not been appraised and our management will have discretion over the use of the Net Proceeds.*" on page 59.

Statement of Responsibility of the BRLMs

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

Sr. No.	Activity	Responsibility	Coordination
1.	Capital Structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of this 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	ICICI Securities Limited

Sr. No.	Activity	Responsibility	Coordination
2.	Drafting and approval of all statutory advertisements	BRLMs	ICICI Securities Limited
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	Axis Capital Limited
4.	Appointment of intermediaries advertising agency, registrar, printer (including co-ordinating all agreements to be entered with such parties)	BRLMs	ICICI Securities Limited
5.	Appointment of intermediaries, banker(s) to the Offer, Sponsor Bank, Share Escrow Agent, Syndicate Members etc. (including co-ordinating all agreements to be entered with such parties)	BRLMs	Axis Capital Limited
6.	Preparation of road show presentation	BRLMs	SBI Capital Markets Limited
7.	Preparation of frequently asked questions	BRLMs	Axis Capital Limited
8.	International institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy and preparation of publicity budget; • Finalising the list and division of international investors for one-to-one meetings • Finalising international road show and investor meeting schedules	BRLMs	Axis Capital Limited
9.	Domestic institutional marketing of the Offer, which will cover, inter alia: • Marketing strategy and preparation of publicity budget; • Finalising the list and division of domestic investors for one-to-one meetings • Finalising domestic road show and investor meeting schedules	BRLMs	ICICI Securities Limited
10.	Conduct non-institutional marketing of the offer	BRLMs	HDFC Bank Limited
11.	Conduct retail marketing of the offer, which will cover, inter alia: • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; • Follow - up on distribution of publicity and offer material including forms, the Prospectus and deciding on the quantum of Issue material; and • Finalising centers for holding conferences for brokers etc. and • Finalising collection centres	BRLMs	SBI Capital Markets Limited
12.	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	HDFC Bank Limited
13.	Managing the book and finalization of pricing in consultation with the Company and/or the Selling Shareholders	BRLMs	ICICI Securities Limited
14.	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. 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. 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	SBI Capital Markets Limited

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

IPO Grading

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

Debenture Trustees

As this is an offer of Equity Shares, no debenture trustee has been appointed for the Offer.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Filing of the Offer Documents

A copy of this Draft Red Herring Prospectus shall be 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 Master Circular, It will also be filed with SEBI at:

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India

A copy of the Red Herring Prospectus, along with the material documents and contracts required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC situated at Registrar of Companies, Tamil Nadu at Chennai, and through the electronic portal of MCA.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms (and the Revision Forms) within the Price Band. The Price Band and minimum Bid lot will be decided by our Company, in consultation with BRLMs, and will be advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and a Tamil national daily newspaper [●] (Tamil being the regional language of Chennai where our Registered 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. The Offer Price shall be determined by our Company in consultation with the BRLMs after the Bid/Offer Closing Date. For further details, see "*Offer Procedure*" on page 479.

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 RIBs 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 Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and NIBs 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. RIBs Bidding in the Retail Portion 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. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Except for Allocation to RIBs, NIBs and the Anchor Investors, Allocation in the Offer will be on a proportionate basis. Allocation to the Anchor Investors will be on a discretionary basis.

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

Bidders should note that the Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment within three Working Days of the Bid/Offer Closing Date or such other time period as prescribed under applicable law.

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 474 and 479, respectively.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Terms of the Offer*" and "*Offer Procedure"* on pages 467 and 479, respectively.

Underwriting Agreement

The Underwriting Agreement has not been executed as on the date of this Draft 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 an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per 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 certain conditions to closing, specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be updated in the Prospectus to be 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 (₹ in million)
[●]	[●]	[●]

The above-mentioned is indicative underwriting and will be finalised after determination of Offer Price, basis of allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

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

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

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to filing the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below.

(in ₹, except share data unless otherwise stated)

Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A.	**AUTHORISED SHARE CAPITAL**(1)		
	100,000,000 Equity Shares of face value of ₹10 each	1,000,000,000	
	Total	**1,000,000,000**	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL (BEFORE THE OFFER)**		
	54,844,055 Equity Shares of face value of ₹10 each	548,440,550	
	Total	548,440,550	-
C.	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹ 13,000 million(2)(3)(4)	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹ 10,000 million(3)	[●]	[●]
	Offer for Sale of up to [●] Equity Shares of face value of ₹10 each by the Selling Shareholders aggregating up to ₹ 3,000 million(4)	[●]	[●]
	Offer includes		
	Employee Reservation Portion of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹[●] million (5)	[●]	[●]
	Net Offer of up to [●] Equity Shares aggregating up to ₹[●] million	[●]	[●]
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	9,014,595,033	
	After the Offer	[●]	

* *To be included upon finalisation of the Offer Price.*

\# *Assuming full subscription in the Offer.*

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters - Amendments to our Memorandum of Association" on page 265.*

(2) *Our Company, in consultation with the Book Running Lead Managers, may consider undertaking a Pre-IPO Placement, at its discretion of such number of securities, for a cash consideration aggregating up to ₹ 2,000 million, between the date of this Draft Red Herring Prospectus till the date of Red Herring Prospectus with the RoC, subject to the receipt of the appropriate approvals. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR..*

(3) *The Offer including the Fresh Issue has been approved by our Board pursuant to the resolution passed at its meeting held on April 26, 2024 and by our Shareholders pursuant to a special resolution passed at their meeting held on May 2, 2024. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated April 26, 2024.*

(4) *Each Selling Shareholders, severally and not jointly, have specifically confirmed that their respective portion of the Offered Shares have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI in accordance with Regulation 8 of the SEBI ICDR Regulations or are otherwise eligible for being offered for sale in the Offer in accordance with the provisions of the SEBI ICDR Regulations. Each of the Selling Shareholders has, severally and not jointly confirmed compliance with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable, as on the date of this Draft Red Herring Prospectus. Each of the Selling Shareholders have, severally and not jointly, confirmed and authorised their respective participation in the Offer for Sale pursuant to their respective consent letters. For details on the authorizations and consents of each of the Selling Shareholders in relation to their respective Offered Shares, see "The Offer" and "Other Regulatory and Statutory Disclosures" on pages 73 and 449, respectively.*

(5) *Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹ 500,000 (net of the Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of the Employee Discount, if any). Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, 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 the Employee Discount, if any), subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of the Employee Discount, if any). Our Company, acting through its IPO Committee and the Selling Shareholders in consultation with the Book Running Lead Managers, may offer a discount of up to [●]% to the Offer Price (equivalent of ₹[●] per Equity Share) to Eligible Employees Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required, and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date.*

Notes to the Capital Structure

1. Equity Share capital history of our Company

The history of the Equity Share capital of our Company is set forth in the table below*:

Date of allotment of Equity Shares	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital
August 25, 1988	20	10 Equity Shares each were allotted to K. R. Madhwaraj, and N. C. Mathias	10	10	Cash	Allotment pursuant to initial subscription to the Memorandum of Association	20	200
September 29, 1990	112,320	2,800 Equity Shares were allotted to Mayura Vijayanagar held jointly with Mukund P Vijayanagar and P L N Vijayanagar, 59,120 Equity Shares were allotted to Sunil P Vijayanagar held jointly with Mukund P Vijayanagar and P L N Vijayanagar, 8,590 Equity Shares were allotted to Mukund P Vijayanagar held jointly with Sunil P Vijayanagar and P L N Vijayanagar, 5,060 Equity Shares were allotted to Prabhavathi P Vijayanagar held jointly with P L N Vijayanagar and Mukund P Vijayanagar, 16,900 Equity Shares were allotted to P. L. N. Vijayanagar held jointly with Mukund P Vijayanagar and Sunil P Vijayanagar, 1,000 Equity Shares were allotted to M. N. Rama Murthy, 750 Equity Shares were allotted to R. N. Bhat, 1,000 Equity Shares were allotted to K. M. Vijaykumar, 300 Equity Shares were allotted to K. M. Sanjay Kumar, 500 Equity Shares were allotted to S. S. Savadi, 500 Equity Shares were allotted to T. S. Savadi, 800 Equity Shares were allotted to M. H. S. Rao, 500 Equity Shares were allotted to Leela N. Punde, 500 Equity Shares were allotted to Hema M. Rao, 400 Equity Shares were allotted to Shyamala S., 500 Equity Shares were allotted to Anna Athaavale, 500 Equity Shares were allotted to Shakuntala Athavale, 850 Equity Shares were allotted to D.S. Narasinga Rao, 700 Equity Shares were allotted to Saraoja Venkatram, 800 Equity Shares were allotted to H. Eswer, 700 Equity Shares were allotted to S. Raghunathan, 500 Equity Shares were allotted to H. Anantha Subramanya, 750 Equity Shares were allotted to A. N. Navaratne, 500 Equity Shares were allotted to H. Narayana Rao, 500 Equity Shares were allotted to N. Lakshminarayan, 500 Equity Shares were allotted to Sheela Thomas, 1,000 Equity Shares were allotted to T. S. K. Menon, 500 Equity Shares were allotted to Anthony Castellino, 500 Equity Shares were allotted to Hema Mehta, 300 Equity Shares were allotted to Pradeep Athavale, 500 Equity Shares were allotted to Nithya Jayaraman, 750 Equity Shares were allotted to D.N. Murli Mohan, 1,000 Equity Shares were allotted to M.D. Deshhmukh, 750 Equity Shares were allotted to G.K. Deshpande, 1,000 Equity Shares were allotted to N. G. Nagpur, and 500 Equity Shares were allotted to Chitra Kumar	10	-	Cash^	Allotment in lieu of debt owed^^^	112,340	1,123,400
September 6, 1993#	27,660	27,660 Equity Shares were allotted to Jaywant Sreeniwas Rao jointly held with Prabhavati P V and Padmanath Lakshminarayan V	10	10	Cash	Further issue of Equity Shares	140,000	1,400,000
March 28, 1994	30,000	30,000 Equity Shares were allotted to Sunil P. Vijayanagar jointly held with Prabhavathi P Vijayanagar and PLN Vijayanagar	10	-	Cash^^	Allotment in lieu of debt owed^^^	170,000	1,700,000
	70,000	70,000 Equity Shares were allotted to Sunil P. Vijayanagar jointly held with Prabhavathi P Vijayanagar and P L N Vijayanagar	10	10	Cash	Further issue of Equity Shares	240,000	2,400,000
September 22, 2008	10,000	7,500 Equity Shares were allotted to H. T. Hulian and 2,500 Equity Shares were allotted to H. Laltha Kimi	10	10	Cash	Further issue of Equity Shares	250,000	2,500,000
November 13, 2009	4,736,000	4,410,000 Equity Shares were allotted to Sarvam Mutual Benefit Trust, Kanchipuram, 250,000 Equity Shares were allotted to Kalpanaa Sankar and	10	10	Cash	Further issue of Equity Shares	4,986,000	49,860,000

Date of allotment of Equity Shares	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital
		76,000 Equity Shares were allotted to Kancheepuram Private Mutual Benefit Trust, Kanchipuram						
November 19, 2009	250,000	250,000 Equity Shares were allotted to Hand in Hand Micro Finance Limited	10	10	Cash	Further issue of Equity Shares	5,236,000	52,360,000
December 1, 2009	264,000	244,500 Equity Shares were allotted to Sarvam Mutual Benefit Trust, Kanchipuram and 19,500 Equity Shares were allotted to Kancheepuram Private Mutual Benefit Trust, Kanchipuram	10	10	Cash	Further issue of Equity Shares	5,500,000	55,000,000
January 13, 2010	300,000	300,000 Equity Shares were allotted to Sarvam Mutual Benefit Trust	10	10	Cash	Further issue of Equity Shares	5,800,000	58,000,000
March 27, 2010$	1,000,000	1,000,000 Equity Shares were allotted to International Finance Corporation	10	25	Cash	Further issue of Equity Shares	6,800,000	68,000,000
April 26, 2010$	4,200,000	1,600,000 Equity Shares were allotted to NMI Frontier Fund KS, 800,000 Equity Shares were allotted to Aavishkaar Goodwell India Microfinance Development Company, 1,000,000 Equity Shares were allotted to International Finance Corporation and 800,000 Equity Shares were allotted to Swedfund International Fund AB	10	25	Cash	Further issue of Equity Shares	11,000,000	110,000,000
December 23, 2013$$$	3,357,680	56,000 Equity Shares were allotted to Kalpanaa Sankar, 14,648 Equity Shares were allotted to D. Bindhu, 12,206 Equity Shares were allotted to Kamini Dhandapani, 2,999,725 Equity Shares were allotted to N. Jeyaseelan (Managing Trustee, Sarvam Mutual Benefit Trust, Kancheepuram) and 275,101 Equity Shares were allotted to Hand In Hand Micro Finance Private Limited.	10	25	Cash	Rights issue	14,357,680	143,576,800
July 26, 2016	8,888,888	8,888,888 Equity Shares were allotted to Muthoot Finance Limited	10	45	Cash	Preferential allotment	23,246,568	232,465,680
March 17, 2018	1,400,000	1,400,000 Equity Shares were allotted to Muthoot Finance Limited	10	50	Cash	Rights issue	24,646,568	246,465,680
July 17, 2018	3,243,184	3,243,184 Equity Shares were allotted to Muthoot Finance Limited	10	156.77	Cash	Preferential allotment	27,889,752	278,897,520
August 16, 2018	956,816	956,816 Equity Shares were allotted to Muthoot Finance Limited	10	156.77	Cash	Preferential allotment	28,846,568	288,465,680
August 29, 2018	4,146,201	4,146,201 Equity Shares were allotted to Maj Invest Financial Inclusion Fund II K/S	10	156.77	Cash	Preferential allotment	32,992,769	329,927,690
December 24, 2018	4,527,755	4,527,755 Equity Shares were allotted to Muthoot Finance Limited	10	156.77	Cash	Preferential allotment	37,520,524	375,205,240
March 29, 2022	8,088,236	823,530 Equity Shares were allotted to Muthoot Finance Limited; 647,059 Equity Shares were allotted to Maj Invest Financial Inclusion Fund II K/S and 6,617,647 Equity Shares were allotted to Arum Holdings limited	10	340	Cash	Preferential allotment	45,608,760	456,087,600
June 29, 2022	3,235,295	2,205,883 Equity Shares were allotted to Augusta Investments Zero Pte Ltd and 1,029,412 Equity Shares were allotted to Arum Holdings limited	10	340	Cash	Preferential allotment	48,844,055	488,440,550
March 20, 2024	6,000,000	6,000,000 Equity Shares were allotted to Muthoot Finance Limited	10	500	Cash	Rights issue	54,844,055	548,440,550
Total							**54,844,055**	**548,440,550**

**There have been certain factual inaccuracies in our corporate records and corporate filings and certain documentation are not traceable. For further details, see "Risk Factors – There are factual inaccuracies in certain of our corporate records and corporate filings. Additionally, certain of our historical corporate and secretarial records are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future which may impact our financial condition and reputation and we will not be subject to any penalty imposed by the competent regulatory authority in this regard." on page 62.*

^Allotment of 2,800 Equity Shares to Mayura Vijayanagar, 59,120 Equity Shares to Sunil P Vijayanagar held jointly with Mukund P Vijayanagar and P L N Vijayanagar, 16,900 Equity Shares to P. L. N. Vijayanagar held jointly with Mukund P Vijayanangar and Sunil P Vijayanagar, 8,590 Equity Shares to Mukund P Vijayanagar held jointly with Sunil P Vijayanagar and P L N Vijayanagar, 5,060 Equity Shares to Prabhavathi P Vijayanagar held jointly with P L N Vijayanagar and Mukund P Vijayanagar, were made by our Company against the debt owed to these persons by our Company. Further, while the allotments have been made to these persons against the debt owed to them by our Company, the nature of consideration in relation to these allotments are considered as "Cash" considering the cash payment was made to our Company at a prior date.

^^ While the allotment has been made to these persons against the debt owed to them by our Company, the nature of consideration in relation to these allotments are considered as "Cash" considering the cash payment was made to our Company at a prior date.

^^^The Board resolutions authorising the grant of loan with an option to convert into Equity Shares are not traceable by our Company. For further details, see "Risk Factors – There are factual inaccuracies in certain of our corporate records and corporate filings. Additionally, certain of our historical corporate and secretarial records are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future which may impact our financial condition and reputation and we will not be subject to any penalty imposed by the competent regulatory authority in this regard." on page 62.

[#] While the Board resolution for allotment is dated September 6, 1993, however the Form 2 is dated August 31, 1993. For further details, see "Risk Factors – There are factual inaccuracies in certain of our corporate records and corporate filings. Additionally, certain of our historical corporate and secretarial records are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future which may impact our financial condition and reputation and we will not be subject to any penalty imposed by the competent regulatory authority in this regard." on page 62.

[$] The board resolutions approving the issuance of Equity Shares in relation to the allotment dated March 27, 2010 and April 26, 2010 are not traceable by our Company. Further, there are certain typographical errors in the names of prospective allottees in the board resolution approving the allotment of Equity Shares in relation to the allotment dated April 26, 2010. For further details, see "Risk Factors – There are factual inaccuracies in certain of our corporate records and corporate filings. Additionally, certain of our historical corporate and secretarial records are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future which may impact our financial condition and reputation and we will not be subject to any penalty imposed by the competent regulatory authority in this regard." on page 62.

[$$$]The letters of acceptance / rejection / renunciation in relation to this rights issue made pursuant to the letters of offer dated September 3, 2013 are not traceable by the Company. For further details, see "Risk Factors – There are factual inaccuracies in certain of our corporate records and corporate filings. Additionally, certain of our historical corporate and secretarial records are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future which may impact our financial condition and reputation and we will not be subject to any penalty imposed by the competent regulatory authority in this regard." on page 62.

2. Issue of specified securities at a price lower than the Offer Price in the last year

Except as disclosed in the "– *Equity Share capital history of our Company*" on page 91, our Company has not issued any Equity Shares at a price that may be lower than the Offer Price during the last one year preceding the date of this Draft Red Herring Prospectus.

3. Issue of shares for consideration other than cash or by way of bonus issue or out of revaluation reserves

Our Company has not issued any Equity Shares for consideration other than cash or by way of bonus issue or out of revaluation reserves since incorporation.

4. Issue of shares pursuant to schemes of arrangement

Our Company has not allotted any shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013.

5. Preference shares

Our Company does not have any preference shares as on the date of this Draft Red Herring Prospectus.

6. History of the share capital held by our Promoters

As on the date of this Draft Red Herring Prospectus, our Promoters hold 40,197,753 Equity Shares, equivalent to 73.30% of the pre-Offer Equity Share capital of our Company on a fully diluted basis. The details regarding our Promoters' shareholding are set forth in the table below.

(a) Build-up of the Equity shareholding of our Promoters in our Company

The details regarding the build-up of the Equity shareholding of our Promoters in our Company since incorporation is set forth in the table below:

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

Date of allotment/ transfer	Number of Equity Shares	Nature of transaction	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre-Offer Equity Share capital* (%)	Percentage of the post- Offer Equity Share capital (%)
Muthoot Finance Limited							
July 26, 2016	8,888,888	Preferential allotment	Cash	10	45	16.22	[●]
October 24, 2016	800,000	Transfer by way of purchase of 800,000 Equity Shares from Aavishkaar Goodwell India Microfinance Development Company Limited	Cash	10	35	1.46	[●]
	1,600,000	Transfer by way of purchase of 1,600,000 Equity Shares from Norwegian Microfinance Initiative Frontier Fund KS	Cash	10	35	2.92	[●]
December 8, 2016	2,000,000	Transfer by way of purchase of 2,000,000 Equity Shares from International Finance Corporation*	Cash	10	35	3.65	[●]
December 30, 2016	300,000	Transfer by way of purchase of 300,000 Equity Shares from Hand in Hand Consulting Services Private Limited	Cash	10	42	0.55	[●]
	1,428,571	Transfer by way of purchase of 1,428,571 Equity Shares from Sarvam Financial Inclusion Trust	Cash	10	42	2.60	[●]
March 17, 2018	1,400,000	Rights issue	Cash	10	50	2.55	[●]
April 4, 2018	150,000	Transfer by way of purchase of 150,000 Equity Shares from Sarvam Financial Inclusion Trust	Cash	10	155	0.27	[●]
April 16, 2018	300,000	Transfer by way of purchase of 300,000 Equity Shares from Kalpanaa Sankar*	Cash	10	155	0.55	[●]
June 13, 2018	671,366	Transfer by way of purchase of 671,366 Equity Shares from Sarvam Financial Inclusion Trust	Cash	10	155	1.22	[●]
July 17, 2018	3,243,184	Preferential allotment	Cash	10	156.77	5.91	[●]
August 16, 2018	956,816	Preferential allotment	Cash	10	156.77	1.74	[●]
December 24, 2018	4,527,755	Preferential allotment	Cash	10	156.77	8.26	[●]
March 29, 2022	823,530	Preferential allotment	Cash	10	340	1.50	[●]
March 30, 2022	58,824	Transfer by way of purchase of 58,824 Equity Shares from Kalpanaa Sankar	Cash	10	340	0.11	[●]
	88,235	Transfer by way of purchase of 88,235 Equity Shares from Hand in Hand Consulting Services Private Limited	Cash	10	340	0.16	[●]
	441,176	Transfer by way of purchase of 441,176 Equity Shares from Sarvam Financial Inclusion Trust	Cash	10	340	0.80	[●]
June 14, 2022	73,530	Transfer by way of purchase of 73,530 Equity Shares from Mahatma Gandhi Educational Trust	Cash	10	340	0.13	[●]
	73,530	Transfer by way of purchase of 73,530 Equity Shares from Hand in Hand Academy for Social Entrepreneurship	Cash	10	340	0.13	[●]
August 31, 2023	58,140	Transfer by way of purchase of 58,140 Equity Shares from Mahatma Gandhi Educational Trust	Cash	10	430	0.11	[●]
	58,140	Transfer by way of purchase of 58,140 Equity Shares from Hand in Hand Academy for Social Entrepreneurship	Cash	10	430	0.11	[●]
	732,557	Transfer by way of purchase of 732,557 Equity Shares from Sarvam Financial Inclusion Trust	Cash	10	430	1.34	[●]
	34,884	Transfer by way of purchase of 34,884 Equity Shares from Kalpanaa Sankar	Cash	10	430	0.06	[●]
	116,279	Transfer by way of purchase of 116,279 Equity Shares from Hand in Hand Consulting Services Private Limited*	Cash	10	430	0.21	[●]
March 20, 2024	6,000,000	Rights issue	Cash	10	500	10.95	[●]

Date of allotment/ transfer	Number of Equity Shares	Nature of transaction	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre-Offer Equity Share capital* (%)	Percentage of the post- Offer Equity Share capital (%)
March 27, 2024	100,000	Transfer by way of purchase of 100,000 Equity Shares from Mahatma Gandhi Educational Trust	Cash	10	500	0.18	[●]
	100,000	Transfer by way of purchase of 100,000 Equity Shares from Hand in Hand Academy for Social Entrepreneurship	Cash	10	500	0.18	[●]
April 16, 2024	224,958	Transfer by way of purchase of 224,958 Equity Shares from Hand in Hand Consulting Services Private Limited	Cash	10	500	0.41	[●]
April 18, 2024	1,017,245	Transfer by way of purchase of 1,017,425 Equity Shares from Sarvam Financial Inclusion Trust	Cash	10	500	1.85	[●]
Total (A)	**36,267,608**					**66.13**	[●]
Dr. Kalpanaa Sankar							
September 24, 2008	10,080	Transfer by way of purchase of 10,080 Equity Shares from Laltha Kimi	Cash	10	12.40	0.02	[●]
	74,598	Transfer by way of purchase of 74,598 Equity Shares from H T Hulian	Cash	10	12.40	0.14	[●]
November 13, 2009	250,000	Further issue of Equity Shares	Cash	10	10	0.46	[●]
December 7, 2009	4,032	Transfer by way of purchase of 4,032 Equity Shares from Aarthi Sriram	Cash	10	10	0.01	[●]
September 8, 2011	4,032	Transfer by way of purchase of 4,032 Equity Shares from G. Parthasarathy	Cash	10	12.40	0.01	[●]
December 23, 2013	56,000	Rights issue	Cash	10	25	0.10	[●]
June 5, 2015	4,032	Transfer by way of purchase of 4,032 Equity Shares R. Ashwin Kumar	Cash	10	27.73	0.01	[●]
March 31, 2017	(100)	Transfer by way of sale of 100 Equity Shares to C V Sankar*	Cash	10	10	0.00	[●]
April 16, 2018	(300,000)	Transfer by way of sale of 300,000 Equity Shares to Muthoot Finance Limited*	Cash	10	155	(0.56)	[●]
March 30, 2022	(58,824)	Transfer by way of sale of 58,824 Equity Shares to Muthoot Finance Limited	Cash	10	340	(0.11)	[●]
August 31, 2023	(34,884)	Transfer by way of sale of 34,884 Equity Shares to Muthoot Finance Limited	Cash	10	430	(0.06)	[●]
April 12, 2024	100	Transfer by way of purchase of 100 Equity Shares from Bindu Dandapani	Cash	10	500	0.00	[●]
Total (B)	**9,066**					**0.02**	
Sarvam Financial Inclusion Trust							
November 13, 2009	4,410,000	Further issue of Equity Shares	Cash	10	10	8.03	[●]
December 1, 2009	244,500	Further issue of Equity Shares	Cash	10	10	0.45	[●]
January 13, 2010	300,000	Further issue of Equity Shares	Cash	10	10	0.55	[●]
December 23, 2013	2,999,725	Rights issue	Cash	10	25	5.47	[●]
June 30, 2014	800,000	Transfer by way of purchase of 800,000 Equity Shares from Swedfund International AB	Cash	10	10	1.46	[●]
December 30, 2016	(1,428,571)	Transfer by way of sale of 1,428,571 Equity Shares to Muthoot Finance Limited	Cash	10	42	(2.60%)	[●]
April 4, 2018	(150,000)	Transfer by way of sale of 150,000 Equity Shares to Muthoot Finance Limited	Cash	10	155	(0.27)	[●]
June 13, 2018	(671,366)	Transfer by way of sale of 671,366 Equity Shares to Muthoot Finance Limited	Cash	10	155	(1.22)	[●]
June 13, 2018	32,367	Transfer by way of purchase of 32,367 Equity Shares from Kamani Dandapani	Cash	10	155	0.06	[●]
June 13, 2018	38,742	Transfer by way of purchase of 38,742 Equity Shares from D Bindu	Cash	10	155	0.07	[●]
March 30, 2022	(441,176)	Transfer by way of sale of 441,176 Equity Shares to Muthoot Finance Limited	Cash	10	340	(0.80)	[●]
June 1, 2022	(73,530)	Transfer by way of gift of 73,530 Equity Shares to Hand in Hand Academy for Social Entrepreneurship	N.A.	10	Nil	(0.13)	[●]
June 3, 2022.	(73,530)	Transfer by way of gift of 73,530 Equity Shares to Mahatma Gandhi Educational Trust	N.A.	10	Nil	(0.13)	[●]
August 8, 2023	(58,140)	Transfer by way of gift of 58,140 Equity Shares to Hand in Hand Academy for Social Entrepreneurship	N.A.	10	Nil	(0.11)	[●]
	(58,140)	Transfer by way of gift of 58,140 Equity Shares to Mahatma Gandhi Educational Trust	N.A.	10	Nil	(0.11)	[●]

Date of allotment/ transfer	Number of Equity Shares	Nature of transaction	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre-Offer Equity Share capital* (%)	Percentage of the post- Offer Equity Share capital (%)
August 31, 2023	(732,557)	Transfer by way of sale of 732,557 Equity Shares to Muthoot Finance Limited	Cash	10	430	(1.35)	[●]
February 13, 2024	(100,000)	Transfer by way of gift of 100,000 Equity Shares to Mahatma Gandhi Educational Trust	N.A.	10	Nil	(0.18)	[●]
	(100,000)	Transfer by way of gift of 100,000 Equity Shares to Hand in Hand Academy for Social Entrepreneurship	N.A.	10	Nil	(0.18)	[●]
April 18, 2024	(1,017,245)	Transfer by way of sale of 1,017,245 Equity Shares to Muthoot Finance Limited	Cash	10	500	(1.86)	[●]
Total (C)	**3,921,079**					**7.15**	
Total (A+B+ C)	**40,197,753**					**73.30**	

**While the demat statements in relation to these transfers are available with our Company, the delivery instruction slips in this respect are not available / traceable by our Company. For further details, see "Risk Factors – There are factual inaccuracies in certain of our corporate records and corporate filings. Additionally, certain of our historical corporate and secretarial records are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future which may impact our financial condition and reputation and we will not be subject to any penalty imposed by the competent regulatory authority in this regard" on page 62.*

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment/ acquisition of such Equity Shares.

As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

(b) Details of lock-in:

1. Details of Promoters' contribution and lock-in

(i) In accordance with Regulation 14 and Regulation 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters, shall be locked in for a period of 18 months from the date of Allotment as minimum Promoters' contribution, and the shareholding of our Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment. As on the date of this Draft Red Herring Prospectus, our Promoters hold 40,197,753 Equity Shares, constituting 73.30% of our Company's issued, subscribed and paid-up equity share capital, out of which [●] is eligible for Promoters' contribution.

(ii) The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of 18 months from the date of Allotment as minimum Promoters' contribution are set forth in the table below:

Promoter	Number of Equity Shares locked-in[(1)(2)]	Date of allotment /transfer of Equity Shares and when made fully paid-up	Nature of transaction	Face value per Equity Share (₹)	Issue/ acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated in the Prospectus

(1) *For a period of 18 months from the date of Allotment or such other period as prescribed under SEBI ICDR Regulations from the date of Allotment.*

(2) *All Equity Shares were fully paid-up at the time of allotment/acquisition.*

(iii) Our Promoters have given their consent for inclusion of such number of Equity Shares held by it as part of the Promoters' contribution, subject to lock-in requirements as specified under Regulation 14 of the SEBI ICDR Regulations. Our Promoters have agreed not to dispose, sell, transfer, create any pledge, lien or otherwise encumber in any manner, the Promoters' contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under the SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(iv) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of minimum Promoters' contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

In this connection, we confirm the following:

a. The Equity Shares offered as a part of the minimum Promoters' contribution do not include Equity Shares acquired in the three immediately preceding years (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction; or (b) resulting from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or resulted from bonus issue against Equity Shares which are otherwise ineligible for computation of minimum Promoters' contribution.

b. Our minimum Promoters' contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.

c. Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a Company.

d. As on the date of this Draft Red Herring Prospectus, the Equity Shares held by our Promoters and offered for minimum Promoters' contribution are not subject to pledge with any creditor.

2. Details of Equity Shares locked-in for six months

A. In accordance with 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, except for (i) the Equity Shares transferred pursuant to the Offer for Sale; (ii) any Equity Shares allotted to eligible employees of our Company, whether currently employees or not and including the legal heirs or nominees of any deceased employees or previous employees pursuant to any employee stock option scheme or employee stock option plan; and (iii) the Equity Shares held by VCFs or Category I AIF or Category II AIF or FVCI, subject to certain 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 the VCFs or Category I AIF or Category II AIF or FVCI subject to the provisions of Regulation 8A(c) of the SEBI ICDR Regulations. In accordance with Regulation 8A(c) of the SEBI ICDR Regulations, for Shareholders holding (individually or with persons acting in concert) more than 20% of pre-Offer shareholding of our Company on a fully diluted basis, the provisions of lock-in as specified under Regulation 17 of the SEBI ICDR Regulations shall be applicable, and relaxation from lock-in as provided under Regulation 17(c) of the SEBI ICDR Regulations is not applicable.

B. As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

3. Lock-in of Equity Shares allotted to Anchor Investors

(i) There shall be a lock-in of 90 days on 50% of the Equity Shares allotted to the Anchor Investors from the date of Allotment, and lock-in of 30 days on the remaining 50% of the Equity Shares allotted to the Anchor Investors from the date of Allotment.

4. Other lock-in requirements

(i) The Equity Shares held by our Promoters which are locked-in for a period of 18 months from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions or NBFC-ND-SI or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or NBFC-ND-SI or housing finance companies in terms of Regulation 21 of the SEBI ICDR Regulations, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of Equity Shares is a term of sanction of such loans. However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

(ii) In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters and locked-in as per Regulation 16 of the SEBI ICDR Regulations, may be transferred to and among any member of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable, and such transferee shall not be eligible to transfer them till the lock-in period stipulated in the SEBI ICDR Regulations has expired.

(iii) The Equity Shares held by any person other than our Promoters and locked-in for a period of six months from the date of Allotment in the Offer as per Regulation 17 of the SEBI ICDR Regulations, may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

8. Details of Equity Shares held by our Promoters, the members of the Promoter Group, Directors, Key Managerial Personnel and Senior Management Personnel

(i) Set out below are the details of the Equity Shares held by our Promoters, and the members of the Promoter Group hold any Equity Shares in our Company.

Sr. No.	Name	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital* (%)	Percentage of the post-Offer Equity Share capital (%)
Promoters				
1.	Muthoot Finance Limited	36,267,608	66.13	[●]
2.	Dr. Kalpanaa Sankar	9,066	0.02	[●]
3.	Sarvam Financial Inclusion Trust	3,921,079	7.15	
Total		**40,197,753**	**73.30**	**[●]**
Members of the Promoter Group				
1.	C V Sankar	100	0.00	[●]
Total		**40,197,853**	**73.30**	**[●]**

* *The percentage of the Equity Share capital on a fully diluted basis has been calculated on the basis of total Equity Shares held by a Shareholder.*

For further details, see "*Our Promoter and Promoter Group*" on page 293.

(ii) Set out below are details of the Equity Shares held by our Directors. Further, our Key Managerial Personnel and Senior Management Personnel do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. Further, none of the directors / trustees of our Corporate Promoters in our Company hold any Equity Shares in our Company.

Sr. No.	Name	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital* (%)	Percentage of the post-Offer Equity Share capital (%)
Directors				
	Dr. Kalpanaa Sankar	9,066	0.02	[●]
Total		**9,066**	**0.02**	**[●]**

* *The percentage of the Equity Share capital on a fully diluted basis has been calculated on the basis of total Equity Shares held by a Shareholder.*

For further details, see "*Our Management*" on page 269.

9. As of the date of the filing of this Draft Red Herring Prospectus, the total number of Shareholders in our Company is 7.

10. **Shareholding pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of this Draft 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 shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of share(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 dematerialised form (XIV)
								Number 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) on a fully diluted basis	
								Class: Equity Shares	Total								
(A)	**Promoter and Promoter Group**	4	40,197,853	0	0	40,197,853	73.30	40,197,853	40,197,853	73.30	0	0	0	0	0	0	40,197,853
(B)	**Public**	3	14,646,202	0	0	14,646,202	26.70	14,646,202	14,646,202	26.70	0	0	0	0	0	0	14,646,202
(C)	**Non Promoter-Non Public**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C1)	**Shares underlying depository receipts**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C2)	**Shares held by employee trusts**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total (A+B+C)	**7**	**54,844,055**	**0**	**0**	**54,844,055**	**100.00**	**54,844,055**	**54,844,055**	**100.00**	**0**	**0**	**0**	**0**	**0**	**0**	**54,844,055**

11. Details of equity shareholding of the major Shareholders of our Company

a) The 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 on the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital
1.	Muthoot Finance Limited	36,267,608	66.13
2.	Arum Holdings Limited	7,647,059	13.94
3.	MAJ Invest Financial Inclusion Fund II K/S	4,793,260	8.74
4.	Sarvam Financial Inclusion Trust	3,921,079	7.15
5.	Augusta Investments Zero Pte Ltd	2,205,883	4.02
Total		**54,834,889**	**99.98**

b) The 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, as of 10 days prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital
1.	Muthoot Finance Limited	36,267,608	66.13
2.	Arum Holdings Limited	7,647,059	13.94
3.	MAJ Invest Financial Inclusion Fund II K/S	4,793,260	8.74
4.	Sarvam Financial Inclusion Trust	3,921,079	7.15
5.	Augusta Investments Zero Pte Ltd	2,205,883	4.02
Total		**54,834,889**	**99.98**

c) The 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, as of the date one year prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital
1.	Muthoot Finance Limited	27,825,405	56.97
2.	Arum Holdings Limited	7,647,059	15.66
3.	MAJ Invest Financial Inclusion Fund II K/S	4,793,260	9.81
4.	Sarvam Financial Inclusion Trust	5,987,161	12.26
5.	Augusta Investments Zero Pte Ltd	2,205,883	4.52
Total		**48,458,768**	**99.22**

d) The 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, as of the date two years prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital
1.	Muthoot Finance Limited	27,678,345	60.69
2.	Arum Holdings Limited	6,617,647	14.51
3.	MAJ Invest Financial Inclusion Fund II K/S	4,793,260	10.51
4.	Sarvam Financial Inclusion Trust	6,134,221	13.45
Total		**45,223,473**	**99.16**

12. Our Company has not issued any Equity Shares under an employee stock option scheme since incorporation. As on the date of this Draft Red Herring Prospectus, our Company does not have any employee stock options scheme or any employee stock option plan.

13. As on the date of this Draft Red Herring Prospectus, all the Equity Shares held by our Promoters are held in dematerialised form.

14. None of the Book Running Lead Managers or their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

15. There are no partly paid up Equity Shares as on the date of this Draft Red Herring Prospectus and all Equity Shares issued pursuant to the Offer will be fully paid up at the time of Allotment.

16. Except as stated in "-*Notes to the Capital Structure – Equity Share capital history of our Company*" and *"- Build-up of the Equity shareholding of our Promoters in our Company*" on pages 91 and 95, respectively, none of our Promoters, the members of the Promoter Group or our Directors have purchased, acquired or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus. Further, none of the relatives of the respective Directors have purchased, acquired or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

17. Our Company, our Directors and the Book Running Lead Managers have not made any or entered into any buy-back or other arrangements for purchase of Equity Shares being offered through the Offer.

18. Except for the allotment of Equity Shares Pursuant to the Pre-IPO Placement and allotment of Equity Shares pursuant to the Offer, there will be no further issue of Equity Shares whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer or all application moneys have been refunded to the Anchor Investors, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc., as the case may be this is in the event there is a failure of the Offer.

19. Our Company presently does not intend or propose 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 the issuance of any Equity Shares under the Offer.

20. At any given time, there shall be only one denomination for the Equity Shares.

21. There are no outstanding convertible securities or any warrant, option or right to convert a debenture, loan or other instrument which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

22. No person connected with the Offer, including, but not limited to the Book Running Lead Managers, the Syndicate Members, our Company, our Promoters, Selling Shareholders, our Directors, or the members of the Promoter Group, shall offer or make payment of any incentive, direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise, to any Bidder for making a Bid.

23. There have been no financing arrangements whereby our Promoters, the members of the Promoter Group, our Directors and their respective relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity, during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

24. Neither the (i) Book Running Lead Managers or any associate of the Book Running Lead Managers (other than the Mutual Funds sponsored by entities which are associate of the Book Running Lead Managers or insurance companies promoted by entities which are associate of the Book Running Lead Managers or AIFs sponsored by the entities which are associate of the Book Running Lead Managers or FPIs other than individuals, corporate bodies and family offices which are associate of the Book Running Lead Managers or pension funds sponsored by entities which are associate of the Book Running Lead Managers nor (ii) any person related to our Promoters or the members of the Promoter Group shall apply in the Offer under the Anchor Investors Portion.

25. Our Company shall ensure that transactions in the Equity Shares by our Promoters and the members of the Promoter Group between the date of filing of this Draft Red Herring Prospectus and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.

26. Our Promoters and the members of the Promoter Group shall not participate in the Offer, except by way of participation as Selling Shareholders, as applicable, in the Offer for Sale.

OBJECTS OF THE OFFER

The Offer comprises the Fresh Issue and an Offer for Sale of up to [●] Equity Shares, aggregating up to ₹ 10,000 million by our Company and an Offer for Sale of up to [●] Equity Shares, aggregating up to ₹ 3,000 million by the Selling Shareholders. For details of the Selling Shareholders and their respective portion of the Offered Shares, see "*The Offer*" on page 73.

Offer for Sale

Each of the Selling Shareholder have confirmed and approved its participation in the Offer for Sale in relation to its portion of the Offered Shares, as set out below:

Name of the Selling Shareholder	Aggregate amount of Offer for Sale (₹ million)	Number of Equity Shares offered in the Offer for Sale	Date of board resolution/ authorization to participate in the Offer for Sale	Date of consent letter
MAJ Invest Financial Inclusion Fund II K/S	1,750	[●]	April 30, 2024*	May 3, 2024
Arum Holdings Limited	970	[●]	May 2, 2024	May 3, 2024
Augusta Investments Zero Pte Ltd	280	[●]	May 2, 2024	May 3, 2024

* *Authorised by the board of directors of Fonden MIFIF II GP, the general partner of MAJ Invest Financial Inclusion Fund II K/S.*

Each Selling Shareholders shall be entitled to their respective portion of the proceeds of the Offer for Sale after deducting its respective proportion of Offer expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. For further details, see "*-Offer related expenses*" on page 109.

The Fresh Issue

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards the following:

(i) To meet future capital requirements towards onward lending; and

(ii) General corporate purposes

(referred to herein as the "**Objects**").

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable us: (i) to undertake our existing business activities; and (ii) to undertake the activities proposed to be funded from the Net Proceeds. Further, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including enhancement of our brand image among our existing and potential customers and creation of a public market for our Equity Shares in India.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarised in the following table:

Particulars	Estimated amount *(₹ in million)*
Gross Proceeds of the Fresh Issue(1)	10,000
(Less) Fresh Issue related expenses(1)(2)	[●]
Net Proceeds(1)(2)	[●]

(1) Our Company, in consultation with the Book Running Lead Managers, may consider undertaking a Pre-IPO Placement, at its discretion of such number of securities, for a cash consideration aggregating up to ₹ 2,000 million between the date of this Draft Red Herring Prospectus till the filing of the Red Herring Prospectus with the RoC, subject to the receipt of appropriate approvals. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the Book Running Lead Managers. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement towards the Objects. On utilization of proceeds from the Pre-IPO Placement (if any) prior to the completion of the Offer, our Company shall appropriately

intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if any) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

(2) *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Proposed schedule of implementation and deployment of Net Proceeds

(in ₹ million, except percentage)

S. No.	Particulars	Total estimated amount / expenditure	% of Net Proceeds	Amount to be deployed from the Net Proceeds in the Fiscal 2025
1.	To meet future capital requirements towards onward lending	7,600	[●]	7,600
2.	General corporate purposes*	[●]	[●]	[●]
	Total Net Proceeds	[●]	[●]	[●]

**To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, prevailing market conditions and other commercial and technical factors. The fund requirements and deployment of funds have not been appraised by any bank, or financial institution or any other independent agency. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

In the event that the estimated utilization of the Net Proceeds in a scheduled Financial Year is not completely met, due to the reasons stated above, the same shall be utilised in the next Financial Year, as may be determined by our Company, in accordance with applicable laws.

Details of the Objects of the Fresh Issue

1. **To meet future capital requirements towards onward lending**

As an NBFC-MFI, we are subject to regulations relating to the 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. As per the master direction and prudential norms issued by the RBI, we are required to maintain a minimum CRAR of 15% consisting of Tier I Capital and Tier II Capital.

The details of our Company's CRAR as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 is provided below:

	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
CRAR (%)	18.64%	21.97%	24.06%	22.24%
Tier I Capital base (%)	15.43%	20.30%	20.96%	16.64%

The following table sets forth details of composition of the Company's Tier I Capital as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021:

(in ₹ million)

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Share capital	488.44	488.44	456.09	375.21
Reserves and surplus	12,748.43	10,434.55	8,103.24	5,041.95
Intangible assets	(7.40)	(8.39)	(7.30)	(13.86)

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Deferred tax asset -(net)	(492.41)	(167.59)	(514.59)	(195.84)
Prepaid Expenses	(66.81)	(78.93)	(45.42)	(35.35)
Others Adjustments	(1,121.35)	(1,047.19)	(436.77)	(435.03)

Capital Adequacy

The following table sets forth certain details regarding our capital under Basel II norms as of the dates indicated:

(₹ in millions except percentages)

Particulars	As at December 31, 2023	Financial Year ended March 31,		
		2023	2022	2021
Tier I Capital	11,548.90	9,620.89	7,555.25	4,737.08
Tier II Capital	2,407.70	791.09	1,117.85	1,594.87
Total capital	13,956.60	10,411.98	8,673.10	6,331.95
Total risk weighted assets and contingents	**74,861.91**	**47,388.15**	**36,041.00**	**28,469.00**
Capital adequacy ratios				
Tier I Capital ratio (%)	15.43%	20.30%	20.96%	16.64%
Tier II Capital ratio (%)	3.21%	1.67%	3.10%	5.60%
CRAR (%)	**18.64%**	**21.97%**	**24.06%**	**22.24%**

Notes:

(1) Tier I Capital Ratio represents the ratio of Tier I Capital to total risk weighted assets. Total risk weighted assets represents the weighted average of funded and nonfunded items after applying the risk weights as assigned by the RBI.

(2) Tier II Capital represents the ratio of Tier II Capital as a percentage of risk weighted assets. Total risk weighted assets represents the weighted average of funded and nonfunded items after applying the risk weights as assigned by the RBI.

While our Company's capital adequacy ratios as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 exceeds the regulatory thresholds prescribed by the RBI, we believe that in order to grow our loan portfolio and asset base, it will require additional capital in order to continue to meet applicable capital adequacy ratios with respect to its business.

We are required to maintain certain minimum capital adequacy ratio on an ongoing basis towards mitigation of unexpected risk in accordance with regulatory guidelines. The ability to grow the business comes from the sufficiency of adequate capital cushion besides regulatory comfort of having enough margin above minimum levels. The cash being the working capital of our Bank, utilisation will be for increasing the assets which are primarily the advances and investments similar to any resources like deposits or borrowings. The Net Proceeds will increase our Tier I capital and the capital adequacy ratio will be utilised for growth in assets primarily advances and investments. Our Company proposes to utilise the Net Proceeds towards meeting the future capital requirements towards onward lending, which are expected to arise out of growth of our business and assets, including but not limited to, onward lending under our Company's lending verticals. For further details, see "*Our Business*" on page 214.

2. General Corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to [●] million towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations, including but not limited to meeting expenses incurred in ordinary course of business such as strategic initiatives including advancement of information technology, expenses towards IT infrastructure, meeting future branch and business expansion, repayment of indebtedness from time to time, payment of salaries, meeting operating expenses and meeting general corporate exigencies and contingencies and any other business requirements, and any other purpose as maybe approved by the Board or a duly appointed committee from time to time, subject to compliance with necessary provisions of the Companies Act, 2013.

Means of finance

The fund requirements set out in the aforesaid Objects are proposed to be met entirely from the Net Proceeds. Accordingly, our Company confirms that there is no requirement 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 required under the SEBI ICDR Regulations. In case of a shortfall in the Net

Proceeds or any increase in the actual utilization of funds earmarked for the Objects, our Company may explore a range of options including utilizing our internal accruals and/ or seeking additional debt from existing and/ or other lenders.

Offer related expenses

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the book running lead managers, legal counsels, Registrar to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank and Sponsor Banks including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

Other than the listing fees which will be borne solely by the Company, all Offer Expenses including, among other things, filing fees, book building fees and other charges, fees and expenses payable to the SEBI, the Stock Exchanges, the Registrar of Companies and any other Governmental Authority, advertising, printing, road show expenses, accommodation and travel expenses, fees and expenses of the Indian legal counsel to the Company and the Indian and international legal counsel to the BRLMs, fees and expenses of the statutory auditors (including the Statutory Auditors), independent chartered accountant, registrar fees and broker fees (including fees for procuring of applications), bank charges, fees and expenses of the BRLMs, syndicate members, Self-Certified Syndicate Banks, other Designated Intermediaries and any other consultant, advisor or third party in connection with the Offer shall be borne by the Company and the Selling Shareholders in proportion to the number of Equity Shares issued and/or Offered Shares transferred by each of the Company and the Selling Shareholders in the Offer, respectively, except as may be prescribed by the SEBI or any other regulatory authority. All such payments shall be made by the Company in the first instance on behalf of the Selling Shareholders and the Selling Shareholders agrees that it shall reimburse the Company in proportion to the sale of its Offered Shares, for any expenses incurred by the Company on behalf of such Selling Shareholders. In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, subject to Applicable Law, all costs and expenses with respect to the Offer which may have accrued up to the date of such postponement, withdrawal, abandonment or failure shall be borne by the Company and Selling Shareholders in the manner mutually agreed between the Company and the Selling Shareholders. The Selling Shareholders agrees that it shall reimburse the Company for any expenses in relation to the Offer paid by the Company on behalf of the Selling Shareholders directly from the Public Offer Account in the manner as may be set out in the Cash Escrow and Sponsor Bank Agreement.

The break-up of the estimated Offer expenses is as follows:

Activity	Estimated expenses(1) (₹ in 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)	[●]	[●]	[●]
Commission/ processing fee for SCSBs and Bankers to the Offer and fees payable to the Sponsor Bank(s) for Bids made by UPI Bidders. (2)(3)	[●]	[●]	[●]
Brokerage, selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs(4)(5)	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to advisors and consultants to the Offer(including the fees paid to Statutory Auditors, Industry expert, legal counsel and Practising Company Secretary:	[●]	[●]	[●]
Advertising and marketing expenses			
Others			
- Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]

Activity	Estimated expenses(1) (₹ in million)	As a % of the total estimated Offer expenses(1)	As a % of the total Offer size(1)
Total estimated Offer expenses	[●]	[●]	[●]

(1) *Amounts will be finalised and incorporated in the Prospectus upon determination of the Offer Price. Offer expenses are estimates and are subject to change*

(2) *Selling commission payable to the SCSBs on the portion for RIBs, Non-Institutional Bidders and Eligible Employees Bidding in the Employee Reservation Portion, which are directly procured and uploaded by the SCSBs, would be as follows:*

*Portion for RIB**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

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. No additional processing fees shall be payable to the SCSBs on the applications directly procured by them.

(3) *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.*

Processing fees payable to the SCSBs on the portion for RIBs, Non-Institutional Bidders and Eligible Employees 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 RIBs	*₹ [●] per valid Bid cum Application Form (plus applicable taxes)*
Portion for Non-Institutional Bidders	*₹ [●] per valid Bid cum Application Form (plus applicable taxes)*
*Portion for Eligible Employees**	*₹ [●] per valid Bid cum Application Form (plus applicable taxes)*

The Selling commission payable to the Syndicate / sub-Syndicate Members will be determined 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.

(4) *The uploading charges/ processing fees for applications made by UPI Bidders would be as follows:*

Members of the Syndicate / RTAs / CDPs / Registered Brokers	*₹ [●] per valid Bid cum Application Form* (plus applicable taxes)*
Sponsor Bank(s)	*₹ [●] per valid Bid cum Application Form* (plus applicable taxes)* *The Sponsor Bank(s) shall be responsible for making payments to the third parties such as remitter bank, NCPI 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.*

**For each valid application.*

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 in 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 and SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

(5) *Selling commission on the portion for RIBs, Non-Institutional Bidders and Eligible Employees which are procured by Members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

*Portion for RIBs**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

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. Our Company, in accordance with the policies established by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, our Company will deposit the Net Proceeds only with one or more scheduled commercial banks included in Second Schedule of the Reserve Bank of India Act, 1934 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 the shares of any other listed company.

Bridge financing facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Appraising entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency, including any bank or financial institutions.

Monitoring of utilization of funds

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency to monitor the utilisation of the Net Proceeds, prior to filing of the Red Herring Prospectus with the RoC. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds till the entire Net Proceeds are utilised. Our Company will provide details/ information/ certifications on the utilisation of Net Proceeds obtained from our Statutory Auditor to the Monitoring Agency. 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 Net Proceeds have been utilised in full. The quarterly report shall provide item by item description for all the expense heads under each Object of the Offer. For details, see "*-Details of objects of the Fresh Issue*" on page 107. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including their deployment under various expense heads and interim use under a separate head in its balance sheet for such Fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable Fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 18(3) and Regulation 32(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor and such certification shall be provided to the Monitoring Agency. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net Proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the objects of the Offer as stated above. This information will also be uploaded onto our website. The explanation for such variation (if any) will be included in our Directors' report in the annual report.

Variation in objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised 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 an English national daily newspaper, one in a Hindi national daily newspaper and one in a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered Office is located), in accordance with the Companies Act and applicable rules. The Shareholders who do not agree to the proposal to vary the objects shall be given an exit offer, at such price, and in such manner, in accordance with our Articles of Association, the Companies Act, and the SEBI ICDR Regulations.

Other confirmations

Except to the extent of the proceeds received pursuant to the Offer for Sale, by two of the Selling Shareholders, Arum Holdings Limited and Augusta Investments Zero Pte Ltd, which are also the Group Companies of our Company, none of our Promoter, the members of the Promoter Group, Directors, Key Managerial Personnel, Senior Management Personnel or Group Companies will receive any portion of the Offer Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue, except as set out above.

BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares issued through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price, and Floor Price is [●] times the face value and the Cap Price is [●] times the face value. Bidders should also see "*Risk Factors*", "*Our Business*", "*Summary of Financial Information*", "*Financial Information*", and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 214, 75, 307 and 393, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe that some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- Pan-India presence, a strong and well-diversified portfolio, and a consistent track record of growth and improvement of financial and operational metrics;
- Brand recall and synergies with Muthoot Finance Group;
- Customer-centric business model with deep understanding of the large Indian underbanked customer segment;
- Access to diversified sources of capital and effective cost of funds and asset liability management;
- Robust credit assessment process and risk management framework leading to a healthy portfolio quality;
- High leverage on technology to drive process efficiencies; and
- Professional and experienced leadership team with strong corporate governance, backed by highly-respected promoters and other shareholders.

For further details, see "*Our Business – Our Strengths*" on page 219.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Information. For details, see "*Financial Information*" and "*Other Financial Information*" on pages 307 and 391, respectively.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings per share for continuing operations ("EPS") (face value of each Equity Share is ₹10):

Fiscal / Period ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
2023	27.12	27.12	3
2022	12.01	12.01	2
2021	12.43	12.43	1
Weighted Average for the above three Fiscals	**19.64**	**19.64**	-
Nine month period ended December 31, 2023*	48.14	48.14	

** Not annualized*

Notes:

i) 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

ii) Basic Earnings per Equity Share (₹) = Net profit after tax attributable to owners of the Company, as restated / Weighted average no. of Equity Shares outstanding during the year / period

iii) Diluted Earnings per Equity Share (₹) = Net Profit after tax attributable to owners of the Company, as restated / Weighted average no. of potential Equity Shares outstanding during the year / period

iv) Earnings per Share calculations are in accordance with the notified Indian Accounting Standard 33 'Earnings per share'.

v) The figures disclosed above for the period ended December 31, 2023 and the financial years ended March 31, 2023, 2022 and 2021 and other relevant records of the Company are based on the Restated Financial Information of the Company.

B. Price/Earning ("P/E") ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on Basic EPS for Fiscal 2023*	[●]	
Based on Diluted EPS for Fiscal 2023*		

**To be updated at the Prospectus stage.*

C. Industry Peer Group P/E ratio

Based on the peer group information (excluding our Company) given below in this section, the highest P/E ratio is 504.22, the lowest P/E ratio is 8.03 and the average P/E ratio is 65.73.

Particulars	Industry Peer P/E	Name of the company	Face value of the equity shares (₹)
Highest	504.22	Spandana Sphoorty Financial Limited	10
Lowest	8.03	Satin Creditcare Network Limited	10
Average	65.73		

Notes:

The industry high and low has been considered from the industry peer set provided below. The industry composite has been circulated as the arithmetic average P/E of the industry peer set as given below.

D. Return on Net Worth ("RoNW")

Fiscal / Period ended	RoNW (%)	Weight
2023	11.93	3
2022	5.27	2
2021	8.61	1
Weighted Average for the above three Fiscals	9.16	-
Nine month period ended December 31, 2023*	17.76	-

** Not annualized*

Notes:

i) Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.

ii) Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company, as restated / Restated net worth at the end of the year/period.

iii) Net worth has been defined as 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, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2023; 2022 and 2021 and period ended December 31, 2023, in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

iv) The figures disclosed above for the period ended December 31, 2023 and the financial years ended March 31, 2023, 2022 and 2021 are based on the Restated Financial Information of the Company.

E. Net Asset Value ("NAV") per Equity Share

Net Asset Value per Equity Share	₹
As at December 31, 2023	271.00
As at March 31, 2023	223.63
After the Offer*	
- At Floor Price	[●]
- At Cap Price	[●]
At Offer Price	[●]

** Offer Price per Equity Share will be determined on conclusion of the Book Building Process*

Notes:

(i) Net Asset Value per Equity Share = Net worth as per the Restated Financial Information / Number of equity shares outstanding as at the end of year/period.

(ii) Net worth has been defined as 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, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31,

2020; 2021 and 2022, in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

(iii) The figures disclosed above for the period ended December 31, 2023 and the financial years ended March 31, 2023, are based on the Restated Financial Information of the Company.

For further details, see "Other Financial Information" on page 391.

F. Comparison with Listed Industry Peers

Following is the comparison with our peer group companies listed in India and in the same line of business as our Company:

Name of Company	Total income for Fiscal 2023 (in ₹ million)	Face Value (₹ Per Share)	Closing price on April 29, 2024 (₹)	EPS (₹)		NAV (₹ per share)	P/E ratio	P/B ratio	RONW (%)
				Basic	Diluted				
Belstar Microfinance Limited *	10,379.15	10	Not applicable	27.12	27.12	223.63	Not applicable	Not applicable	11.93%
Peer Group									
Muthoot Microfin Limited	14,463.44	10	233.4	14.19	11.98	139.16	19.48	1.68	10.08%
Equitas Small Finance Bank Limited **	48,314.64	10	98.56	4.71	4.67	46.44	21.10	2.12	11.12%
Ujjivan Small Finance Bank Limited **	47,541.90	10	53.74	5.82	5.81	21.27	9.25	2.50	26.45%
CreditAccess Grameen Limited	35,507.90	10	1,482.35	52.04	51.81	321.38	28.61	4.53	16.17%
Spandana Sphoorty Financial Limited	13,944.53	10	877.35	1.74	1.74	428.72	504.22	2.05	0.41%
Bandhan Bank Limited **	1,83,732.50	10	183.90	13.62	13.62	121.58	13.50	1.51	11.21%
Suryoday Small Finance Bank Limited **	12,811.05	10	207.00	7.32	7.32	149.28	28.28	1.39	4.90%
Fusion Micro Finance Limited	17,999.70	10	512.55	43.29	43.13	230.74	11.88	2.22	16.67%
Satin Creditcare Network Ltd	17,615.45	10	259.45	33.79	32.30	224.55	8.03	1.16	13.81%
Utkarsh Small Finance Bank Limited **	28,042.86	10	58.48	4.52	4.51	22.33	12.97	2.62	20.22%

** Financial information for Belstar Microfinance Limited is derived from the Restated Financial Information for the year ended March 31, 2023.*

*** The business models of small finance banks and banks are typically different from NBFC-MFIs. However, we have considered Equitas Small Finance Bank Limited, Bandhan Bank, Ujjivan Small Finance Bank, Utkarsh Small Finance Bank and Suryoday Small Finance Bank since their loan portfolio is inclined towards MFI segment and all of them were NBFC MFIs before becoming a universal bank / small finance bank.*

Notes:

i. *All the financial information for listed industry peers mentioned above is on standalone basis and is sourced from the annual reports as available for the Financial Year ending March 31, 2023.*

ii. *P/E ratio is calculated as closing share price (April 29, 2024, BSE) / Diluted EPS for year ended March 31, 2023.*

iii. *P/B ratio is calculated as closing share price (April 29, 2024, BSE) / NAV per share for year ended March 31, 2023.*

iv. *Basic and Diluted EPS as reported in the annual report/financial results of the listed peer company for the year ended March 31, 2023.*

v. *Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company, as restated / Restated net worth at the year ended March 31, 2023.*

vi. *Net asset value per equity share is computed as net worth as of the last day of the year ended March 31, 2023 divided by the outstanding number of issued and subscribed equity shares as of the last day of the year ended March 31, 2023*

vii. *Net worth has been defined as 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, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2023; 2022 and 2021 and the period ended December 31, 2023, in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.*

viii. *The audited financial statement for the year ended March 31, 2023 of CreditAccess Grameen Limited, Fusion Micro Finance Limited, Satin Creditcare Network Ltd, Spandana Sphoorty Financial Limited were prepared as per Ind AS and Bandhan Bank, Ujjivan Small Finance Bank Limited, Utkarsh Small Finance Bank Limited, Suryoday Small Finance Bank Limited and Equitas Small Finance Bank Limited were prepared as per Indian GAAP.*

G. Key Performance Indicators

The table below sets forth the details of KPIs that our Company considers have a bearing for arriving at the basis for Offer Price. All the KPIs disclosed below have been approved by a resolution of our Audit Committee dated April 26, 2024 and the Audit Committee has confirmed that verified and audited details of all the KPIs pertaining to our Company that have been disclosed to earlier investors at any point of time during the three years period prior to the date of filing of this Draft Red Herring Prospectus have been disclosed in this section. Further, the KPIs herein have been certified by Varma & Varma, Chartered Accountants pursuant to certificate dated May 3, 2024. This certificate has been designated as a material document for inspection in connection with the Offer. See "*Material Contracts and Documents for Inspection*" on page 553.

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help it in analyzing the growth of various verticals in comparison to its peers.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once a year (or any lesser period as may be determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchanges or till the utilisation of the Offer Proceeds as per the disclosure made in the section "*Objects of the Offer*" starting on page 106 of this Draft Red Herring Prospectus, whichever is later, or for such other duration as required under the SEBI ICDR Regulations.

KPIs:

KPI	**As on**			
	Period ended December 31, 2023	**Financial year ended March 31, 2023**	**Financial year ended March 31, 2022**	**Financial year ended March 31, 2021**
Number of Active Borrowers	26,69,009	21,29,884	17,02,836	13,82,533
Disbursements (in ₹ million)	67,759.36	57,950.85	35,463.86	24,350.27
Disbursements Growth (%)	85.08%	63.41%	45.64%	-6.82%
Average Ticket Size on Disbursements (in Rs INR)	52,370.00	43,051.00	35,025.00	34,430.00
Gross Loan Portfolio (in ₹ million)	88,342.12	61,920.39	43,649.05	32,987.34
Gross Loan Portfolio Growth (%)	65.43%	41.86%	32.32%	25.42%
Total Assets (in ₹ million)	80,968.81	62,269.01	45,602.86	34,672.88
Gross Advances (in ₹ million)	73,885.95	47,232.39	37,780.12	28,817.69
Share of Top 1 state (%)	48.46%	49.11%	45.47%	46.88%
Share of top 3 states (%)	63.10%	62.46%	60.76%	63.47%
Net Worth (in ₹ million)	13,236.87	10,922.99	8,559.33	5,417.16
Total Borrowings (in ₹ million)	64,241.81	48,264.86	35,570.36	27,956.36

KPI	As on			
	Period ended December 31, 2023	**Financial year ended March 31, 2023**	**Financial year ended March 31, 2022**	**Financial year ended March 31, 2021**
Capital Adequacy Ratio (%) - Tier 1	15.43%	20.30%	20.96%	16.64%
Capital Adequacy Ratio (%) - Tier 2	3.21%	1.67%	3.10%	5.60%
Capital Adequacy Ratio (%) - Total	18.64%	21.97%	24.06%	22.24%
Total Borrowings to Equity ratio	4.85	4.42	4.16	5.16
Leverage (Average Total Assets to Average Net Worth)	5.93	5.54	5.74	5.76
Total Income (in ₹ million)	12,952.14	10,379.15	7,284.31	5,529.41
Total Expenses (in ₹ million)	9,878.77	8,686.08	6,722.85	4,959.29
Pre-Provisioning Profit (in ₹ million)	5,476.39	3,331.92	2,058.96	1,377.67
Profit Before Tax (in ₹ million)	3,073.37	1,693.07	561.46	570.12
Net Profit (in ₹ million)	2,351.19	1,303.25	451.29	466.51
Yield on Advances (%)	19.24%	20.85%	20.84%	20.79%
Cost of Borrowing (%)	7.25%	8.72%	9.17%	9.99%
Spread (%)	11.99%	12.13%	11.67%	10.80%
NIM (%)	12.03%	11.47%	11.08%	10.87%
Cost to Income (%)	38.27%	50.45%	52.91%	56.77%
Opex (%)	4.74%	6.29%	5.76%	6.05%
Credit cost (%)	3.36%	3.04%	3.73%	2.70%
Return on average gross outstanding loan portfolio (%)	3.13%	2.47%	1.18%	1.57%
Return on Average Total Assets (%)	3.28%	2.42%	1.12%	1.56%
Return on Average Net Worth (ROE) (%)	19.46%	13.38%	6.46%	8.98%
Standard assets (in ₹ million)	72,493.34	46,087.58	35,635.12	28,034.51
Gross NPA (%)	1.88%	2.42%	5.68%	2.72%
Provision Coverage Ratio (%)	91.49%	72.73%	73.93%	78.29%
Restructured Book as % of advances	0.00%	0.44%	7.64%	2.32%
Net NPA (%)	0.16%	0.66%	1.48%	0.59%
Number of States & UT	19	18	18	19
Number of districts	279	216	186	170
Number of branches	1,009	767	632	560
Number of Employees	10,169	8,022	5,939	4,562
Gross Loan Portfolio/ Branch (in ₹ million)	87.55	80.73	69.06	58.91
Gross Loan Portfolio/Sales Officer (in ₹ million)	15.38	13.66	13.23	13.65
Gross Disbursements/Branch (in ₹ million)	67.15	75.56	56.11	43.48
Gross Disbursements/Sales Officer (in ₹ million)	11.80	12.78	10.75	10.07
Basic EPS (in Rs.)	48.14	27.12	12.01	12.43
Diluted EPS (in Rs.)	48.14	27.12	12.01	12.43
Net Asset Value Per Equity Share (in Rs.)	271.00	223.63	187.67	144.38
Credit Rating	CRISIL AA/STABLE, CRISIL PPMLD AA, CARE AA-, ACUITE PPMLD AA/STABLE	CRISIL AA-, CRISIL PPMLD AA-, ICRA A+, CARE AA-, ACUITE PPMLD AA/STABLE	CRISIL AA-/CRISIL PPMLD AA- r, ICRA A+, CARE A+	CRISIL AA-, ICRA A, CARE A+
Digital Collection %	32.12%	18.01%	6.64%	0.00%

1. *Number of Active Borrowers represents the total number of borrowers with whom the Company has a lending relationship as of the last day of the relevant fiscal year/period (Excluding customers forming part of Buyout portfolio)*
2. *Disbursements represents the total amount disbursed to customers for the relevant fiscal year/period, pursuant to loans sanctioned*
3. *Disbursement growth represents growth in disbursements for the relevant fiscal year/period as a percentage of disbursements for the corresponding fiscal year/period*

4. *Average Ticket size on Disbursements represents the ratio of aggregate of all loan amounts extended to all our customers to total number of loans disbursed for the relevant fiscal year/period*
5. *Gross loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by the Company as of the last day of the relevant fiscal year/period, and loan assets which have been transferred by the Company by way of assignment and are outstanding as of the last day of the relevant fiscal year/period.*
6. *Gross loan portfolio growth represents growth in gross loan portfolio as of the last day of the relevant fiscal year/period over gross loan portfolio as of the last day of the corresponding previous fiscal year/period.*
7. *Total Assets represents the total assets on the book of the company as per Restated Financial Statements as of the last day of the relevant fiscal year/period*
8. *Gross Advances represents the gross advances on the book of the company as per Restated Financial Statements as of the last day of the relevant fiscal year/period*
9. *Share of Top 1 state (%) represents the Share of Gross Loan Portfolio in the Top State as of the last day of the relevant fiscal year/period*
10. *Share of top 3 states (%) represents the Share of Gross Loan Portfolio in the Top 3 State as of the last day of the relevant fiscal year/period*
11. *Net worth means the aggregate value of the paid-up share capital of the Company and all reserves created out of profits and securities premium account as per Restated Financial Statements as of the last day of the relevant fiscal year/period*
12. *Total Borrowings represent sum of debt securities, borrowings other than debt securities and subordinated liabilities as per Restated Financial Statements as of the last day of the relevant fiscal year/period*
13. *Capital Adequacy Ratio (%) - Tier 1 as stated by the company as of the last day of the relevant fiscal year/period*
14. *Capital Adequacy Ratio (%) - Tier 2 as stated by the company as of the last day of the relevant fiscal year/period*
15. *Capital Adequacy Ratio (%) - Total as stated by the company as of the last day of the relevant fiscal year/period*
16. *Total Borrowings to Equity ratio represents Ratio of total borrowings to Networth as of the last day of the relevant fiscal year/period*
17. *Leverage (Average Total Assets to Average Net Worth) represents the Ratio of average total assets to average net worth as of the last day of the relevant fiscal year/period*
18. *Total Income including revenue from operations and other income as per Restated Financial Statements for the relevant fiscal year/period*
19. *Total Expenses represents sum of interest expended, fees and commission expense, impairment expense, employee benefit expense, depreciation and amortisation expense and other expenses as per Restated Financial Statements for the relevant fiscal year/period*
20. *Pre-Provision Profit represents difference of total income minus interest expended minus operating expenses as per Restated Financial Statements for the relevant fiscal year/period*
21. *Profit before tax as per Restated Financial Statements for the relevant fiscal year/period*
22. *Profit after tax as per Restated Financial Statements for the relevant fiscal year/period*
23. *Yield on Advances (%) represents the Interest earned on loans and advances / average of Net loan portfolio on book for the relevant fiscal year/period*
24. *Cost of Borrowing (%) represents the interest expended / (average of deposits and borrowings) for the relevant fiscal year/period*
25. *Spread (%) represents the Difference of Yield on advances and cost of borrowings for the relevant fiscal year/period*
26. *NIM (%) means (Interest income on loans and advances – interest expended) /average of gross loan portfolio on book for the relevant fiscal year/period*
27. *Cost to Income (%) means Operating expenses (Employee Expenses + Depreciation and amortization expense + Fees and commission expense+ Other expenses) / (total income - interest expended) for the relevant fiscal year/period*
28. *Opex (%) means Operating expense to average total assets for the relevant fiscal year/period*
29. *Credit cost (%) means (Net loss on fair value changes + Impairment) / average total assets for the relevant fiscal year/period*
30. *Return on average gross outstanding loan portfolio (%) means the Net Profit divided by average Gross Loan Portfolio for the relevant fiscal year/period*
31. *Return on Average Total Assets (%) means Net Profit divided by average total assets for the relevant fiscal year/period*
32. *Return on Average Net Worth (ROE) (%) means Net Profit divided by average net worth for the relevant fiscal year/period*
33. *Standard Assets (Gross) represents Performing Assets (Stage 1 and Stage 2) as declared by the company as of the last day of the relevant fiscal year/period*
34. *Gross NPA ratio is defined as the ratio of Stage III assets to total outstanding loan portfolio as of the relevant fiscal year or period. Total outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets held by our Company as of the last day of the relevant fiscal year or period, gross of impairment allowance.*
35. *Provision Coverage Ratio represents difference of Gross NPA and Net NPA divided by Gross NPA as of the last day of the relevant fiscal year/period*
36. *Restructured Book as % of advances represents the Restructured book as declared by the company divided by net advances as of the last day of the relevant fiscal year/period*
37. *Net NPA ratio is defined as the ratio of our Net NPA (Stage III assets less impairment allowance for Stage III assets) to Net Outstanding Loan Portfolio as of the relevant fiscal year or period. Net Outstanding Loan Portfolio represents the total outstanding loan portfolio as of the last day of the relevant fiscal year or period reduced by impairment allowance*
38. *No. of States & UTs Represents the total number of States and UTs where the company has its operations as declared by the company as of the last day of the relevant fiscal year/period*
39. *Number of Districts represents the Total number of districts in which the Company operates as of the last day of the relevant fiscal year/period*
40. *Number of Branches represents aggregate number of branches of the Company as of the last day of relevant fiscal year/period*
41. *Number of Employees represents aggregate of total employees working in the Company as of the last day of relevant fiscal year/ period*

42. *Gross Loan Portfolio/ Branch represents ratio of Gross Loan Portfolio divided by number of branches as of the last day of the relevant fiscal year/period*
43. *Gross Loan Portfolio/Sales Officer represents ratio of Gross Loan Portfolio divided by number of Sales officers as of the last day of the relevant fiscal year/period*
44. *Gross Disbursements/Branch represents ratio of Disbursements divided by number of branches as of the last day of the relevant fiscal year/period*
45. *Gross Disbursements/Sales Officer represents ratio of Disbursement divided by number of Sales officers as of the last day of the relevant fiscal year/period*
46. *Basic EPS as per Restated Financial Statements for the relevant fiscal year/period*
47. *Diluted EPS as per Restated Financial Statements for the relevant fiscal year/period*
48. *Net Asset Value Per Equity Share represents the Net Worth as of the last day of the relevant fiscal year/period divided by number of equity shares outstanding as of the last day of the relevant fiscal year/period.*
49. *Credit Rating represents the Long Term Credit Rating as per public domain*
50. *Digital Collection % represents the Digital Collection as a percentage of total collections for the relevant fiscal year/period*

We have described and defined the KPIs, as applicable, in "*Definitions and Abbreviations*" starting on page 1. For details of our other operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, see "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 214 and 393, respectively.

H. Description on the historic use of the 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 above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Financial Information. 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 metrics 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 financial or operational metric to evaluate our business. See "*Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investor's assessments of our financial condition*" on page 64.

Explanation for the KPIs

S. no.	KPI	Explanation
1	Number of Active Borrowers	Represents the total number of borrowers with whom the Company has a lending relationship as of the last day of the relevant fiscal year/period (Excluding customers forming part of Buyout portfolio)
2	Disbursements	Represents the total amount disbursed to customers for the relevant fiscal year/period, pursuant to loans sanctioned
3	Disbursements Growth (%)	Represents growth in disbursements for the relevant fiscal year/period as a percentage of disbursements for the corresponding fiscal year/period
4	Average Ticket Size on Disbursements (in INR)	Represents the ratio of aggregate of all loan amounts extended to all customers to total number of loans disbursed for the relevant fiscal year/period

S. no.	KPI	Explanation
5	Gross Loan Portfolio	Represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by the Company as of the last day of the relevant fiscal year/period, and loan assets which have been transferred by the Company by way of assignment and are outstanding as of the last day of the relevant fiscal year/period.
6	Gross Loan Portfolio Growth (%)	Represents growth in gross loan portfolio as of the last day of the relevant fiscal year/period over gross loan portfolio as of the last day of the corresponding previous fiscal year/period.
7	Total Assets	Represents the total assets on the book of the company as per Restated Financial Statements as of the last day of the relevant fiscal year/period
8	Gross Advances	Represents the gross advances on the book of the company as per Restated Financial Statements as of the last day of the relevant fiscal year/period
9	Share of Top 1 state (%)	Represents the Share of Gross Loan Portfolio in the Top State as of the last day of the relevant fiscal year/period
10	Share of top 3 states (%)	Represents the Share of Gross Loan Portfolio in the Top 3 State as of the last day of the relevant fiscal year/period
11	Net Worth	Represents the aggregate value of the paid-up share capital of the Company and all reserves created out of profits and securities premium account as per Restated Financial Statements as of the last day of the relevant fiscal year/period
12	Total Borrowings	Represents sum of debt securities, borrowings other than debt securities and subordinated liabilities as per Restated Financial Statements as of the last day of the relevant fiscal year/period
13	Capital Adequacy Ratio (%) - Tier 1	Represents Tier I Capital Adequacy Ratio (%)as stated by the company as of the last day of the relevant fiscal year/period
14	Capital Adequacy Ratio (%) - Tier 2	Represents Tier II Capital Adequacy Ratio (%)as stated by the company as of the last day of the relevant fiscal year/period
15	Capital Adequacy Ratio (%) - Total	Represents Total Capital Adequacy Ratio (%)as stated by the company as of the last day of the relevant fiscal year/period
16	Total Borrowings to Equity ratio	Represents ratio of total borrowings to Networth as of the last day of the relevant fiscal year/period
17	Leverage (Average Total Assets to Average Net Worth)	Represents ratio of average total assets to average net worth as of the last day of the relevant fiscal year/period
18	Total Income	Represents sum of revenue from operations and other income as per Restated Financial Statements for the relevant fiscal year/period
19	Total Expenses	Represents sum of , fees and commission expense, impairment expense, employee benefit expense, depreciation and amortisation expense and other expenses as per Restated Financial Statements for the relevant fiscal year/period
20	Pre-Provisioning Profit	Represents difference of total income minus interest expended minus operating expenses as per Restated Financial Statements for the relevant fiscal year/period
21	Profit Before Tax	Represents Profit before tax as per Restated Financial Statements for the relevant fiscal year/period
22	Net Profit	Represents Profit after tax as per Restated Financial Statements for the relevant fiscal year/period
23	Yield on Advances (%)	Represents ratio of Interest earned on loans and advances to average of Net loan portfolio on book for the relevant fiscal year/period
24	Cost of Borrowing (%)	Represents ratio of Interest expended to average of deposits and borrowings for the relevant fiscal year/period

S. no.	KPI	Explanation
25	Spread (%)	Represents difference of Yield on advances and cost of borrowings for the relevant fiscal year/period
26	NIM (%)	Represents ratio of difference of Interest income on loans and advances and interest expended to average of gross loan portfolio on book for the relevant fiscal year/period
27	Cost to Income (%)	Represents ratio of Operating expenses to difference of total income and interest expended for the relevant fiscal year/period Operating expenses represents sum of Employee Expenses, Depreciation and Amortization expense, Fees and Commission expense and Other expenses
28	Opex (%)	Represents ratio of Operating expense to average total assets for the relevant fiscal year/period
29	Credit cost (%)	Represents ratio of sum of Net loss on fair value changes and Impairment to average total assets for the relevant fiscal year/period
30	Return on average gross outstanding loan portfolio (%)	Represents ratio of Net Profit to average Gross Loan Portfolio for the relevant fiscal year/period
31	Return on Average Total Assets (%)	Represents ratio of Net Profit to average total assets for the relevant fiscal year/period
32	Return on Average Net Worth (ROE) (%)	Represents ratio of Net Profit to average net worth for the relevant fiscal year/period
33	Standard assets	Represents Performing Assets (Stage 1 and Stage 2) as declared by the company as of the last day of the relevant fiscal year/period
34	Gross NPA (%)	Represents ratio of Stage III assets to total outstanding loan portfolio as of the relevant fiscal year or period. Total outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets held by the Company as of the last day of the relevant fiscal year or period, gross of impairment allowance. .
35	Provision Coverage Ratio (%)	Represents difference of Gross NPA and Net NPA divided by Gross NPA as of the last day of the relevant fiscal year/period
36	Restructured Book as % of advances	Represents ratio of Restructured book as declared by the company to net advances as of the last day of the relevant fiscal year/period
37	Net NPA (%)	Represents ratio of Net NPA (Stage III assets less impairment allowance for Stage III assets) to Net Outstanding Loan Portfolio as of the last day of the relevant fiscal year or period. Net Outstanding Loan Portfolio represents the total outstanding loan portfolio as of the last day of the relevant fiscal year or period reduced by impairment allowance
38	No. of States & UT	Represents the total number of States and UTs where the company has its operations as declared by the company as of the last day of the relevant fiscal year/period
39	No. of districts	Represents the Total number of districts in which the Company operates as of the last day of the relevant fiscal year/period
40	No. of branches	Represents the total number of branches of the Company as of the last day of relevant fiscal year/period
41	Employees	Represents the total number of employees working in the Company as of the last day of relevant fiscal year/ period
42	AUM/Branch	Represents ratio of Gross Loan Portfolio to number of branches as of the last day of the relevant fiscal year/period

S. no.	KPI	Explanation
43	AUM/Sales Officer	Represents ratio of Gross Loan Portfolio to number of Sales officers as of the last day of the relevant fiscal year/period
44	Gross Disbursements/Branch	Represents ratio of Disbursements to number of branches as of the last day of the relevant fiscal year/period
45	Gross Disbursements/Sales Officer	Represents ratio of Disbursement to number of sales officers as of the last day of the relevant fiscal year/period
46	Basic EPS	Represents Basic EPS as per Restated Financial Statements for the relevant fiscal year/period
47	Diluted EPS	Represents Diluted EPS as per Restated Financial Statements for the relevant fiscal year/period
48	Net Asset Value Per Equity Share	Represents the ratio of Net Worth as of the last day of the relevant fiscal year/period to number of equity shares outstanding as of the last day of the relevant fiscal year/period.
49	Credit Rating	Represents Long Term Credit Rating as per public domain
50	Digital Collection %	Represents Digital Collection as a percentage of total collections for the relevant fiscal year/period

I. Comparison of KPIs based on additions or dispositions to our business

Our Company has not made any additions or dispositions to its business during the Fiscals 2023, 2022 and 2021, or during the nine months period ended December 31, 2023.

J. Comparison of its KPIs with Listed Industry Peers

1. Muthoot Microfin Limited

Muthoot Microfin	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale				
Number of Active Borrowers	18,60,000.00	20,50,000.00	27,70,000.00	32,80,000
Number of Repeating Borrowers	9,80,000	11,20,000	12,90,000	NA
Number of Unique Borrowers	8,70,000	9,30,000	14,90,000	NA
Disbursements	26,368	46,470	81,045	77,736
Disbursements Growth (%)	(35.42)%	76.24%	74.40%	37.4%
Average Ticket Size on Disbursements (in Rs INR)	33,855	34,252	37,985	46,415
Gross Loan Portfolio	49,867.11	62,549.42	92,082.96	1,14,581
Gross Loan Portfolio Growth (%)	3.06%	25.43%	47.22%	38.63%
Total Assets	41,838.5	55,914.6	85,292.0	NA
Gross Advances	35,045.8	46,197.3	71,987.0	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	95.05%	95.33%	94.67%	96.70%
Share of Top 1 state (%)	30.64%	31.16%	26.49%	NA
Share of top 3 states (%)	65.19%	63.58%	54.81%	NA
Capital	-	-	-	-
Net Worth	8,898.90	13,365.79	16,258.49	26,777.14
Total Borrowings	30,156.58	39,966.09	64,931.76	NA
Capital Adequacy Ratio (%) - Tier 1	21.80%	28.38%	21.87%	NA
Capital Adequacy Ratio (%) - Tier 2	0.75%	0.37%	0.00%	NA
Capital Adequacy Ratio (%) – Total	22.55%	28.75%	21.87%	29.60%
Total Borrowings to Equity ratio	3.39	2.99	3.99	3.00

Muthoot Microfin	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Leverage (Average Total Assets to Average Net Worth)	4.61	4.39	4.77	4.57
Profitability				
Total Income	6,962.81	8,429.41	14,463.44	16,320.65
Total Expenses	6,872.26	7,782.20	12,334.74	12,276.12
Pre-Provisioning Profit	1,404.70	1,758.74	4,361.88	5,196.62
Profit before tax	90.55	647.21	2,128.70	4,044.53
Net Profit	70.54	473.98	1,638.89	3,298.24
Return Ratio				
Yield on Advances (%)	20.73%	18.61%	22.28%	NA
Cost of Borrowing (%)	10.08%	9.70%	10.47%	8.94%
Spread (%)	10.65%	8.91%	11.81%	NA
NIM (%)	9.85%	9.25%	12.25%	NA
Cost to Income (%)	64.61%	65.02%	51.39%	47.11%
Opex (%)	6.20%	6.69%	6.53%	4.70%
Credit cost (%)	3.18%	2.27%	3.16%	1.17%
Return on average Gross Outstanding Loan Portfolio (%)	0.14%	0.84%	2.12%	3.19%
Return on Average Total Assets (%)	0.17%	0.97%	2.32%	3.35%
Return on Average Net Worth (ROE) (%)	0.79%	4.26%	11.06%	15.33%
NPA / Asset Quality				
Collection Efficiency (%)	67.52%	85.75%	95.84%	98.40%
Standard assets	3,089.02	4,066.50	6,940.88	NA
SMA 0 %	5.29%	2.23%	0.22%	NA
SMA 1 %	1.97%	2.29%	0.26%	NA
SMA 2 %	2.50%	3.43%	0.35%	NA
Gross NPA (%)	7.86%	6.26%	2.97%	2.29%
Provision Coverage Ratio (%)	72.65%	75.24%	79.80%	85.59%
Restructured Book as % of advances	NA	8.36%	1.70%	NA
Net NPA (%)	2.15%	1.55%	0.60%	0.33%
Distribution				
Number of States & UT	16	16	18	18
Number of districts	249	281	321	346
No. of branches	755	905	1,172	1,424
Number of Employees	6,961	8,003	10,227	13,067
Productivity				
Gross Loan Portfolio/ Branch	66.05	69.12	78.57	80.46
Gross Loan Portfolio/Sales Officer	10.79	11.10	14.68	14.33
Gross Disbursements/Branch	34.92	51.35	69.15	54.59
Gross Disbursements/Sales Officer	5.70	8.25	12.92	9.72
Earning per share				
Basic EPS (in Rs)	0.62	4.15	14.19	23.27
Diluted EPS (in Rs)	0.62	3.94	11.66	23.27
Net Asset Value Per Equity Share (in Rs)	77.94	100.24	115.97	157.06
Credit ratings				
Credit Rating	CRISIL A, IND A-	CRISIL A/CRISIL PPMLD A r, IND A	CRISIL A+/CRISIL PPMLD A+, IND A	CRISIL A+/CRISIL PPMLD A+

Muthoot Microfin	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Digital Adoption				
Digital Collection as a % of total collection	1.06%	4.86%	20.30%	NA

2. **Spandana Sphoorty Financial Limited**

Spandana Sphoorty	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale				
Number of Active Borrowers	22,13,711	22,44,568	22,60,000	28,00,000
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	60,290.00	30,656.47	76,242.12	63,300.00
Disbursements Growth (%)	NA	-49.15%	148.70%	36.04%
Average Ticket Size on Disbursements (in Rs INR)	45,318	45,025	46,256	41,447
Gross Loan Portfolio	77,358	61,989	79,796	97,630
Gross Loan Portfolio Growth (%)	13.28%	-19.87%	28.73%	47.10%
Total Assets	83,460.63	68,636.92	91,856.44	NA
Gross Advances	70,280.24	58,956.54	76,958.11	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	NA	82.00%	87.00%	NA
Share of Top 1 state (%)	19.32%	18.58%	16.75%	15.00%
Share of top 3 states (%)	48.56%	45.97%	41.19%	41.00%
Capital	-	-	-	-
Net Worth	27,159.05	30,315.32	30,431.83	34,143.77
Total Borrowings	51,975.00	36,315.00	59,342.01	76,823.48
Capital Adequacy Ratio (%) - Tier 1	39.74%	50.55%	36.87%	NA
Capital Adequacy Ratio (%) - Tier 2	-0.50%	0.19%	0.00%	NA
Capital Adequacy Ratio (%) - Total	39.24%	50.74%	36.87%	35.87%
Total Borrowings to Equity ratio	1.91	1.20	1.95	2.25
Leverage (Average Total Assets to Average Net Worth)	2.68	2.65	2.64	3.17
Profitability	-	-	-	-
Total Income	14,647.5	13,916.0	13,944.5	17,374.0
Total Expenses	12,871.1	13,270.1	13,762.1	12,748.9
Pre-Provisioning Profit	8,175.71	5,305.05	5,180.11	6,374.62
Profit before tax	1,776.3	645.9	182.5	4,625.1
Net Profit	1,289.00	466.00	123.37	3,457.19
Return Ratio	-	-	-	-
Yield on Advances (%)	22.19%	20.57%	18.33%	NA
Cost of Borrowing (%)	10.16%	11.64%	9.31%	9.68%
Spread (%)	12.03%	8.93%	9.02%	NA
NIM (%)	14.24%	10.96%	10.64%	NA
Cost to Income (%)	21.96%	39.55%	45.44%	40.90%
Opex (%)	3.22%	4.56%	5.38%	4.31%
Credit cost (%)	8.96%	6.13%	6.23%	1.71%

Spandana Sphoorty	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Return on average Gross Outstanding Loan Portfolio (%)	1.77%	0.67%	0.17%	3.90%
Return on Average Total Assets (%)	1.80%	0.61%	0.15%	3.38%
Return on Average Net Worth (ROE) (%)	4.84%	1.62%	0.41%	10.71%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	101%	94%	103%	100%
Standard assets	65,302.50	46,622.69	73,095.22	NA
SMA 0 %	NA	NA	NA	NA
SMA 1 %	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA
Gross NPA (%)	5.76%	17.70%	2.07%	1.50%
Provision Coverage Ratio (%)	43.40%	33.33%	69.57%	70.00%
Restructured Book as % of advances	NA	9.16%	0.09%	NA
Net NPA (%)	3.26%	11.80%	0.63%	0.45%
Distribution	-	-	-	-
Number of States & UT	18	18	18	21
Number of districts	282	294	314	403
No. of branches	1,052	1,049	1,153	1,484
Number of Employees	8,644	8,379	9,674	12,261
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	77.37	58.64	69.21	65.79
Gross Loan Portfolio/Sales Officer	12.11	9.89	10.64	11.76
Gross Disbursements/Branch	61.08	29.95	66.12	42.65
Gross Disbursements/Sales Officer	9.56	5.05	10.16	7.62
Earning per share	-	-	-	-
Basic EPS (in Rs)	20.05	7.22	1.74	48.66
Diluted EPS (in Rs)	19.98	7.20	1.74	48.07
Net Asset Value Per Equity Share (in Rs)	422.28	438.75	428.72	480.11
Credit ratings				
Credit Rating	IND A, ICRA A-	CRISIL A, IND A, ICRA A-	CRISIL A, IND A, ICRA A-	CRISIL A, IND A, ICRA A
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	NA

3. Satin Creditcare Network Limited

Satin Creditcare	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale				
Number of Active Borrowers	26,60,000	24,50,000	25,60,000	32,00,000
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	43,940.00	40,310.00	73,901.09	68,810.00

Satin Creditcare	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale				
Disbursements Growth (%)	-45.38%	-8.26%	83.33%	42.08%
Average Ticket Size on Disbursements (in Rs INR)	33,113	42,113	42,276	49,632
Gross Loan Portfolio	72,750.00	64,090.00	79,285.25	98,110.00
Gross Loan Portfolio Growth (%)	0.76%	-11.90%	23.71%	44.32%
Total Assets	78,745.1	73,754.1	76,454.0	NA
Gross Advances	58,043.4	52,421.2	58,030.6	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	NA	74.00%	77.00%	NA
Share of Top 1 state (%)	21.00%	23.70%	26.90%	26.30%
Share of top 3 states (%)	45.30%	46.40%	48.10%	47.80%
Capital	-	-	-	-
Net Worth	14,910.52	16,062.40	19,137.17	NA
Total Borrowings	60,256.31	54,628.27	54,474.80	NA
Capital Adequacy Ratio (%) - Tier 1	19.73%	23.25%	25.34%	NA
Capital Adequacy Ratio (%) - Tier 2	5.55%	4.59%	1.28%	NA
Capital Adequacy Ratio (%) - Total	25.28%	27.84%	26.62%	28.73%
Total Borrowings to Equity ratio	4.04	3.40	2.85	2.95
Leverage (Average Total Assets to Average Net Worth)	5.11	4.92	4.27	3.99
Profitability	-	-	-	-
Total Income	12,730.8	12,619.3	17,615.4	14,567.3
Total Expenses	12,828.4	12,025.7	14,205.4	10,582.5
Pre-Provisioning Profit	2,656.29	2,299.70	7,432.96	4,794.02
Profit before tax	(97.6)	593.6	3,410.0	3,984.8
Net Profit	-135.55	402.20	2,643.29	2,975.64
Return Ratio	-	-	-	-
Yield on Advances (%)	20.17%	19.92%	20.68%	NA
Cost of Borrowing (%)	10.80%	10.56%	10.56%	NA
Spread (%)	9.37%	9.37%	10.12%	NA
NIM (%)	7.76%	7.80%	9.38%	NA
Cost to Income (%)	59.47%	64.92%	37.30%	44.04%
Opex (%)	5.19%	5.58%	5.89%	NA
Credit cost (%)	3.66%	2.30%	5.36%	NA
Return on average Gross Outstanding Loan Portfolio (%)	-0.19%	0.59%	3.69%	3.35%
Return on Average Total Assets (%)	-0.18%	0.53%	3.52%	3.34%
Return on Average Net Worth (ROE) (%)	-0.92%	2.60%	15.02%	13.32%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	95.00%	99.70%	NA	99.00%
Standard assets	52,904.06	47,776.24	56,100.83	NA
SMA 0 %	NA	NA	NA	NA
SMA 1 %	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA
Gross NPA (%)	8.40%	8.01%	3.28%	2.40%
Provision Coverage Ratio (%)	43.45%	69.16%	54.27%	60.42%
Restructured Book as % of advances	NA	17.68%	0.93%	NA
Net NPA (%)	4.75%	2.47%	1.50%	0.95%
Distribution	-	-	-	-
Number of States & UT	23	23	24	24

Satin Creditcare	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale				
Number of districts	372	374	384	398
No. of branches	1,011	1,029	1,078	1,165
Number of Employees	10,612	10,736	9,222	11,138
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	71.96	62.28	73.55	84.21
Gross Loan Portfolio/Sales Officer	11.04	9.08	12.95	12.54
Gross Disbursements/Branch	43.46	39.17	68.55	59.06
Gross Disbursements/Sales Officer	6.67	5.71	12.07	8.80
Earning per share	-	-	-	-
Basic EPS (in Rs)	-2.19	5.76	33.79	31.51
Diluted EPS (in Rs)	-2.19	5.29	32.30	30.49
Net Asset Value Per Equity Share (in Rs)	207.0	214.1	224.6	NA
Credit ratings				
Credit Rating	ICRA A-/ICRA A (CE), CARE A-/CARE BBB+	ICRA A (CE)/ICRA A-, CARE A-	ICRA A-/ICRA A (CE), CARE BBB+	IVR A, ICRA A/ ICRA A (CE), CARE BBB+
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	NA

4. **CreditAccess Grameen Limited**

CreditAccess Grameen	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Number of Active Borrowers	28,71,000	29,22,000	42,64,269	46,93,000
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	96,410	1,28,330	1,85,390	1,50,810
Disbursements Growth (%)	-7.20%	33.11%	44.46%	32.66%
Average Ticket Size on Disbursements (in Rs INR)	35,938	37,576	37,965	44,242
Gross Loan Portfolio	1,13,410	1,37,320	2,10,310	2,33,820
Gross Loan Portfolio Growth (%)	14.60%	21.08%	53.15%	31.46%
Total Assets	1,26,967.9	1,47,951.0	2,18,580.6	2,55,811.0
Gross Advances	1,02,336.1	1,24,558.6	1,93,911.9	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	NA	NA	NA	NA
Share of Top 1 state (%)	38.20%	35.90%	33.20%	32.20%
Share of top 3 states (%)	80.20%	78.20%	74.30%	73.30%
Capital	-	-	-	-
Net Worth	36,340.00	39,398.00	51,069.40	61,685.00
Total Borrowings	87,807.20	1,04,850.70	1,63,122.60	1,89,805.00
Capital Adequacy Ratio (%) - Tier 1	30.50%	25.87%	22.69%	23.60%
Capital Adequacy Ratio (%) - Tier 2	1.25%	0.67%	0.89%	0.93%
Capital Adequacy Ratio (%) - Total	31.75%	26.54%	23.60%	24.53%
Total Borrowings to Equity ratio	2.42	2.66	3.19	3.08

CreditAccess Grameen	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Leverage (Average Total Assets to Average Net Worth)	3.71	3.63	4.05	4.21
Profitability	-	-	-	-
Total Income	20,311.30	22,912.00	35,507.60	37,135.40
Total Expenses	18,369.50	17,785.60	24,453.70	23,037.50
Pre-Provisioning Profit	7,533.30	8,176.50	15,064.10	17,082.40
Profit before tax	1,941.80	5,126.40	11,053.90	14,097.90
Net Profit	1,423.90	3,821.40	8,260.30	10,489.20
Return Ratio	-	-	-	-
Yield on Advances (%)	19.67%	19.16%	20.98%	16.88%
Cost of Borrowing (%)	8.92%	8.18%	9.05%	7.09%
Spread (%)	10.76%	10.97%	11.93%	9.80%
NIM (%)	11.37%	11.56%	12.97%	NA
Cost to Income (%)	41.65%	45.60%	35.57%	30.65%
Opex (%)	4.60%	4.99%	4.54%	3.18%
Credit cost (%)	5.54%	3.27%	2.19%	1.26%
Return on average Gross Outstanding Loan Portfolio (%)	1.34%	3.05%	4.75%	4.72%
Return on Average Total Assets (%)	1.22%	2.78%	4.51%	4.42%
Return on Average Net Worth (ROE) (%)	4.52%	10.09%	18.26%	18.61%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	97.00%	97.00%	98.40%	98.30%
Standard assets	97,840	1,20,626	1,91,548	NA
SMA 0 %	NA	NA	NA	NA
SMA 1 %	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA
Gross NPA (%)	4.38%	3.12%	1.21%	0.97%
Provision Coverage Ratio (%)	68.7%	69.9%	71.1%	70.1%
Restructured Book as % of advances	0.51%	0.56%	0.06%	NA
Net NPA (%)	1.37%	0.94%	0.35%	0.29%
Distribution	-	-	-	-
Number of States & UT	14	14	15	17
Number of districts	247	301	351	367
No. of branches	964	1,164	1,786	1,894
Number of Employees	10,625	11,951	16,759	19,062
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	117.65	117.97	117.75	123.45
Gross Loan Portfolio/Sales Officer	15.22	16.63	13.39	17.91
Gross Disbursements/Branch	100.01	110.25	103.80	79.63
Gross Disbursements/Sales Officer	12.94	15.54	11.80	11.55
Earning per share	-	-	-	-
Basic EPS (in Rs)	9.52	22.29	52.04	65.95
Diluted EPS (in Rs)	9.46	22.20	51.81	65.57
Net Asset Value Per Equity Share (in Rs)	234	253	321	388
Credit ratings				
Credit Rating	CRISIL A+, IND A+, Provisional ICRA AA+	CRISIL A+, IND A+,ICRA A+/ICRA AA+ (CE)	CRISIL A+, IND AA- ,ICRA AA-	CRISIL AA-, IND AA-, ICRA AA-

CreditAccess Grameen	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
	(CE)/ICRA A+		/ICRA AA+ (CE)	
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	NA

5. **Fusion Microfinance Limited**

Fusion Microfinance	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Number of Active Borrowers	21,20,000	27,20,000	35,30,000	37,80,000
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	37,103.00	61,797.80	85,961.10	70,960.00
Disbursements Growth (%)	3.81%	66.56%	39.10%	16.46%
Average Ticket Size on Disbursements (in Rs INR)	32,113	35,668	37,922	44,699
Gross Loan Portfolio	46,380.00	67,860.00	92,960.00	1,06,930.00
Gross Loan Portfolio Growth (%)	28.58%	46.31%	36.99%	23.56%
Total Assets	58,379	72,905	93,635	1,10,573
Gross Advances	46,460	62,785	83,542	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	93.00%	93.00%	93.00%	93.00%
Share of Top 1 state (%)	NA	NA	NA	NA
Share of top 3 states (%)	NA	NA	NA	54.00%
Capital	-	-	-	-
Net Worth	12,463.55	13,379.00	23,219.19	27,089.50
Total Borrowings	44,322.50	57,758.09	67,783.99	80,238.70
Capital Adequacy Ratio (%) - Tier 1	25.52%	19.93%	26.59%	NA
Capital Adequacy Ratio (%) - Tier 2	1.74%	2.01%	1.35%	NA
Capital Adequacy Ratio (%) - Total	27.26%	21.94%	27.94%	27.90%
Total Borrowings to Equity ratio	3.56	4.32	2.92	2.96
Leverage (Average Total Assets to Average Net Worth)	4.12	5.08	4.55	4.06
Profitability	-	-	-	-
Total Income	8,730.9	12,013.5	17,999.7	17,372.8
Total Expenses	8,163.0	11,769.2	12,879.9	12,457.3
Pre-Provisioning Profit	2,775.71	3,931.83	7,123.53	7,374.40
Profit before tax	567.9	244.3	5,119.8	4,915.5
Net Profit	439.44	217.00	3,871.45	3,726.00
Return Ratio	-	-	-	-
Yield on Advances (%)	20.92%	20.56%	22.78%	NA
Cost of Borrowing (%)	10.13%	9.72%	10.24%	7.78%

Fusion Microfinance	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Spread (%)	10.79%	10.84%	12.54%	NA
NIM (%)	10.66%	10.26%	12.95%	NA
Cost to Income (%)	44.26%	44.26%	38.44%	36.50%
Opex (%)	4.37%	4.76%	5.34%	4.15%
Credit cost (%)	4.38%	5.62%	2.41%	2.41%
Return on average Gross Outstanding Loan Portfolio (%)	1.06%	0.38%	4.85%	3.73%
Return on Average Total Assets (%)	0.87%	0.33%	4.65%	3.65%
Return on Average Net Worth (ROE) (%)	3.60%	1.68%	21.16%	14.81%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	96.38%	92.32%	96.90%	97.90%
Standard assets	43,901.42	59,201.17	80,653.21	NA
SMA 0 %	NA	NA	NA	NA
SMA 1 %	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA
Gross NPA (%)	5.50%	5.71%	3.46%	3.04%
Provision Coverage Ratio (%)	60.00%	71.28%	74.86%	74.67%
Restructured Book as % of advances	NA	NA	0.20%	NA
Net NPA (%)	2.20%	1.64%	0.87%	0.77%
Distribution	-	-	-	-
Number of States & UT	18	18	20	22
Number of districts	323	361	385	434
No. of branches	710	900	1,019	1,155
Number of Employees	6,406	8,716	9,625	11,883
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	65.32	75.40	91.23	92.58
Gross Loan Portfolio/Sales Officer	11.07	7.92	14.83	13.90
Gross Disbursements/Branch	52.26	68.66	84.36	61.44
Gross Disbursements/Sales Officer	8.86	7.36	13.71	9.22
Earning per share	-	-	-	-
Basic EPS (in Rs)	5.56	2.67	43.29	37.10
Diluted EPS (in Rs)	5.49	2.64	43.13	36.88
Net Asset Value Per Equity Share (in Rs)	155.05	158.66	230.74	269.95
Credit ratings				
Credit Rating	CRISIL A-, ICRA A-, CARE A-	CRISIL A-, ICRA A-, CARE A-	CRISIL A, ICRA A, CARE A	CRISIL A+, ICRA A, CARE A+
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	

6. Equitas Small Finance Bank

Equitas Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Number of Active Borrowers	NA	NA	NA	NA
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	74,630	1,05,490	1,77,970	1,44,580
Disbursements Growth (%)	-24.7%	41.4%	68.7%	21.7%
Average Ticket Size on Disbursements (in Rs INR)	NA	NA	NA	NA
Gross Loan Portfolio	1,79,250.00	2,05,970.00	2,78,610.00	3,27,760.00
Gross Loan Portfolio Growth (%)	16.65%	14.91%	35.27%	31.55%
Total Assets	2,47,152	2,69,519	3,49,581	4,15,800
Gross Advances	1,72,248	1,97,319	2,62,105	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	NA	NA	NA	NA
Share of Top 1 state (%)	54.00%	NA	NA	50.00%
Share of top 3 states (%)	77.00%	NA	NA	76.00%
Capital	-	-	-	-
Net Worth	33,963.41	42,460.00	51,579.48	57,150.00
Total Borrowings	41,653.20	26,160.00	29,737.60	21,130.00
Capital Adequacy Ratio (%) - Tier 1	23.23%	24.53%	23.08%	19.69%
Capital Adequacy Ratio (%) - Tier 2	0.95%	0.63%	0.72%	0.55%
Capital Adequacy Ratio (%) - Total	24.18%	25.16%	23.80%	20.24%
Total Borrowings to Equity ratio	1.2	0.6	0.6	0.4
Leverage (Average Total Assets to Average Net Worth)	7.2	6.8	6.6	7.0
Profitability	-	-	-	-
Total Income	36,125	39,972	48,315	46,000
Total Expenses	31,012	36,190	40,627	38,050
Pre-Provisioning Profit	8,865.96	8,730.00	11,760.08	10,026.12
Profit before tax	5,112.8	3,781.1	7,688.0	7,949.7
Net Profit	3,842.23	2,807.32	5,735.91	5,913.39
Return Ratio	-	-	-	-
Yield on Advances (%)	18.97%	17.33%	16.67%	13.24%
Cost of Borrowing (%)	7.66%	6.75%	6.48%	5.56%
Spread (%)	11.32%	10.59%	10.19%	7.68%
NIM (%)	9.66%	9.30%	9.35%	NA
Cost to Income (%)	59.99%	66.12%	63.41%	64.85%
Opex (%)	6.04%	6.60%	6.58%	4.83%
Credit cost (%)	1.71%	1.91%	1.32%	0.54%
Return on average Gross Outstanding Loan Portfolio (%)	2.31%	1.46%	2.37%	1.95%
Return on Average Total Assets (%)	1.75%	1.09%	1.85%	1.55%
Return on Average Net Worth (ROE) (%)	12.52%	7.35%	12.20%	10.88%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	NA	NA	NA	NA
Standard assets	NA	NA	NA	NA
SMA 0 %	NA	NA	NA	NA

Equitas Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
SMA 1 %	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA
Gross NPA (%)	3.73%	4.24%	2.76%	2.53%
Provision Coverage Ratio (%)	57.64%	41.75%	56.16%	55.34%
Restructured Book as % of advances	NA	3.12%	1.00%	NA
Net NPA (%)	1.58%	2.47%	1.21%	1.13%
Distribution	-	-	-	-
Number of States & UT	17	18	18	18
Number of districts	NA	NA	NA	NA
No. of branches	861	869	922	963
Number of Employees	16,556	17,607	20,563	21,679
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	208.19	237.02	302.18	340.35
Gross Loan Portfolio/Sales Officer	NA	NA	NA	NA
Gross Disbursements/Branch	86.68	121.39	193.03	150.13
Gross Disbursements/Sales Officer	NA	NA	NA	NA
Earning per share	-	-	-	-
Basic EPS (in Rs)	3.53	2.43	4.71	5.28
Diluted EPS (in Rs)	3.49	2.40	4.67	5.20
Net Asset Value Per Equity Share (in Rs)	29.81	33.91	46.44	50.51
Credit ratings				
Credit Rating	IND A+, CARE A+	CRISIL A+	CRISIL A+	IND AA-
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	NA

7. Ujjivan Small Finance Bank

Ujjivan Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Number of Active Borrowers	59,20,000	64,80,000	76,90,000	82,40,000
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	83,970	1,41,130	2,00,370	1,67,080
Disbursements Growth (%)	-36.49%	68.07%	41.98%	19.04%
Average Ticket Size on Disbursements (in Rs INR)	NA	NA	NA	NA
Gross Loan Portfolio	1,51,399.60	1,81,620.00	2,40,850.00	2,77,430.00
Gross Loan Portfolio Growth (%)	6.97%	19.96%	32.61%	26.71%
Total Assets	2,03,805	2,36,045	3,33,169	3,95,300
Gross Advances	1,51,400	1,74,877	2,19,108	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	NA	7.00%	7.00%	8.00%
Share of Top 1 state (%)	15.80%	15.50%	15.54%	14.10%
Share of top 3 states (%)	43.50%	42.40%	41.13%	39.20%
Capital	-	-	-	-
Net Worth	31,750.20	27,604.30	41,580.00	50,830.00
Total Borrowings	32,473.20	17,635.60	26,414.60	37,120.00
Capital Adequacy Ratio (%) - Tier 1	25.06%	17.70%	22.69%	22.00%
Capital Adequacy Ratio (%) - Tier 2	1.38%	1.29%	3.12%	2.40%

Ujjivan Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Capital Adequacy Ratio (%) - Total	26.44%	18.99%	25.81%	24.40%
Total Borrowings to Equity ratio	1.02	0.64	0.64	0.73
Leverage (Average Total Assets to Average Net Worth)	6.12	7.41	8.23	7.88
Profitability	-	-	-	-
Total Income	31,160	31,261	47,542	46,993
Total Expenses	31,067	36,758	32,869	34,367
Pre-Provisioning Profit	8,084.10	5,910.00	14,849.10	13,985.50
Profit before tax	93.1	(5,498.4)	14,671.1	12,626.1
Net Profit	82.97	(4,145.90)	10,999.20	9,518.70
Return Ratio	-	-	-	-
Yield on Advances (%)	18.22%	16.73%	19.73%	15.46%
Cost of Borrowing (%)	6.93%	5.70%	6.08%	5.43%
Spread (%)	11.29%	11.03%	13.65%	10.03%
NIM (%)	10.40%	9.42%	11.37%	NA
Cost to Income (%)	60.34%	71.68%	54.82%	53.79%
Opex (%)	6.34%	6.80%	6.33%	4.47%
Credit cost (%)	4.12%	5.40%	0.06%	0.37%
Return on average Gross Outstanding Loan Portfolio (%)	0.06%	-2.49%	5.21%	3.67%
Return on Average Total Assets (%)	0.04%	-1.89%	3.86%	2.61%
Return on Average Net Worth (ROE) (%)	0.26%	-13.97%	31.80%	20.60%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	93.70%	100%	100%	99%
Standard assets	NA	NA	NA	NA
SMA 0 %	NA	NA	NA	NA
SMA 1 %	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA
Gross NPA (%)	7.07%	7.34%	2.88%	2.18%
Provision Coverage Ratio (%)	58.56%	91.69%	98.61%	92.20%
Restructured Book as % of advances	NA	NA	NA	0.40%
Net NPA (%)	2.93%	0.61%	0.04%	0.17%
Distribution	-	-	-	-
Number of States & UT	24	24	25	26
Number of districts	248	248	271	321
No. of branches	575	575	629	729
Number of Employees	16,571	16,895	17,870	21,796
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	263.30	315.86	382.91	380.56
Gross Loan Portfolio/Sales Officer	NA	NA	NA	NA
Gross Disbursements/Branch	146.03	245.44	318.55	229.19
Gross Disbursements/Sales Officer	NA	NA	NA	NA
Earning per share	-	-	-	-
Basic EPS (in Rs)	0.05	-2.40	5.82	4.87
Diluted EPS (in Rs)	0.05	-2.40	5.81	4.79
Net Asset Value Per Equity Share (in Rs)	18.37	15.97	21.27	25.98
Credit ratings				
Credit Rating	CARE A+	CARE A+	CARE A+	CARE A+
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	NA

8. Utkarsh Small Finance Bank

Utkarsh Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Number of Active Borrowers	29,00,000	31,40,000	35,90,000	41,60,000
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	59,140.00	90,460.00	1,24,430.00	NA
Disbursements Growth (%)	-10%	53%	38%	NA
Average Ticket Size on Disbursements (in Rs INR)	NA	NA	NA	NA
Gross Loan Portfolio	84,156.60	1,06,307.25	1,39,571.08	1,64,070.00
Gross Loan Portfolio Growth (%)	26.36%	26.32%	31.29%	30.81%
Total Assets	1,21,379	1,50,638	1,91,175	2,08,740
Gross Advances	84,157	1,06,307	1,33,571	-
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	29.45%	27.76%	25.60%	NA
Share of Top 1 state (%)	39.32%	34.27%	30.88%	NA
Share of top 3 states (%)	73.12%	70.30%	69.06%	NA
Capital	-	-	-	-
Net Worth	13,683.50	15,722.97	20,003.21	28,080.00
Total Borrowings	26,078.20	25,719.35	23,494.75	17,680.00
Capital Adequacy Ratio (%) - Tier 1	19.98%	18.08%	18.25%	21.49%
Capital Adequacy Ratio (%) - Tier 2	1.90%	3.51%	2.39%	1.69%
Capital Adequacy Ratio (%) - Total	21.88%	21.59%	20.64%	23.18%
Total Borrowings to Equity ratio	1.91	1.64	1.17	0.63
Leverage (Average Total Assets to Average Net Worth)	9.02	9.25	9.57	8.32
Profitability	-	-	-	-
Total Income	17,251	20,336	28,043	25,625
Total Expenses	15,737	19,375	22,685	21,115
Pre-Provisioning Profit	4,383.40	5,093.39	8,383.24	7,150.52
Profit before tax	1,514.40	961.59	5,358.14	4,510.40
Net Profit	1,118.20	614.62	4,045.02	3,379.72
Return Ratio	-	-	-	-
Yield on Advances (%)	19.12%	17.85%	19.56%	14.71%
Cost of Borrowing (%)	8.23%	6.92%	6.80%	5.69%
Spread (%)	10.89%	10.92%	12.76%	9.02%
NIM (%)	8.75%	9.01%	10.86%	NA
Cost to Income (%)	55.43%	59.11%	54.15%	56.01%
Opex (%)	5.06%	5.41%	5.79%	4.55%
Credit cost (%)	2.66%	3.04%	1.77%	1.32%
Return on average Gross Outstanding Loan Portfolio (%)	1.48%	0.65%	3.29%	2.23%
Return on Average Total Assets (%)	1.04%	0.45%	2.37%	1.69%
Return on Average Net Worth (ROE) (%)	9.37%	4.18%	22.64%	14.06%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	NA	NA	NA	NA
Standard assets	NA	NA	NA	NA
SMA 0 %	NA	NA	NA	NA
SMA 1 %	2.62%	1.59%	0.77%	NA
SMA 2 %	1.14%	0.88%	0.70%	NA
Gross NPA (%)	3.75%	6.10%	3.23%	3.04%

Utkarsh Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Provision Coverage Ratio (%)	64.53%	62.13%	87.93%	93.75%
Restructured Book as % of advances	3.13%	1.26%	0.22%	NA
Net NPA (%)	1.33%	2.31%	0.39%	0.19%
Distribution	-	-	-	-
Number of States & UT	16	22	26	26
Number of districts	188	224	253	NA
No. of branches	558	686	830	880
Number of Employees	10,360	12,617	15,424	16,316
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	150.82	154.97	168.16	186.44
Gross Loan Portfolio/Sales Officer	NA	NA	NA	NA
Gross Disbursements/Branch	105.99	131.87	149.92	NA
Gross Disbursements/Sales Officer	NA	NA	NA	NA
Earning per share	-	-	-	-
Basic EPS (in Rs)	1.46	0.70	4.52	3.32
Diluted EPS (in Rs)	1.46	0.70	4.51	3.28
Net Asset Value Per Equity Share (in Rs)	16.13	17.56	22.33	25.57
Credit ratings				
Credit Rating	ICRA A , CARE A	ICRA A , CARE A	ICRA A, CARE A	ICRA A+, CARE A+
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	10%

9. Suryoday Small Finance Bank

Suryoday Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Number of Active Borrowers	14,90,000	19,20,000	23,10,000	26,30,000
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	22,166	35,279	50,830	45,800
Disbursements Growth (%)	-28.27%	59.16%	44.08%	34.86%
Average Ticket Size on Disbursements (in Rs INR)	NA	NA	NA	NA
Gross Loan Portfolio	42,060.00	50,634.00	61,140.00	76,000.00
Gross Loan Portfolio Growth (%)	13.37%	20.39%	20.75%	40.53%
Total Assets	67,120	81,802	98,612	1,11,217
Gross Advances	41,856	50,632	62,696	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	NA	NA	NA	NA
Share of Top 1 state (%)	34.20%	34.30%	31.30%	29.00%
Share of top 3 states (%)	72.00%	71.60%	69.80%	67.00%
Capital	-	-	-	-
Net Worth	15,969.00	15,051.20	15,847.30	17,427.00
Total Borrowings	16,666.20	25,513.40	27,654.10	25,630.00

Suryoday Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Capital Adequacy Ratio (%) - Tier 1	47.23%	34.44%	30.84%	25.70%
Capital Adequacy Ratio (%) - Tier 2	4.24%	3.42%	2.88%	2.07%
Capital Adequacy Ratio (%) - Total	51.47%	37.86%	33.72%	27.77%
Total Borrowings to Equity ratio	1.04	1.70	1.75	1.47
Leverage (Average Total Assets to Average Net Worth)	4.53	4.80	5.84	6.31
Profitability	-	-	-	-
Total Income	8,756.3	10,353.8	12,811.0	12,987.3
Total Expenses	8,635.3	11,624.4	11,803.0	10,913.3
Pre-Provisioning Profit	1,813.40	2,649.10	3,374.00	3,255.80
Profit before tax	121.0	-1,270.6	1,008.0	2,074.0
Net Profit	118.60	-930.30	777.00	1,551.20
Return Ratio	-	-	-	-
Yield on Advances (%)	17.73%	18.72%	19.04%	15.14%
Cost of Borrowing (%)	8.09%	6.31%	6.10%	5.33%
Spread (%)	9.63%	12.40%	12.94%	9.81%
NIM (%)	7.69%	9.95%	10.37%	NA
Cost to Income (%)	64.44%	60.93%	60.02%	61.52%
Opex (%)	5.44%	5.55%	5.62%	4.96%
Credit cost (%)	2.80%	5.26%	2.62%	1.13%
Return on average Gross Outstanding Loan Portfolio (%)	0.30%	-2.01%	1.39%	2.26%
Return on Average Total Assets (%)	0.20%	-1.25%	0.86%	1.48%
Return on Average Net Worth (ROE) (%)	0.89%	-6.00%	5.03%	9.32%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	121.00%	116.00%	102.20%	95.60%
Standard assets	NA	NA	NA	NA
SMA 0 %	NA	NA	NA	NA
SMA 1 %	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA
Gross NPA (%)	9.41%	11.80%	3.13%	3.06%
Provision Coverage Ratio (%)	49.73%	49.41%	50.48%	53.59%
Restructured Book as % of advances	2.70%	10.40%	NA	NA
Net NPA (%)	4.73%	5.97%	1.55%	1.42%
Distribution	-	-	-	-
Number of States & UT	13	14	15	15
Number of districts	NA	NA	NA	NA
No. of branches	556	565	577	672
Number of Employees	5,131	5,252	6,025	7,368
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	75.65	89.62	105.96	113.10
Gross Loan Portfolio/Sales Officer	NA	NA	NA	NA
Gross Disbursements/Branch	39.87	62.44	88.09	68.15
Gross Disbursements/Sales Officer	NA	NA	NA	NA
Earning per share	-	-	-	-
Basic EPS (in Rs)	1.32	-8.76	7.32	14.61
Diluted EPS (in Rs)	1.31	-8.76	7.32	14.44
Net Asset Value Per Equity Share (in Rs)	150.47	141.78	149.28	164.16
Credit ratings				

Suryoday Small Finance Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Credit Rating	ICRA A	ICRA A	ICRA A	ICRA A
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	NA

10. Bandhan Bank

Bandhan Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
Number of Active Borrowers	2,30,00,000	2,63,00,000	3,00,00,000	3,26,00,000
Number of Repeating Borrowers	NA	NA	NA	NA
Number of Unique Borrowers	NA	NA	NA	NA
Disbursements	NA	NA	NA	NA
Disbursements Growth (%)	NA	NA	NA	NA
Average Ticket Size on Disbursements (in Rs INR)	NA	NA	NA	NA
Gross Loan Portfolio	8,70,430.00	9,93,380.00	10,91,220.00	11,59,400.00
Gross Loan Portfolio Growth (%)	21.15%	14.13%	9.85%	18.56%
Total Assets	11,50,162	13,88,665	15,57,700	15,69,200
Gross Advances	8,45,096	9,87,907	10,88,271	NA
Gross Loan Portfolio Split	-	-	-	-
Share of rural portfolio (%)	NA	NA	NA	NA
Share of Top 1 state (%)	NA	NA	NA	NA
Share of top 3 states (%)	NA	NA	NA	NA
Capital	-	-	-	-
Net Worth	1,74,081.84	1,73,811.45	1,95,841.53	2,15,300.00
Total Borrowings	1,69,603.57	1,99,212.28	2,47,108.23	1,40,200.00
Capital Adequacy Ratio (%) - Tier 1	22.48%	18.89%	18.70%	16.90%
Capital Adequacy Ratio (%) - Tier 2	0.99%	1.21%	1.06%	0.96%
Capital Adequacy Ratio (%) - Total	23.47%	20.10%	19.76%	17.86%
Total Borrowings to Equity ratio	0.97	1.15	1.26	0.65
Leverage (Average Total Assets to Average Net Worth)	6.34	7.30	7.97	7.61
Profitability	-	-	-	-
Total Income	1,46,332.7	1,66,939.4	1,83,732.5	1,51,508.1
Total Expenses	1,16,846.2	1,65,653.2	1,54,802.7	1,22,720.5
Pre-Provisioning Profit	68,552.60	80,134.04	70,913.50	48,010.04
Profit before tax	29,486.5	1,286.2	28,929.8	28,787.6
Net Profit	22,054.57	1,257.94	21,946.38	21,749.37
Return Ratio	-	-	-	-
Yield on Advances (%)	14.69%	13.88%	13.86%	11.05%
Cost of Borrowing (%)	5.89%	4.88%	5.34%	4.71%
Spread (%)	8.80%	8.99%	8.53%	6.34%

Bandhan Bank	Fiscal 2021	Fiscal 2022	Fiscal 2023	9MFY24
Scale	-	-	-	-
NIM (%)	7.82%	7.67%	6.87%	NA
Cost to Income (%)	29.13%	30.54%	39.54%	46.24%
Opex (%)	2.73%	2.78%	3.15%	2.64%
Credit cost (%)	4.78%	6.21%	2.85%	1.23%
Return on average Gross Outstanding Loan Portfolio (%)	2.78%	0.13%	2.11%	1.93%
Return on Average Total Assets (%)	2.13%	0.10%	1.49%	1.39%
Return on Average Net Worth (ROE) (%)	13.53%	0.72%	11.87%	10.58%
NPA / Asset Quality	-	-	-	-
Collection Efficiency (%)	NA	NA	NA	NA
Standard assets	NA	NA	NA	NA
SMA 0 %	NA	NA	NA	NA
SMA 1 %	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA
Gross NPA (%)	6.81%	6.46%	4.87%	7.02%
Provision Coverage Ratio (%)	48.46%	74.30%	75.98%	68.52%
Restructured Book as % of advances	NA	NA	NA	NA
Net NPA (%)	3.51%	1.66%	1.17%	2.21%
Distribution	-	-	-	-
Number of States & UT	34	34	34	35
Number of districts	NA	566	600	613
No. of branches	5,310	5,639	5,999	6,245
Number of Employees	49,445	60,211	69,702	75,072
Productivity	-	-	-	-
Gross Loan Portfolio/ Branch	163.92	176.16	181.90	185.65
Gross Loan Portfolio/Sales Officer	NA	NA	NA	NA
Gross Disbursements/Branch	NA	NA	NA	NA
Gross Disbursements/Sales Officer	NA	NA	NA	NA
Earning per share	-	-	-	-
Basic EPS (in Rs)	13.70	0.78	13.62	13.50
Diluted EPS (in Rs)	13.69	0.78	13.62	13.50
Net Asset Value Per Equity Share (in Rs)	108.09	107.91	121.58	133.65
Credit ratings				
Credit Rating	CRISIL AA/CRISIL AAA, ICRA AA, CARE AA-	ICRA AA, CARE AA-	CRISIL AA, ICRA AA	CRISIL AA-, ICRA AA
Digital Adoption				
Digital Collection as a % of total collection	NA	NA	NA	NA

K. Price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on primary issuances of Equity Shares or convertible securities (excluding Equity Shares issued under any employee stock option schemes and issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is

equal to or more than 5% of the paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction(s) and excluding ESOPs granted but not vested) in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Primary Issuances")

Set out below are the details of the Equity Shares issued by our Company, (excluding any Equity Shares issued pursuant to the exercise of options under any employee stock option schemes and pursuant to any bonus issuance), during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more that 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 option granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Sr. No.	Name of the allotees	Date of allotment of the Equity Share	Number of Equity Shares allotted	Face value per Share (₹)	Issue price per Share (₹)	Nature of allotment	Nature of consideration	Total consideration (in ₹ million)
1	Muthoot Finance Limited	March 20, 2024	6,000,000	10	500.00	Rights Issue**	Cash	3,000
							Total	3,000
Weighted average cost of acquisition (in ₹million)*								500

**As certified by Varma & Varma Chartered Accountants by way of their certificate dated May 3, 2024.*
*******Allotment in the ratio of one Equity Share for every six Equity Shares held by the eligible Shareholders.*

L. Price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) involving our Promoters, members of the Promoter Group during the 18 months preceding the date of filing of the DRHP/ RHP, where the acquisition or sale is equal to or more than 5% of the paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction/s and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Secondary Transactions")

There have been no secondary sale/ acquisition of Equity Shares, where the Selling Shareholders, or Shareholder(s) having the right to nominate Director(s) on our Board, are a party to the transaction, during the 18 months preceding the date of this Draft 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 transaction/s and excluding any employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

M. Weighted average cost of acquisition, floor price and cap price

In respect of the above transactions, set out below are the details of the weighted average cost of acquisition as compared to the Floor Price and Cap Price:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Share)#	Floor price* (i.e. ₹ [●])	Cap price* (i.e. ₹ [●])
Weighted average cost of acquisition of Primary Issuances	500	[●]	[●]
Weighted average cost of acquisition of Secondary Transactions	Nil	[●]	[●]

**To be updated at the Prospectus stage.*
 # As certified by Varma & Varma Chartered Accountants by way of their certificate dated May 3, 2024.

N. Justification for Basis of Offer Price

1. **The following provides an explanation to 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 our Promoters, the members of our Promoter Group by way of primary and secondary transactions in the last 18 months preceding the date of this Draft Red Herring Prospectus compared to our Company's KPIs and financial ratios for the Fiscals 2023, 2022 and 2021 and the nine month period ended December 31, 2023

[●]*

* *To be included on finalisation of Price Band and will be updated at the Prospectus stage.*

2. **The following provides an explanation to the Offer Price/ Cap Price being [●] times of weighted average cost of acquisition of Equity Shares that were issued by our Company or acquired by our Promoters, the members of our Promoter Group by way of primary and secondary transactions in the last 18 months preceding the date of this Draft Red Herring Prospectus in view of external factors, if any, which may have influenced the pricing of the Offer**

[●]*

* *To be included on finalisation of Price Band and will be updated at the Prospectus stage.*

O. The Offer price is [●] times of the face value of the Equity Shares

The Offer Price of ₹[●] has been determined by our Company in consultation with the Book Running Lead Managers, on the basis of market demand from investors for Equity Shares through the Book Building Process.

Investors should read the above-mentioned information along with "*Risk Factors*", "*Our Business*", "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 214, 307 and 393, respectively, to have a more informed view.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Date: May 3, 2024

To,

The Board of Directors
Belstar Microfinance Limited
New No. 33, Old No. 14,
48th Street, 9th Avenue, Ashok Nagar,
Chennai, Tamil Nadu - 600083

Dear Sir/Madam,

Re: Statement of possible special tax benefits available to Belstar Microfinance Limited and its shareholders prepared in accordance with the requirements under Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations")

Sub: Proposed initial public offering of equity shares of face value of ₹ 10 each (the "Equity Shares") of Belstar Microfinance Limited (the "Company" and such offer, the "Offer")

1. We, Varma & Varma ("**the Firm**"), the statutory auditors of the Company, hereby confirm the enclosed statement ("**Statement**") in the Annexure prepared and issued by the Company, which provides the possible special tax benefits under Income-tax Act, 1961 ('**Act'**) presently in force in India viz. the Income-tax Act, 1961, ('**Act'**), the Income-tax Rules, 1962, ('**Rules**'), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2024-25 relevant to the financial year 2023-24, to possible special tax benefits under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("**GST Acts**"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("**Tariff Act**"), as amended by the Finance Act 2021 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2023-24, available to the Company and its shareholders. Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders face in the future, the Company and its shareholders may or may not choose to fulfil.

2. This statement of possible special tax benefits is required as per Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ('**SEBI ICDR Regulations'**). While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.

3. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

4. The benefits discussed in the enclosed Statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them.

5. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

6. The benefits stated in the enclosed Statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement 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 distinct 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 issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency. We are neither suggesting nor advising the investor to invest in the Offer based on this statement.

7. We do not express any opinion or provide any assurance whether:
   - The Company and its shareholders will continue to obtain these benefits in future;
   - The conditions prescribed for availing the benefits have been/would be met with;
   - The revenue authorities/courts will concur with the views expressed herein.

8. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

9. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.

10. This Statement is addressed to Board of Directors and BRLMs and issued at specific request of the Company for submission to the BRLMs to assist them in conducting their due-diligence and documenting their investigations of the affairs of the company in connection with the proposed Offer. This report may be delivered to SEBI, the stock exchanges, to the Registrar of Companies, Tamil Nadu at Chennai or to any other regulatory and statutory authorities by the BRLMs only when called upon by SEBI or the stock exchanges in connection with any inspection, enquiry or investigation, as the case may be, to evidence BRLMs due diligence obligations pertaining to subject matter of this report or for any defence that the BRLMs may wish to advance in any claim or proceeding with SEBI or stock exchanges in connection with due diligence obligations of the BRLMs in the Offer pertaining to subject matter of this report. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability

or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

11. We confirm that we will immediately communicate any changes in writing in the above information to the Book Running Lead Managers until the date when the Equity Shares commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Book Running Lead Managers and the legal advisors, each to the Company and the Book Running Lead Managers, can assume that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchanges pursuant to the Offer.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

For Varma & Varma
Chartered Accountants
ICAI Firm Registration Number: 04532S

P R Prasanna Varma
Membership No. 025854
Place: Mumbai
UDIN: 24025854BKGPYC4911

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO BELSTAR MICROFINANCE LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

We have outlined hereunder certain possible special tax benefits which may be available to **Belstar Microfinance Limited** (the "Company") and its shareholders under the Income-tax Act, 1961 (read with Income Tax Rules, Circulars, Notifications) as amended by the Finance Act, 2023 (hereafter referred to as "Indian Income Tax Regulations"):

I. Possible Special tax benefits available to the company under the applicable Direct Tax Laws in India

1. Deduction under section 80JJAA of the Act

As per the provisions of Section 80JJAA of the Act, where the gross total income of an assessee to whom provisions of section 44AB applies, includes any profit and gains derived from business, then such assessee 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. Deduction under section 36(1)(viia) of the Income-tax Act, 1961 ('the Act')

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, and subject to satisfaction of prescribed conditions. Further, gross total income considered for the said deduction shall be before considering any deduction under the aforesaid section and Chapter VI-A of the Act.

However, subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act shall be reduced to the extent of deduction already allowed under section 36(1)(viia) of the Act. Where a deduction has been allowed in respect of a bad debt or part thereof under the provisions of section 36(1)(vii) of the Act, then, if any amount is subsequently recovered, the said amount is deemed to be profits and gains of business or profession under section 41 of the Act and is taxable accordingly to the extent the amount recovered exceeds the difference between the amount of debt or part thereof and the amount of deduction allowed earlier.

3. Lower Corporate tax rate under Section 115BAA of the Act

As per section 115BAA of the Act inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. AY 2020-21 an option is granted to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided the taxpayer does not avail specified exemptions/incentives and complies with other conditions specified in section 115BAA of the Act. Further, the taxpayer availing such option will not be required to pay Minimum Alternate Tax ("MAT") on its book profits under section 115JB. Also, if a company opts for section 115BAA of the Act, the tax credit (under section 115JAA of the Act), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available.

Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives. Proviso to section 115BAA (4) provides that once the Company opts for paying tax as per section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other year. The company has exercised the aforesaid option to be taxed at the reduced rate of 25.17% (including surcharge and cess).

II. Special direct tax benefits available to the Shareholders of the Company under the applicable Direct Tax Laws in India

There are no special direct tax benefits available to the Shareholders of the Company.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO THE SHAREHOLDERS UNDER THE APPLICABLE INDIRECT TAX LAWS (the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017- ("GST Act")

Outlined below are the Possible Special Indirect Tax benefits available to **Belstar Microfinance Limited** (the "Company"), its Shareholders and its material subsidiaries under the applicable Indirect tax laws.

I. Possible Special tax benefits available to the company under the applicable Indirect Tax Laws in India

There are no Special Tax Benefits available to the Company under the Indirect Tax Laws in India.

II. Special Tax Benefits available to the Shareholders of the Company

There are no Special Tax Benefits available to the Shareholders Company under the Indirect Tax Laws in India.

Notes:

1. These special direct tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income Tax regulations. Hence, the ability of the Company and its shareholders, to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company and its shareholders may or may not choose to fulfil.

2. The special direct tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, 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 his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. The Statement has been prepared on the basis that the shares of the Company are proposed to be listed on a recognized stock exchange in India and the Company will be issuing equity shares.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

i. the Company 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 view expressed herein.

5. This Annexure covers only certain relevant direct tax law benefits and indirect tax benefits and does not cover any benefits under any other law.

6. In respect of non-resident shareholders, the tax rates and consequent taxation 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.

For Belstar Micronfinance Limited

Chief Financial Officer

Place : Chennai
Date : May 3, 2024

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information contained in this section is taken from the CRISIL Report. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

OVERVIEW OF INDIAN ECONOMY

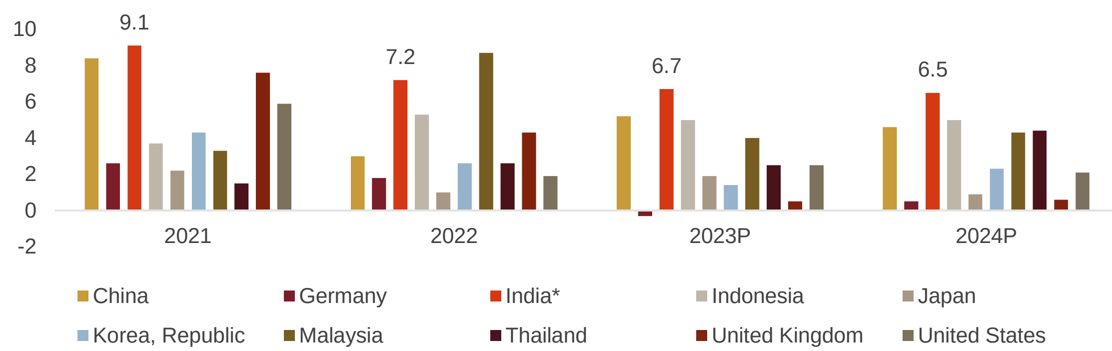
India among fastest-growing economies despite elevated geopolitical tensions and geoeconomic fragmentation

The global economy is witnessing tightening of monetary conditions in most regions. As per the International Monetary Fund ("**IMF**") (*World Economic Outlook Update – January 2024*), global growth prospects are estimated to have seen a marginal increase to 3.1% in CY 2024 from 3.0% in CY 2023, well below the historical (2000-2019) average of 3.8%. The central bank policy rates are expected to be elevated to fight inflation amid withdrawal of fiscal support and low underlying productivity growth.

IMF, in its January 2024 economic outlook update, revised its India economic growth estimate in real terms for FY24 to 6.7% from previous 6.3% estimate in October 2023, citing momentum from resilient domestic demand. Further, the growth forecast for FY25 also witnessed an increase at 6.5% from the previous 6.3% forecast in October 2023. In contrast, global economic growth is projected at 3.1% in CY 2024 and 3.2% in CY2025, according to the IMF.

CRISIL MI&A expects a moderation in growth to 6.8% in FY25, largely due to cyclical factors.

Year-on-year real GDP change in %



P: Projected

** For India, forecasts are of fiscal years, i.e., 2021 = Fiscal 2022; 2022 = Fiscal 2023*

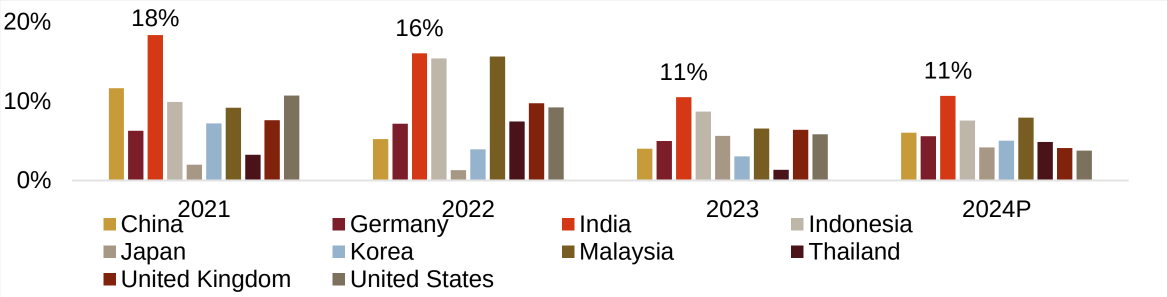
Notes:

1) *All forecasts are IMF forecasts*

Source: International Monetary Fund (IMF) World Economic Outlook Update, January 2024, CRISIL MI&A

India's nominal GDP growth has exhibited a remarkable trend of consistently surpassing that of numerous other countries, highlighting its strong economic momentum.

Year-on-year nominal GDP change in %



P: Projected

Notes:

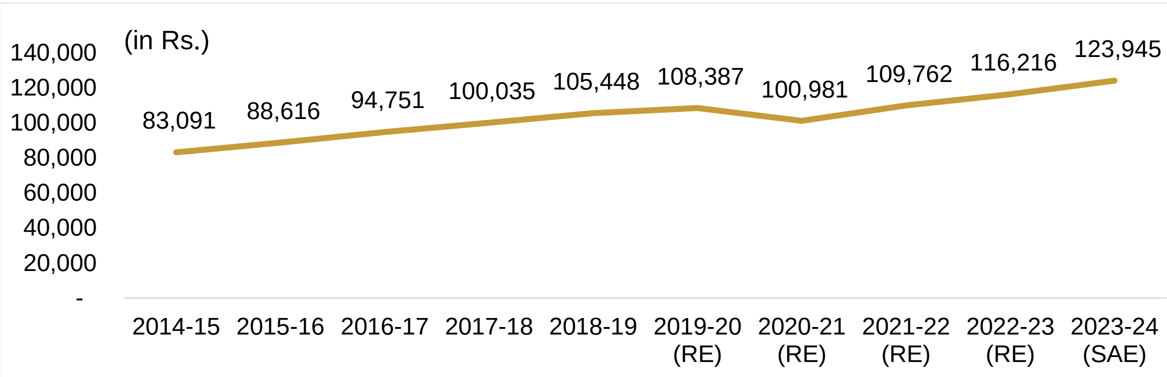
1) *All forecasts are IMF forecasts*
2) *The data is based on current prices in national currency for each country.*

Source: International Monetary Fund (IMF) World Economic Outlook, October 2023, CRISIL MI&A

Per capita GDP increasing

India's per capita gross domestic product ("**GDP**") recorded a 5.46% CAGR over Fiscals 2015 to 2020 on real basis, rising from ~Rs 83,000 to ~Rs 108,000.

Per capita GDP for India



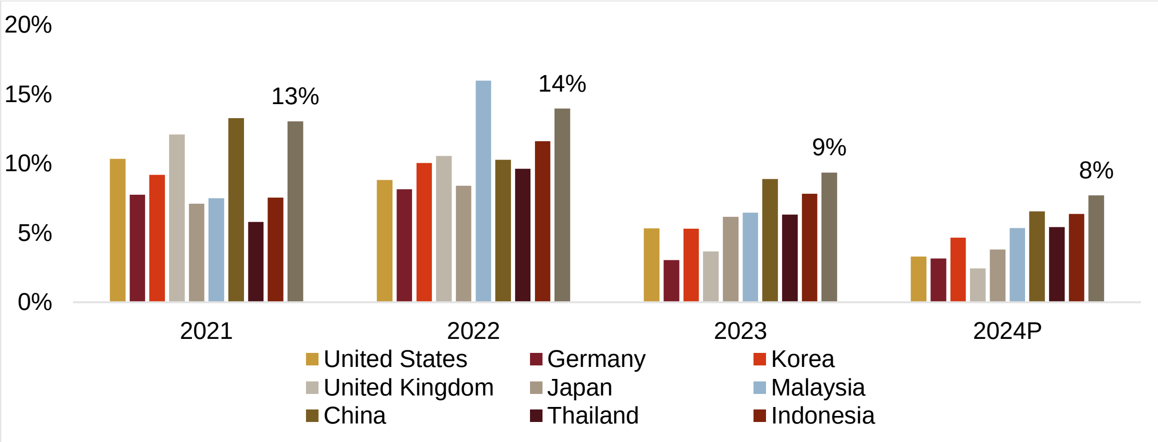
RE: Revised estimate; SAE: Second Advance Estimates

Note: Based on constant prices, 2011-12 base.

Source: National Account Statistics, CRISIL MI&A

With GDP growth gaining pace, CRISIL MI&A forecasts per capita income will further gradually improve, boosting domestic consumption over the medium term. As per IMF estimates, India's per capita income (at current prices) is expected to grow annually at over 8% over the next two years.

Y-o-y growth in per capita GDP at current prices (in USD)

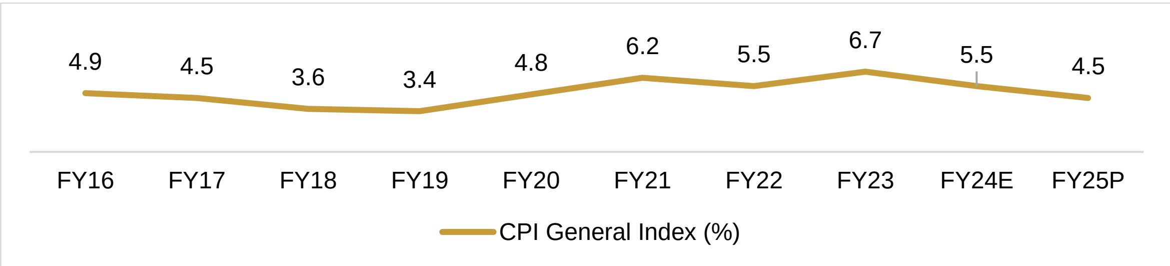


Note: GDP per capita at current prices in dollars; P – Projected
Source: IMF World Economic Outlook (October 2023 update), CRISIL MI&A

Consumer Price Index ("CPI") inflation to average at 4.5% in Fiscal 2025

Falling fuel inflation, supported by government measures to reduce cooking gas prices has helped but so has easing global raw material prices. CRISIL MI&A expects the CPI inflation for Fiscal 2025 to average 4.5%. Cooling domestic demand, assumption of a normal monsoon along with a high base for food inflation should help moderate inflation in FY25.

Inflation projected to moderate to 4.5% in FY25



Note: E = Estimated; P = Projected, Source: CRISIL MI&A

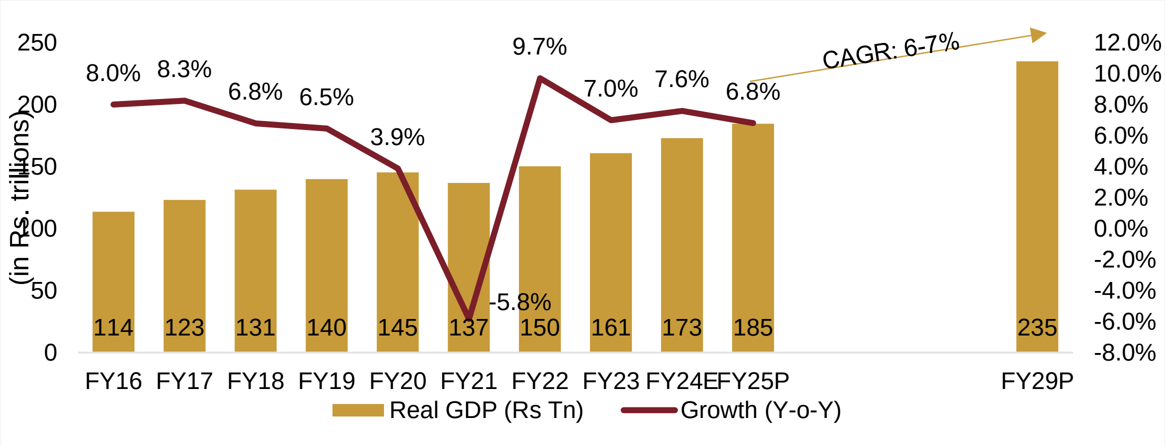
Gross Domestic Product (GDP): Review and outlook

India to remain one of the fastest growing economies amid global slowdowns

Despite global slowdown, tightening of monetary conditions, and high inflation, India recorded a higher economic growth rate compared with many peer economies owing to its relatively strong local consumption, lower reliance on global demand, and continued resilience to external blows.

India's gross domestic product growth ("**GDP**") exceeded expectations yet again when the real GDP grew by 8.4% in Q3FY24 after growing by 8.1% in Q2FY24. National Statistics Office ("**NSO**") now pegs Fiscal 2024 growth rate at 7.6% as compared to previous estimate of 7.3%. Growth in Fiscal 2024 has been driven by fixed investments (10.2% growth), while private consumption at 3.0% trailed overall GDP growth. On the supply side, industry grew the fastest at 9% while agriculture and services lagged growth.

India's economy to grow at 6.8% in Fiscal 2025



Note: E = Estimated, P = Projected; GDP growth is based on constant prices, GDP growth till FY23 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: NSO, CRISIL MI&A, IMF (World Economic Outlook)

Macroeconomic outlook for Fiscal 2025

Macro variables	FY24E	FY25P	Rationale for outlook
Real GDP growth (year-on-year)	7.6%^	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 in world propelled by budgetary support to capital expenditure and rural incomes to support growth.
CPI inflation (year-on-year)	5.5%	4.5%	Lower commodity prices, base effect, and cooling off domestic demand is likely to help in moderating inflation in FY25.
10-year Government security yield (Fiscal-end)	7.0%	6.8%	A moderate reduction in gross market borrowings to lower pressures on yields in FY25. This, coupled with lower inflation, is likely to moderate yields in FY25. 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 deficit in check despite tepid exports of exports. Alongside, robust services trade surplus and healthy remittances will keep the CAD in check.
Rs/$ (March average)	83.0	83.5	Lower current account deficit (CAD) and healthy foreign portfolio flows into debt amid a favorable domestic macro environment will support the rupee.

Note: E- Estimated, P – Projected, (^) NSO Second Advance Estimate
Source: Reserve Bank of India (RBI), National Statistics Office (NSO), CRISIL MI&A

Structural reforms that will drive future growth

While India has a structural advantage on account of its young workforce, improving consumption pattern and increasing urbanisation, the nation's long-term growth is expected to be supported by the following government initiatives:

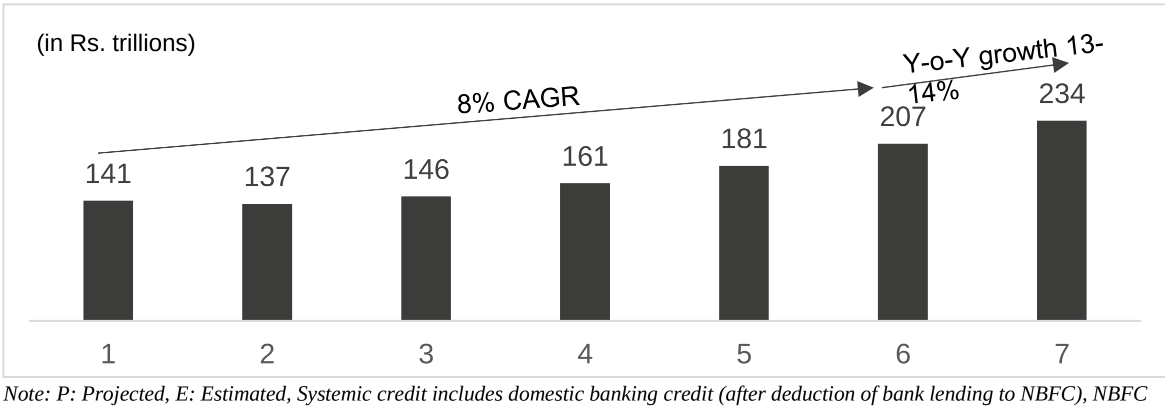
- Focus on infrastructure investments rather than boosting consumption to enhance the productive capacity of the economy.
- The Production Linked Incentive ("**PLI**") scheme which aims to boost local manufacturing by providing volume-linked incentives to manufacturers in specified sectors.
- Policies aimed at greater formalisation of the economy that will accelerate per capita income growth.
- Adoption of digital technology.
- The announcement of the National Infrastructure Pipeline to provide better infrastructure for all sectors, enhance ease of living of citizens and make growth more inclusive.
- The National Monetisation Policy of operating public infrastructure assets acts as a key means for sustainable infrastructure financing.
- Inclusion of a larger share of population under health insurance as part of the Ayushman Bharat scheme.
- Initiatives launched by the Indian government to promote financial inclusion such as the Pradhan Mantri Jan Dhan Yojana ("**PMJDY**"), Pradhan Mantri Jeevan Jyoti Bima Yojana ("**PMJJBY**") and the Pradhan Mantri Suraksha Bima Yojana ("**PMSBY**").

OVERALL CREDIT SCENARIO IN INDIA

Systemic credit to grow at 13%-14% CAGR between Fiscal 2024 and Fiscal 2025

Corporate credit determines the growth in overall credit as it accounts for nearly two-third of systemic credit. In FY23, Systemic credit showed strong growth on back of pent-up retail demand from sectors like housing and vehicle and strong credit demand from NBFCs and trade segment. Further in Fiscal 2024 and Fiscal 2025, retail segment is expected to continue leading credit growth. High growth was seen in the unsecured book of the lenders during the first half of Fiscal 2024. CRISIL MI&A projects systemic credit to grow at 13-14% in Fiscal 2025. However, the impact of RBI circular on consumer loans could impact credit growth in the near future.

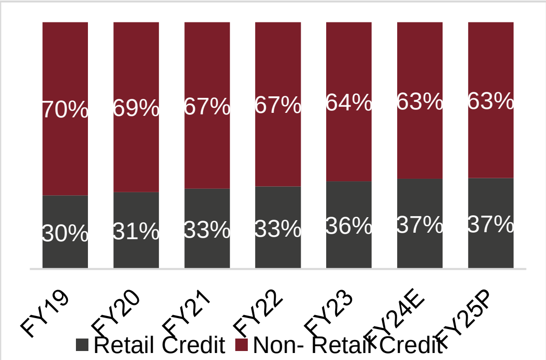
Systemic credit to grow by 13-14% between Fiscal 2024 & Fiscal 2025



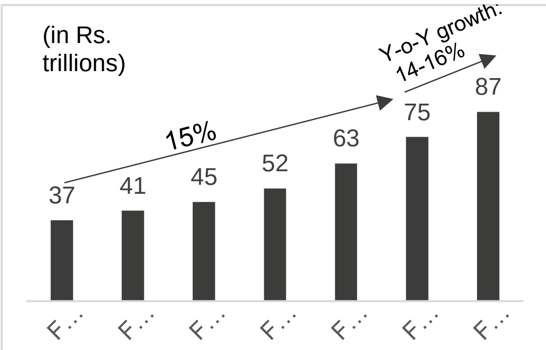
Note: P: Projected, E: Estimated, Systemic credit includes domestic banking credit (after deduction of bank lending to NBFC), NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by Banks and NBFC; Source: RBI, Company Reports, CRISIL MI&A

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 trillion as of FY24 which rapidly grew at a CAGR of 15% between Fiscals 2019 and 2024.. Growth in retail credit was supported by steady demand in underlying assets like housing, auto and growth in credit card and personal loans growth driven by consumption. The Indian retail credit market has grown at a strong pace over the last few years and is expected to grow further at 14-16% in Fiscal 2025 with risks evenly balanced. 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. However, RBI's risk weight circular, sustained inflation and increase in lending rates could play spoilsport in the retail credit growth.

Retail segment is estimated to account for 37% of overall systemic credit as of Fiscal 2025



Retail credit growth to continue a strong footing in Fiscal 2025



Note: P – Projected, E: Estimated.
Source: RBI, CRISIL MI&A

Growth of retail asset classes portfolio

Asset class (Rs trillion)	FY20	FY21	FY22	FY23	FY24E	FY26P	CAGR (FY20-FY24E)	CAGR (FY24E - FY26)
Consumer durables	0.4	0.4	0.5	0.6	0.8-1.0	1-2	18%	23-25%
Housing loans	20.4	21.9	24.0	28.9	33-34	43-44	13%	12-14%
Personal loans	5.4	6.3	7.7	10.3	12-14	15-17	24%	11-13%
Gold loans	3.1	4.5	5.1	6.2	7-8	9-10	24%	15-17%
MF loans	2.4	2.6	2.9	3.5	4-5	5-6	15%	16-18%

Note: P – Projected, E: Estimated; Source: CRISIL MI&A

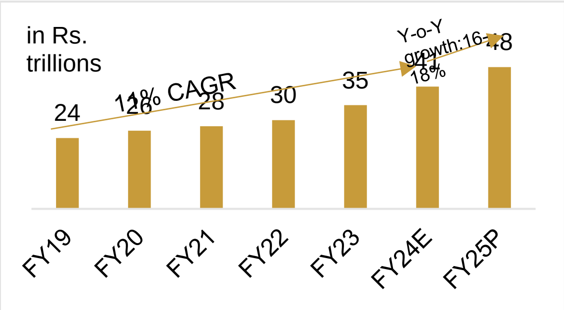
OUTLOOK OF OVERALL NBFCs

NBFC credit to grow faster than systemic credit

Over the past decade, banking credit growth lagged systemic credit growth for several years as NBFCs grew at a much faster pace.

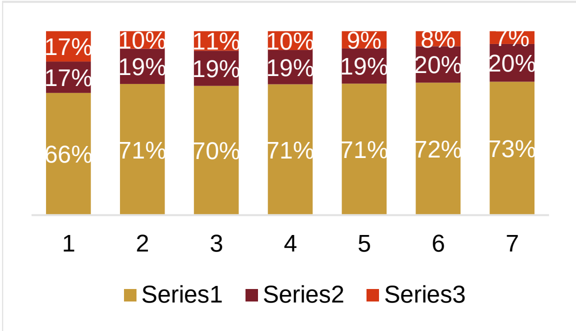
During Fiscals 2019 to 2024, NBFC credit is estimated to have witnessed a growth at CAGR ~11%, while NBFC retail credit is estimated to have grown at ~14% CAGR over the same time-period. NBFCs have shown remarkable resilience and gained importance in the financial sector ecosystem, growing from less than Rs 2 trillion AUM at the turn of the century to Rs. 41 trillion at the end of Fiscal 2024. Going forward, CRISIL MI&A expects NBFC credit to grow at 16-18% in Fiscal 2025, with microfinancing and vehicle financing to lead the growth in retail segment, and MSME loans in the wholesale segment continuing to be the primary drivers.

NBFC credit to grow at 16-18% between Fiscal 2024 and 2025



Note: P = Projected; E = Estimated; Others include Commercial papers, External borrowings, corporate bonds excluding those issued by Banks and NBFCs
Source: RBI, Company reports, CRISIL MI&A

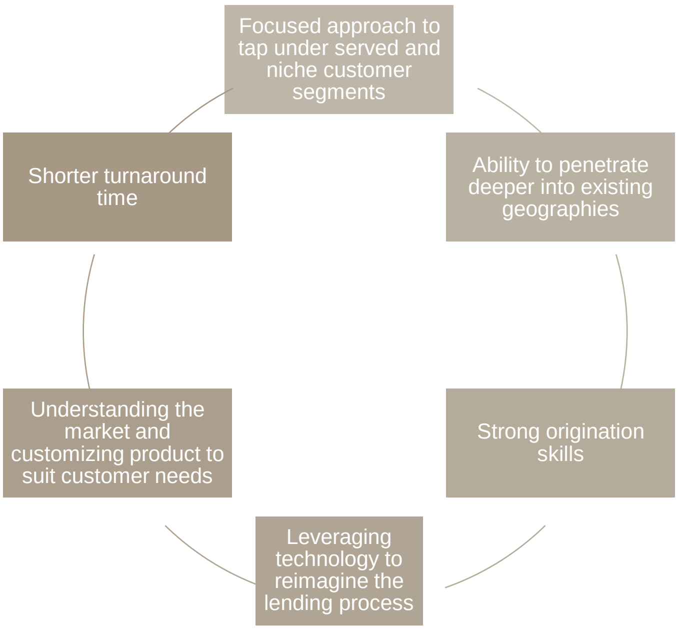
Share of NBFC Credit in overall systemic Credit to reach 20% in Fiscal 2025



Note: P: Projected; E = Estimated; Systemic credit includes domestic banking credit, NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by Banks and NBFCs
Source: RBI, Company Reports, CRISIL MI&A

CRISIL MI&A believes that NBFCs will remain a force to reckon within the Indian credit landscape, given their inherent strength of providing last-mile funding and catering to customer segments that are not catered by banks.

Growth of NBFCs reflects the customer value proposition offered by them

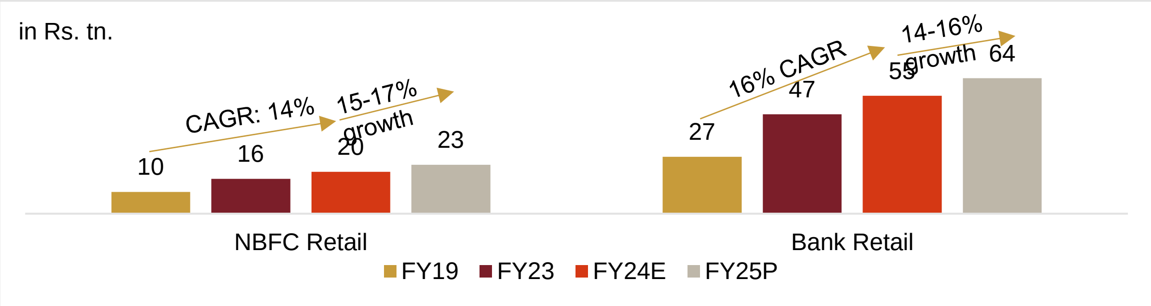


Source: CRISIL MI&A

Retail segment to support NBFCs overall credit growth

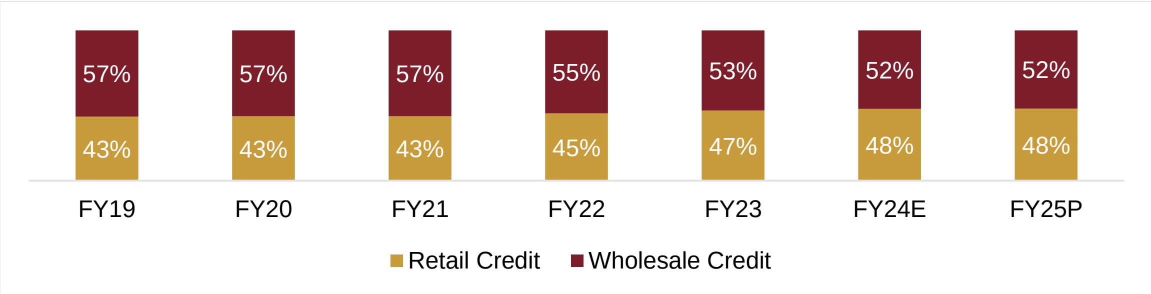
Overall NBFC credit during Fiscals 2019 to 2024, is estimated to have witnessed a CAGR of ~11% which was majorly led by retail segment which accounts for ~48% of overall NBFC credit and estimated to have witnessed a CAGR of ~14%, while NBFC non-retail credit is estimated to have witnessed a growth of ~9% during the same time period. Going forward, growth in the NBFC retail segment is expected at 15-17% in Fiscal 2025 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 remain stable at 48% in Fiscal 2025. After the pandemic, NBFCs focussed on targeting New to Credit (NTC) customers focussing on Tier 2 and lower tier cities. Unsecured segment of NBFCs grew at a CAGR of more than 40% post pandemic as compared to 10-11% growth in secured lending, as a part of NBFC's retail portfolio. The emergence of fintech players also played a key role in growth of unsecured lending with their new lending practices and catering to segments that traditional financial institutions might not reach.

NBFCs retail credit is expected to grow at 15% - 17% in Fiscal 2025



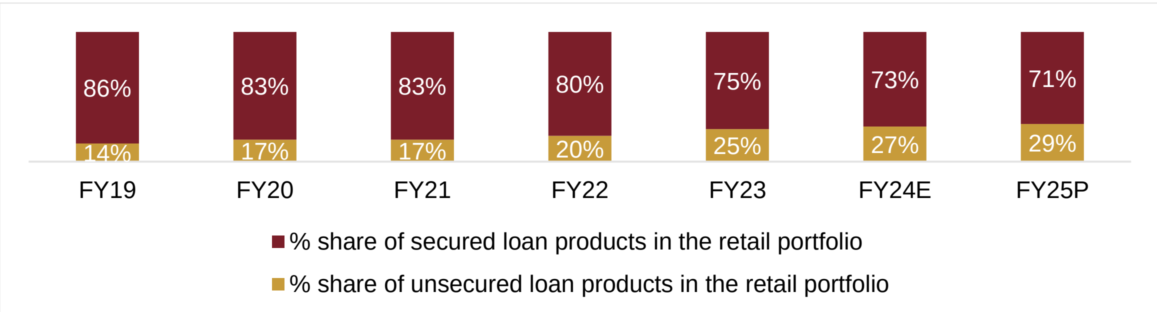
Note: P = Projected; Retail credit above includes housing finance, vehicle finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans; Source: Company reports, RBI, CRISIL MI&A

Share of retail credit in total NBFC credit to continue to grow



Note: P = Projected, E: Estimated; Retail credit above includes housing finance, auto finance, microfinance, gold loans, consumer durable finance, MSME loans, education loans & other smaller segments
Source: Company reports, CRISIL MI&A

Secured segment to lose further ground as unsecured segment growth continues to remain robust

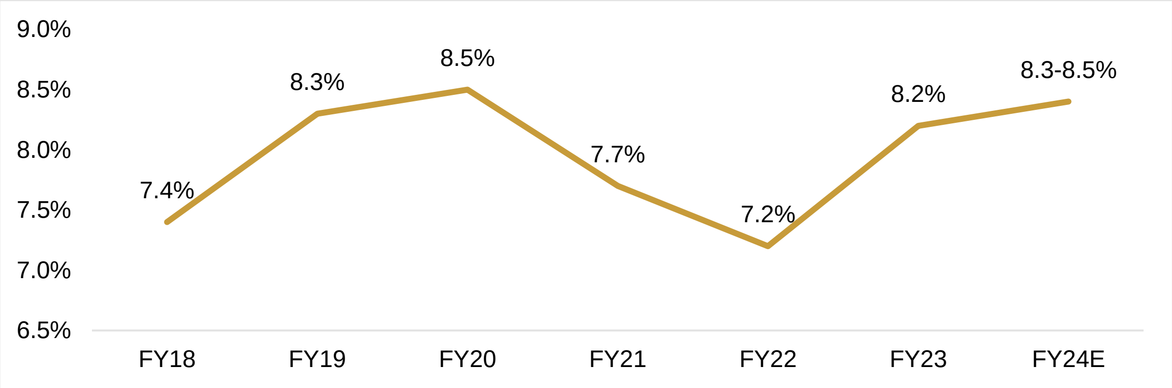


Note: For calculation of unsecured retail loans for NBFCs, segments such as personal loans, microfinance loans, consumer durables loans and a share of education loans are considered
Source: RBI, NHB, MFIN, CRISIL MI&A

<u>NBFC borrowing cost estimated to have increased in Fiscal 2024</u>

On account of increased unsecured lending in recent times by NBFCs, RBI introduced the risk weights circular as a deterrent to the growth of unsecured loans. As per the circular, the risk weights of all consumer loans (extended by both banks and NBFCs) was increased excluding housing loans, vehicle, education and gold loans. Additionally, the risk weights for exposure by banks to NBFCs where the extant risk weight of the NBFC is below 100% was also increased. An increase in cost of funds for NBFCs could drive the demand for securitisation and co-lending. NBFCs will also need to maintain adequate capital buffers.

Borrowing cost for NBFCs estimated to have increased in Fiscal 2024

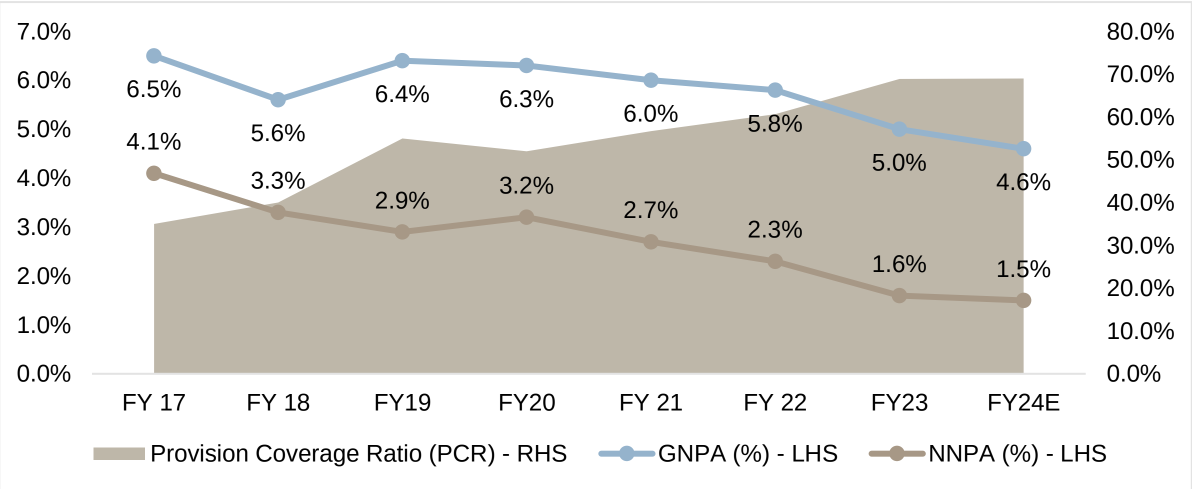


Note: Data represents cost of borrowing of players, which cumulatively accounts for 85% of overall NBFC AUM, E: Estimated
Source: Company reports, CRISIL MI&A

Asset quality expected to have improved on account of efficiency in collection process and improvement in economic activity in Fiscal 2024

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. 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.

NBFCs' GNPA ratio expected to have improved significantly at the end of Fiscal 2024



Note: E = Estimated; Source: RBI, CRISIL MI&A

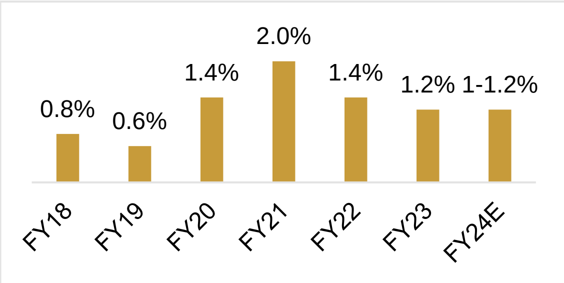
Credit cost for NBFCs estimated to have moderately declined in Fiscal 2024, and profitability to have improved in Fiscal 2024

In Fiscal 2023, decline in credit costs due to improved collections and lower slippages supported improvement in profitability aided by higher yields.

In Fiscal 2024, credit cost is estimated to have moderately declined on account of improved collections and lower asset quality stress translating to moderate increase in RoA. In the near term, the impact of RBI circular on risk weights on cost of funds, thereby NIM and RoA will be a key monitorable.

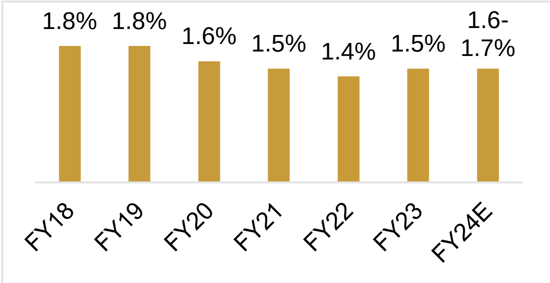
<u>Profitability ratios of NBFCs</u>

Credit costs for NBFCs moderately declined in Fiscal 2024



Note: E: Estimated
Source: CRISIL MI&A

Profitability (RoA) moderately increased in Fiscal 2024 for NBFCs



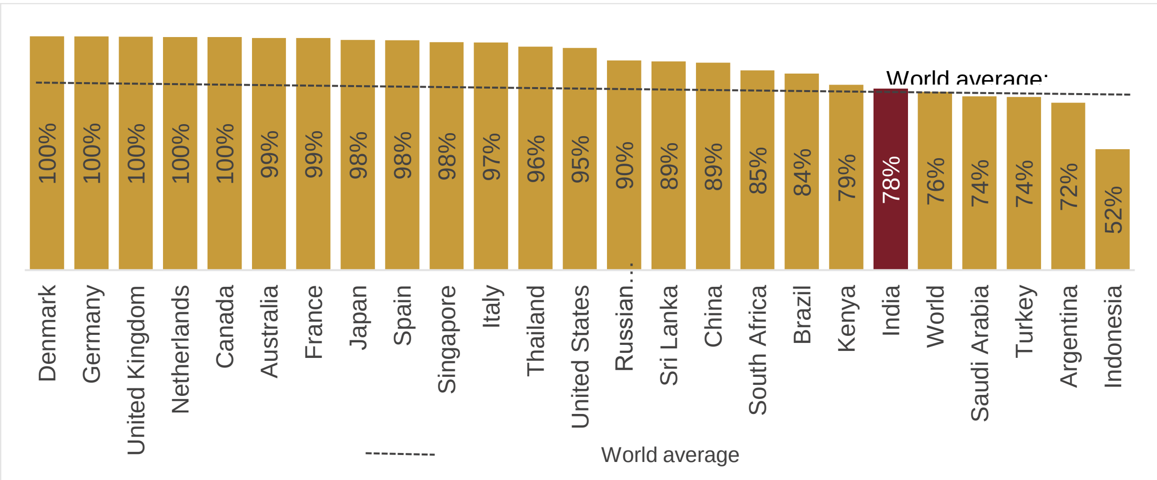
Note: E = Estimated
Source: CRISIL MI&A

FINANCIAL INCLUSION

<u>Financial Inclusion on a fast path in India</u>

Overall literacy in India is at 77.7% as per the results of recent NSSO survey conducted from July 2017 to June 2018, which is still below the world literacy rate of 86.5%. However, according to the National Financial Literacy and Inclusion Survey ("**NCFE-FLIS**") 2019, only 27% of Indian population is financially literate indicating huge gap and potential for financial services industry. India's financial inclusion has improved significantly over calendar years 2014 to 2021 as adult population with bank accounts increased from 53% to 78% (*Source: Global Findex Database*) due to the Indian government's efforts to promote financial inclusion and the proliferation of supporting institutions.

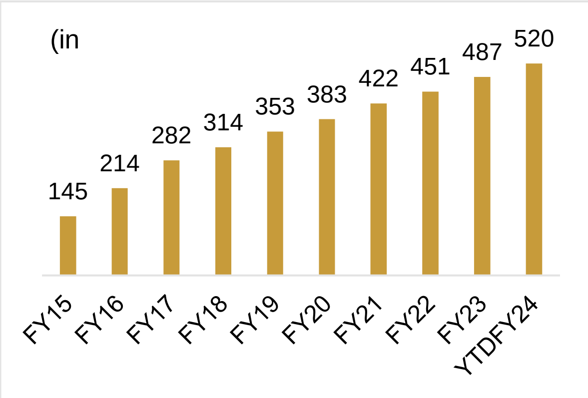
Adult population with a bank account (%): India vis-à-vis other countries



Notes: 1. Global Findex data for India excludes northeast states, remote islands and selected districts. 2. Account penetration is for the population within the age group of 15+, Source: World Bank – The Global Findex Database 2021, CRISIL MI&A

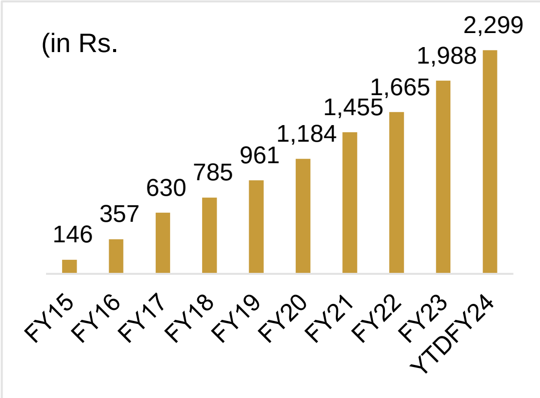
The two key initiatives launched by the Government to promote financial inclusion are the Pradhan Mantri Jan Dhan Yojana ("**PMJDY**") and Pradhan Mantri Jeevan Jyoti Bima Yojana ("**PMJJBY**"). As of March 2024, 520 million PMJDY accounts had been opened, of which 67% were in rural and semi-urban areas, with total deposits of Rs. 2,299 billion. (*Source: Pradhan Mantri Jan-Dhan Yojana: Progress Report*)

Number of PMJDY accounts



Note: As at the end of each Fiscal and as of 20th March 2024 for YTDFY24
Source: PMJDY; CRISIL MI&A

Total balance in PMJDY accounts

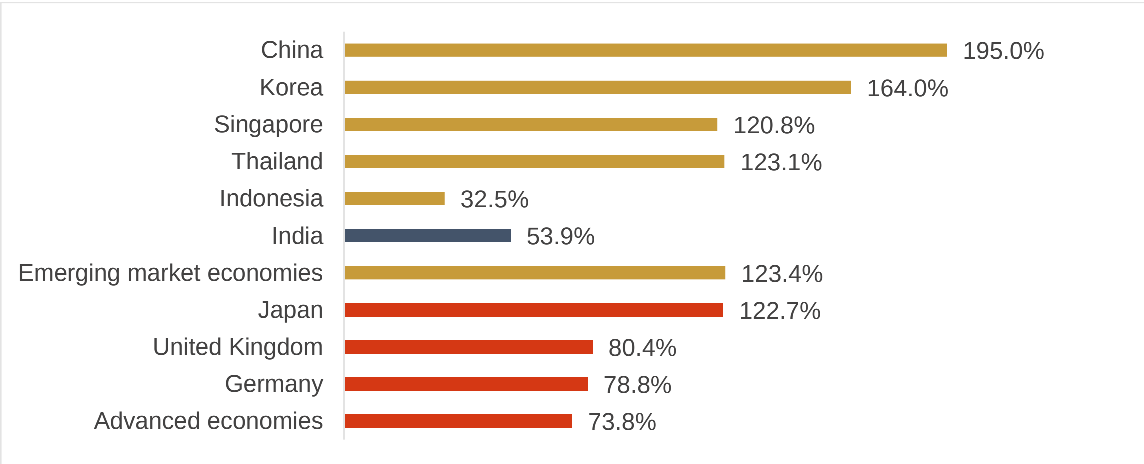


Note: As at the end of each Fiscal and as of 20th March 2024 for YTDFY24
Source: PMJDY; CRISIL MI&A

Under-penetration of the Indian banking sector provides opportunities for growth

The Indian banking sector is significantly under-penetrated as observed in the current bank credit-to-GDP ratio of 53.9% for India as of the third quarter of CY2023. This provides immense opportunities for banks and other financial institutions over the long term.

Bank credit to private non-financial sector as a % of GDP ratio for major economies (as of Q3 CY23)



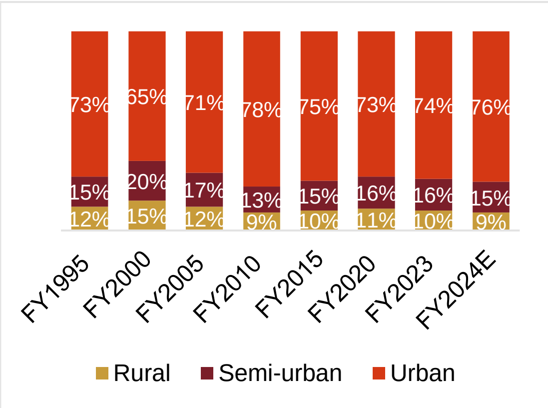
Note: Emerging market economies comprise Argentina, Brazil, Chile, China, Colombia, Czechia, Hong Kong SAR, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Poland, Russia, Saudi Arabia, Singapore, South Africa, Thailand, and Turkey; Advanced economies comprise Australia, Canada, Denmark, the euro area, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, and the United States.
Source: BIS Data, CRISIL MI&A

Rural India accounts for 47% of GDP, but only 10% of deposits and 9% of credit

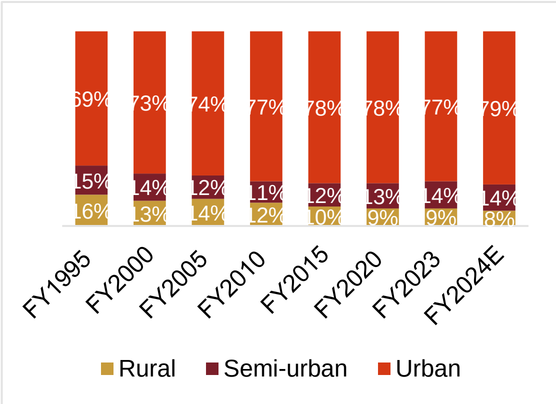
Rural India has a crucial role to play, as 65% of the population resides in rural areas, as per 2021 data from the Economic Survey (January 2023) and as per the Census data of 2011, there are over 6.4 lakh villages in India. About 47% of India's GDP comes from rural areas; however, their share is abysmally low at just 9% of total banking deposits and 9% of total credit as of March 2024. The share of credit to rural areas has declined gradually over the years to a mere 8% in Fiscal 2024 from 16% in fiscal 1995. Lack of bank infrastructure, low level of financial literacy and investment habits, along with lack of formal identification, are some of the reasons for low penetration.

Share of bank credit and deposits shows low penetration in rural areas

Population group-wise share of deposits



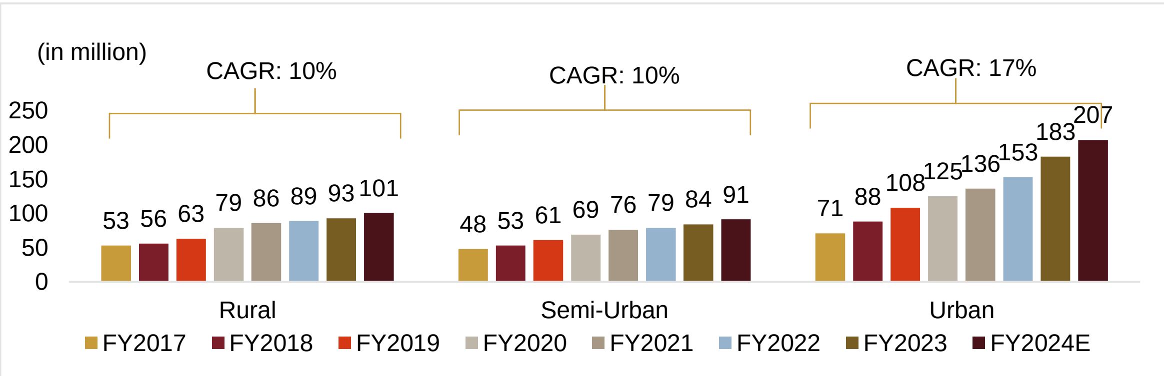
Population group-wise share of credit



Note: Urban includes data for urban and metropolitan areas, Above data represents indicators for scheduled commercial banks in India, E: Estimated.
Source: RBI; CRISIL MI&A

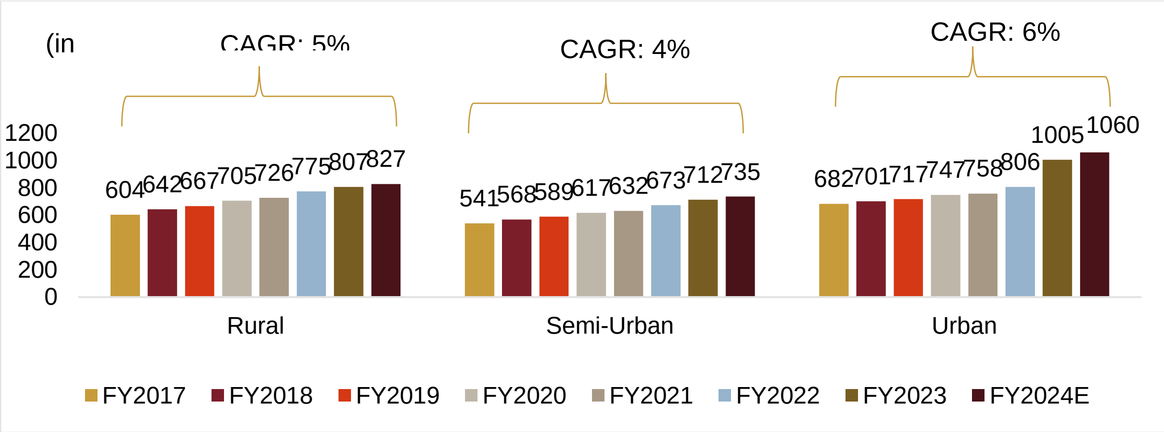
Financial inclusion is lower in rural areas than in urban areas in India. Hence, there are significant growth opportunities, as competition for banking services is lower in rural areas as well. Initiatives such as PMJDY and digital banking, along with increasing emphasis on financial literacy, have led to increasing financial inclusion in rural areas.

Bank credit accounts in rural, semi-urban and urban areas



Note: Urban includes data for urban and metropolitan areas; data represents only bank outstanding credit accounts; above data represents indicators for scheduled commercial banks in India, E: Estimated.
Source: RBI; CRISIL MI&A

Bank deposit accounts in rural, semi-urban and urban areas



Note: Urban includes data for urban and metropolitan areas; amounts are as of the end of the fiscal year indicated. Data represents only bank deposit accounts. Above data represents indicators for scheduled commercial banks in India, E: Estimated.
Source: RBI, CRISIL MI&A

Although most Indian households are in rural areas, the potential of banking infrastructure in these areas is not yet fully explored. Hence, there is a gap in supply of and demand for financial services in the country's rural areas, which are pockets of opportunity for the financial services sector.

Region-wise asymmetry: Over 50% of deposits and 60% of credit held by south and west

Region-wise share of banking deposits and credit

Region	Banking deposits		Banking credit	
	2013	2024E	2013	2024E
North-East	2%	2%	1%	1%
Central	12%	13%	6%	9%
West	31%	28%	27%	34%
East	12%	12%	6%	7%
South	22%	24%	21%	29%
North	21%	21%	18%	20%

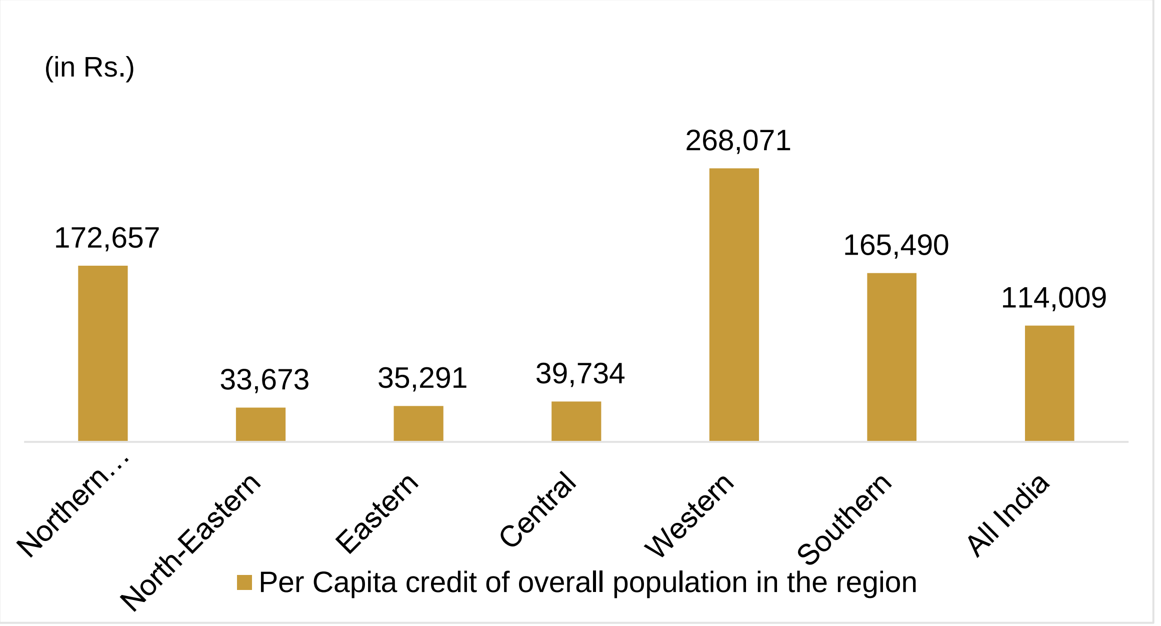
Notes:

1. *Northeast includes Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura*
2. *Central includes Chhattisgarh, Madhya Pradesh, Uttar Pradesh and Uttarakhand*
3. *West includes Goa, Gujarat, Maharashtra, Dadra and Nagar Haveli, and Daman and Diu*
4. *East includes Bihar, Jharkhand, Odisha, Sikkim, West Bengal, and Andaman and Nicobar Islands*
5. *South includes Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Lakshadweep, and Puducherry*
6. *North includes Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Rajasthan, Chandigarh, and Delhi*
7. *E: Estimated*

Source: RBI, CRISIL MI&A

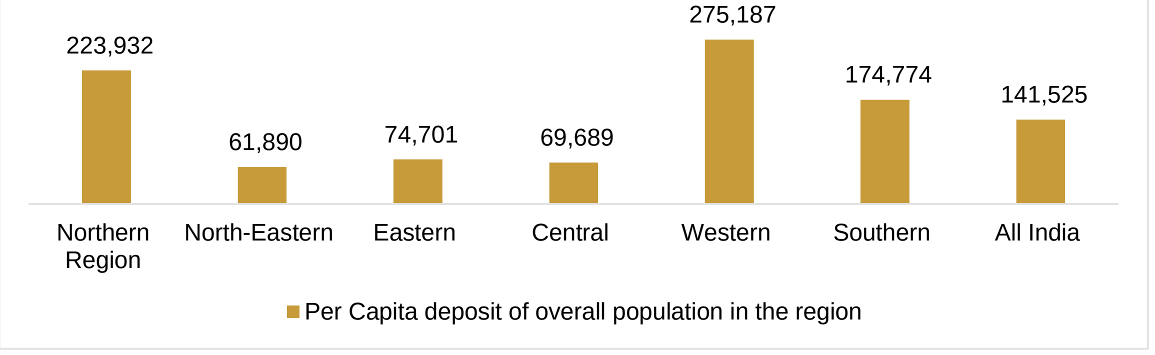
Region-wise bank credit and deposit per capita

Per capita credit region-wise (Fiscal 2024E)



Note: Per capita calculated by credit in the region divided by total population in the region. Population projected as per UIDAI, E: Estimated
Source: RBI, CRISIL MI&A

Per capita deposit of overall population in India (Fiscal 2024E)



Note: Per capita calculated by credit in the region divided by total population in the region. Population projected as per UIDAI, E: Estimated
Source: RBI, CRISIL MI&A

This provides an opportunity for all lending and deposit accepting institutions to expand in these regions, and also widen their footprint in specific regions.

Large variation in credit availability across states, districts and regions

The credit-to-deposit ratio of the eastern region was the lowest among all regions. In contrast, the western and southern regions had disproportionately high share in overall credit compared to their share in overall population. That said, credit availability in the states and various districts in the same state vary widely. This indicates latent opportunity for providing banking services to unserved or underserved customers. For instance, Uttar Pradesh, Maharashtra and Bihar are the most populous states in India, accounting for 17%, 9%

and 9% share, respectively, of the overall population. While Maharashtra's share in overall credit outstanding was 28% in Fiscal 2024, the shares of Uttar Pradesh and Bihar were only 5% and 1%, respectively.

State-wise rural credit accounts in banks and top five districts concentration (Fiscal 2024E)

Region / state / union territory	No. of districts	% share in overall population in India	Share in overall credit	Credit-to-deposit ratio	Concentration of credit in top 5 districts	% of credit in rural areas	Concentration of credit accounts in top five districts*	% of credit accounts in rural areas *
Western region	**74**	**14%**	**34%**	**97%**	**NA**	**3%**	**NA**	**8%**
Maharashtra	36	9%	28%	105 %	92%	2%	80%	6%
Gujarat	33	5%	5%	75%	71%	8%	50%	18%
Goa	2	0%	0%	26%	100%	20%	100%	31%
Dadra and Nagar Haveli, and Daman and Diu	3	0%	0%	44%	100%	3%	100%	5%
Southern region	**146**	**20%**	**29%**	**95%**	**NA**	**9%**	**NA**	**27%**
Tamil Nadu	38	6%	9%	114 %	61%	11%	36%	28%
Karnataka	29	5%	7%	68%	77%	9%	46%	33%
Telangana	34	3%	5%	109 %	82%	7%	46%	29%
Andhra Pradesh	26	4%	4%	155 %	49%	15%	26%	35%
Kerala	14	3%	3%	69%	68%	2%	51%	4%
Puducherry	4	0%	0%	68%	100%	9%	100%	18%
Lakshadweep	1	0%	0%	11%	100%	40%	100%	40%
Northern region	**111**	**13%**	**20%**	**77%**	**NA**	**7%**	**NA**	**26%**
NCT of Delhi	1	2%	10%	90%	100%	0%	100%	0%
Rajasthan	33	6%	3%	87%	55%	13%	41%	32%
Haryana	22	2%	3%	65%	66%	8%	44%	22%
Punjab	22	2%	2%	57%	60%	19%	46%	30%
Jammu and Kashmir	20	1%	1%	59%	60%	35%	49%	52%
Chandigarh	1	0%	1%	79%	100%	0%	100%	1%
Himachal Pradesh	12	1%	0%	35%	75%	57%	67%	72%
Ladakh	2	0%	0%	46%	100%	37%	100%	44%

Region / state / union territory	No. of districts	% share in overall population in India	Share in overall credit	Credit-to-deposit ratio	Concentration of credit in top 5 districts	% of credit in rural areas	Concentration of credit accounts in top five districts*	% of credit accounts in rural areas*
Central region	**167**	**26%**	**9%**	**57%**	**NA**	**14%**	**NA**	**38%**
Uttar Pradesh	75	17%	5%	49%	43%	16%	19%	44%
Madhya Pradesh	52	6%	3%	75%	55%	11%	32%	28%
Chhattisgarh	27	2%	1%	81%	75%	8%	43%	27%
Uttarakhand	13	1%	1%	40%	90%	19%	82%	35%
Eastern region	**126**	**23%**	**7%**	**47%**	**NA**	**17**	**NA**	**50%**
West Bengal	24	7%	3%	49%	74%	14%	40%	46%
Bihar	38	9%	1%	49%	51%	22%	39%	50%
Odisha	30	3%	1%	49%	63%	19%	38%	53%
Jharkhand	24	3%	1%	36%	71%	17%	56%	52%
Sikkim	5	0%	0%	47%	99%	29%	99%	40%
Andaman and Nicobar Islands	5	0%	0%	54%	100%	20%	100%	25%
Northeastern region	**114**	**4%**	**1%**	**54%**	**NA**	**23**	**NA**	**42%**
Assam	33	3%	1%	58%	55%	21%	37%	44%
Tripura	8	0%	0%	46%	89%	24%	82%	43%
Meghalaya	11	0%	0%	43%	92%	33%	84%	48%
Manipur	16	0%	0%	78%	83%	31%	84%	31%
Nagaland	12	0%	0%	56%	82%	22%	72%	28%
Arunachal Pradesh	26	0%	0%	34%	78%	29%	63%	35%
Mizoram	8	0%	0%	46%	93%	9%	78%	22%

NA: Not applicable.

Notes:

1. *Arranged in descending order of share in overall credit outstanding of banks in each region*
2. *Green indicates states with higher share in overall credit compared with its share in India's population, red indicates states with lower relative share in overall credit compared with its share in India's population, and orange indicates states with equivalent share in overall credit compared with its share in India's population.*
3. *(*) Concentration of credit accounts in top five districts and % of credit accounts in rural areas as of Fiscal 2023*
4. *E: Estimated*

Source: RBI, CRISIL MI&A

States with low financial penetration present a strong case for growth

State-wise GDP and GDP growth (Q3 FY 2024)

States	GSDP - Constant Prices FY23 (In Rs. Billion)	Y-o-Y growth FY22-FY23	CAGR (FY19-FY23)	Credit Penetration as on December 2023	Credit growth (FY19-Q3FY24)	CRISIL Inclusix Score (FY2016)
Western Region						
Maharashtra	20,279.71*	9%**	1%^	222%	11%	62.7
Gujarat	13,722.04*	11%**	5%^	61%	10%	62.4
Goa	555.48*	4%**	2%^	52%	9%	88.9
Southern Region						
Tamil Nadu	14,533.21	8%	5%	100%	11%	77.2
Karnataka	13,263.19	8%	5%	80%	12%	82.1
Telangana	7,267.07	8%	5%	111%	12%	72.8
Andhra Pradesh	7,543.38	7%	5%	87%	15%	78.4
Kerala	5,727.47*	12%**	1%^	91%	12%	90.9
Puducherry	278.34*	16%**	2%^	68%	11%	87.7
Northern Region						
Delhi	6,526.49	9%	4%	250%	5%	86.1
Rajasthan	7,994.49	8%	6%	65%	13%	50.9
Haryana	6,084.20	7%	3%	79%	16%	67.7
Punjab	4,615.39	6%	4%	74%	9%	70.9
Jammu & Kashmir-U.T.	1,347.16	8%	4%	71%	14%	47.8
Chandigarh	302.87*	6%**	0%^	282%	2%	86.7
Himachal Pradesh	1,345.76	6%	4%	36%	12%	72.3
Central Region						
Chhattisgarh	2,890.82	8%	4%	60%	15%	45.7
Madhya Pradesh	6,431.24	7%	4%	66%	13%	48.7
Uttarakhand	2,071.04	7%	3%	41%	12%	69.0
Uttar Pradesh	13,046.78	8%	4%	59%	15%	44.1
Eastern Region						
West Bengal	8,540.23	8%	4%	62%	8%	53.7
Bihar	4,424.73	11%	4%	50%	17%	38.5
Odisha	4,638.59	7%	5%	49%	16%	63.0
Jharkhand	2,598.00	7%	3%	44%	15%	48.2
Sikkim	221.44	7%	4%	29%	19%	60.2
Andaman & Nicobar Islands	71.72*	7%**	1%^	56%	14%	63.9
North Eastern Region						
Assam	2,891.92	10%	6%	40%	15%	47.9
Tripura	429.97	9%	4%	28%	10%	66.2
Meghalaya	252.09	4%	2%	48%	17%	34.6
Manipur	205.15*	14%**	4%	53%	19%	32.0
Arunachal Pradesh	198.01*	7%**	6%^	41%	18%	34.7
Mizoram	184.94*	13%**	5%^	24%	17%	43.2
Nagaland	183.63*	4%**	3%^	46%	17%	32.4

Note:

1. Credit penetration calculated as banking credit to states as of December 2023 divided by state GSDP (at constant prices) as of Fiscal 2023.

2. (*) GSDP as of Fiscal 2022

3. (**) Year on year growth over Fiscal 2021

4. (^) CAGR calculated from Fiscal 2019 to Fiscal 2022

5. CRISIL Inclusix, India's first financial inclusion index, was launched in 2013 with the objective of creating a dependable yardstick that would become a policy input to further the cause of inclusion. CRISIL Inclusix weighs three service providers (banks, insurers and microfinance institutions) on four dimensions (branch, credit, deposit and insurance).

Source: RBI, MOSPI, CRISIL MI&A

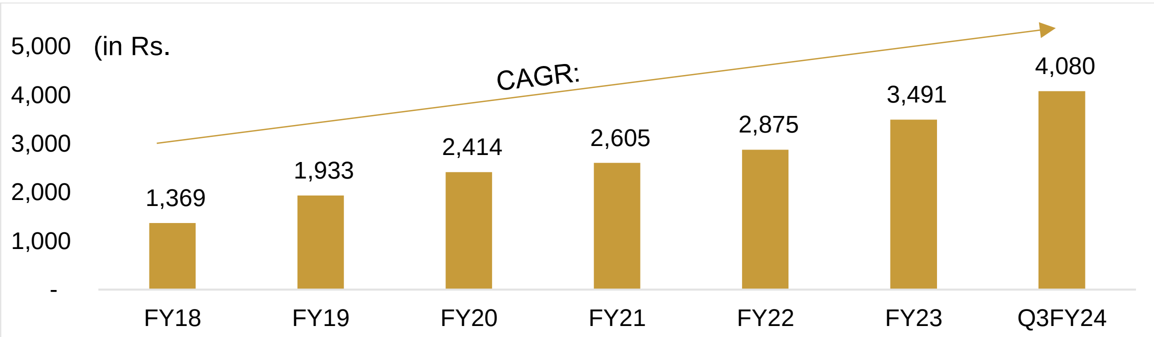
INDIAN MICROFINANCE INDUSTRY

Industry GLP has surged at 21% CAGR between Fiscal 2018 and nine months ended fiscal 2024

The industry's portfolio outstanding clocked 21% compound annual growth rate ("**CAGR**") between March 2018 and December 2023 to reach Rs 4,080 billion. The microfinance industry's joint liability group ("**JLG**") portfolio has recorded a healthy growth in the past few years. A significant portion of the on-year growth of the overall microfinance industry can be attributed to the expansion of the NBFC-MFI sector and exponential growth in SHG lending which witnessed on-year growth of 71% in Fiscal 2023.

As of December 2023, overall industry portfolio outstanding reached Rs 4,080 billion. Going forward, the overall microfinance industry is expected to see strong growth on back of 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 FY18 and Q3FY24



Source: CRIF Highmark, CRISIL MI&A

Business models in the MFI sphere

MFIs focus on the JLG model for lending to borrowers as it is easier to form such groups, whereas banks have a dominant presence in the SHG model through their self-help group–bank linkage programme ("**SHG-BLP**"). However, some NBFC-MFIs also follow SHG model.

JLG lending model

Under the JLG lending model, the primary task is to identify a prospective village, based on parameters such as total population, total income, and population of poor individuals. Subsequently, potential members (usually women) are identified, based on factors such as total household income and number of members in the household. These candidates are then organised into groups of 5-7 members each, with 3-5 such groups coming together to form a centre; the amount is lent to an individual borrower. In the event an individual borrower defaults on payment, the concept of social collateral comes into play, and the other group members repay the loan amount due. In case of a default, the group is blacklisted and deemed ineligible to receive further loans from any MFI. This model ensures that the individual borrower is subject to constant peer pressure that urges her to make timely repayments.

SHGs lending model

SHGs are typically formed at grassroot level, comprising individuals from similar socioeconomic backgrounds. Members pool their savings and contribute to a common fund for common goal by supporting each other. MFIs provide capacity building support to there SHGs, offering training and guidance on financial literacy, entrepreneurship and other relevant skills to empower members and enhance their financial management capabilities.

An SHG is a financial intermediary, formed by 15-20 local members (mostly women). These members contribute small amounts on a regular basis for a few months to build the base capital in the group, and subsequently commence lending activities. Once a firm's credit history is in place, the SHG gets linked to a bank and becomes a channel for microfinance. MFIs extend loans to the groups, which are collectively responsible for the repayment. This collective responsibility fosters a sense of accountability and peer pressure from the group members encouraging timely repayments

Advantages of SHG lending model

Reduced risk**:** Group based lending under the SHG model helps spread the risk of default across the members of SHG. This shared responsibility and social collateral often lead to higher repayment rates, reducing the overall credit risk for the MFIs.

Lower operational costs**:** The SHG model allows MFIs to leverage the group's internal mechanisms for monitoring and collection of loans. This can reduce the operational costs associated with loan disbursal and management, thereby improving the overall cost-efficiency of the lending process.

Enhanced outreach: through the SHG model, MFIs can penetrate deeper into rural communities, reaching underserved populations that may have limited or no access to formal financial services.

Sustainable growth**:** The SHG lending model promotes sustainable growth by encouraging savingd and responsible borrowing habits among the members. This, in turn, facilitates a more stable and predictable flow of funds, enabling MFIs to plan and manage their lending activities more efficiently.

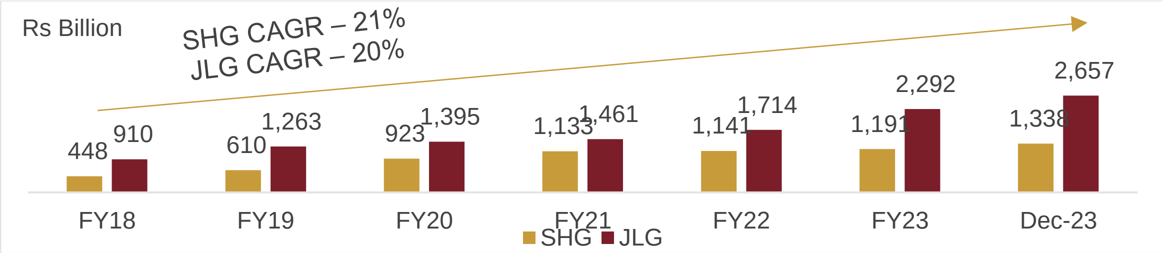
Collection models adopted by MFIs

Field agent / employee collection**:** MFIs deploy field agents/employees who visit borrowers directly in their communities or workplaces to collect loan repayments. This model allows for personalized interactions, building trust, and often results in higher repayment rates due to the familiarity and relationship between the agents/employees and borrowers. However, this increase the operating cost for MFIs.

Digital payment channels**:** Some MFIs utilize digital payment channels, including online banking, mobile banking apps, etc. allowing borrowers to make repayments from their homes and workplaces. This model streamlines the repayment process and enhances overall efficiency.

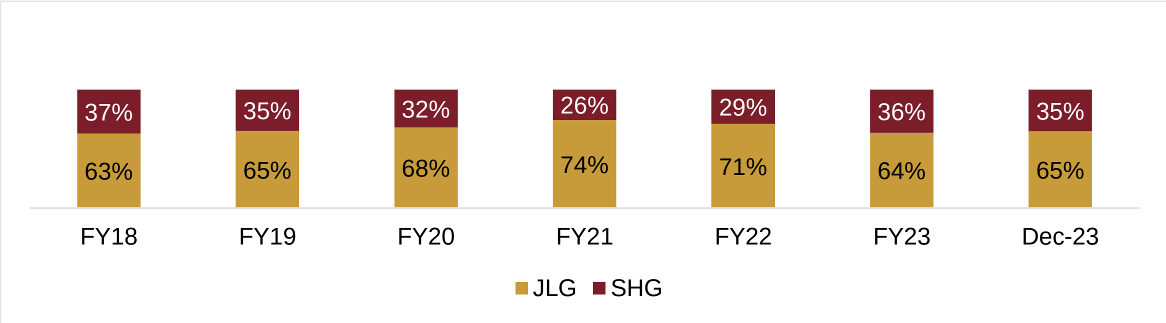
Branch based collection**:** In some of the MFIs, repayments are made at branches. Borrowers need to visit branch office and make repayments. This reduces the operational cost for the MFIs.

SHG and JLG grew at 21% and 20% CAGR between FY18 and Q3FY24



Note: SHG data includes microfinance portfolio of banks lent through the SHG Bank Linkage Programme and JLG data includes portfolio outstanding data for SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs lent through the Joint Liability Group (JLG) program.
Source: MFIN, CRISIL MI&A

SHG has been gaining market share since Fiscal 2021



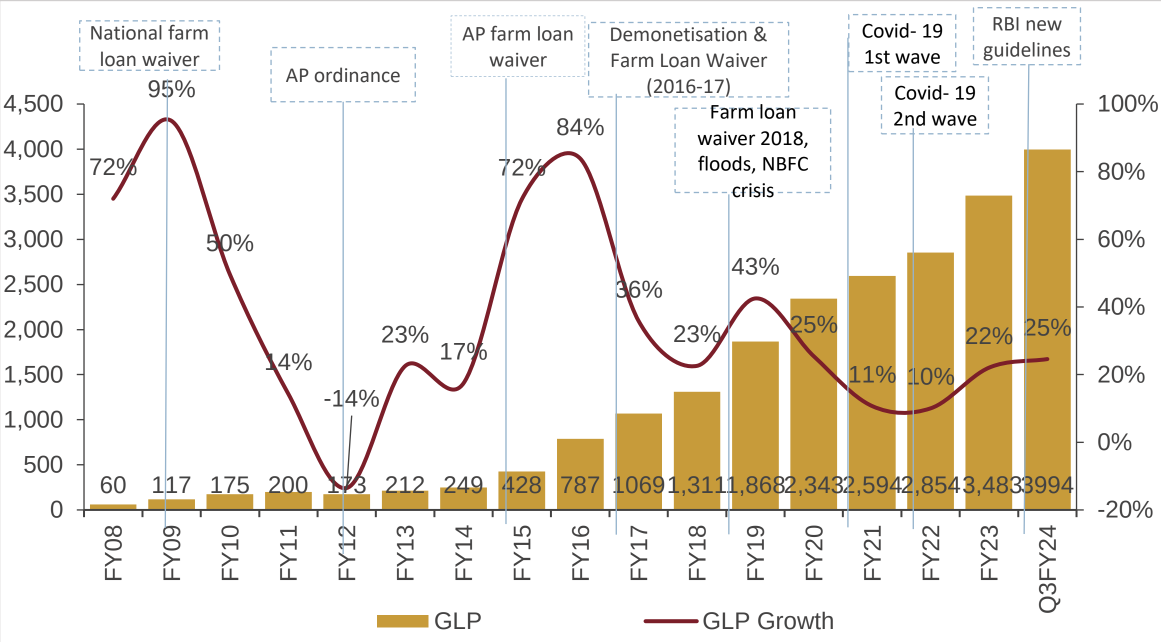
Note: SHG data includes data for Banks lending through SHG and JLG data includes data for lending through joint liability group (JLG) program by Banks, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs; Source: MFIN, CRISIL MI&A

<u>Industry resilient despite major setbacks and changing landscape</u>

The microfinance industry has been growing despite facing various headwinds in the past decade, such as the national farm loan waivers (2008), the Andhra Pradesh crisis (2010), Andhra Pradesh farm loan waiver (2014), demonetization (2016), and more state-specific farm loan waivers (2017 and 2018). Of these events, the Andhra Pradesh crisis of 2010 had a lasting impact on the industry. Some players had to undertake corporate debt restructuring and found it difficult to sustain their business. While the demonetization of Rs 500 and Rs 1,000 denomination banknotes in November 2016 hurt the industry, the impact was not as deep as the Andhra Pradesh crisis and was limited to certain districts. Portfolio at risk ("**PAR**") data as of September 2018 indicates the industry recovered strongly from the aftermath of the demonetization. Furthermore, collections since September 2017 remained healthy. The liquidity crisis in 2018, however, had a ripple effect on microfinance lending as smaller NBFC-MFIs with capital constraints and lenders relying on NBFCs for funding slowed down disbursements.

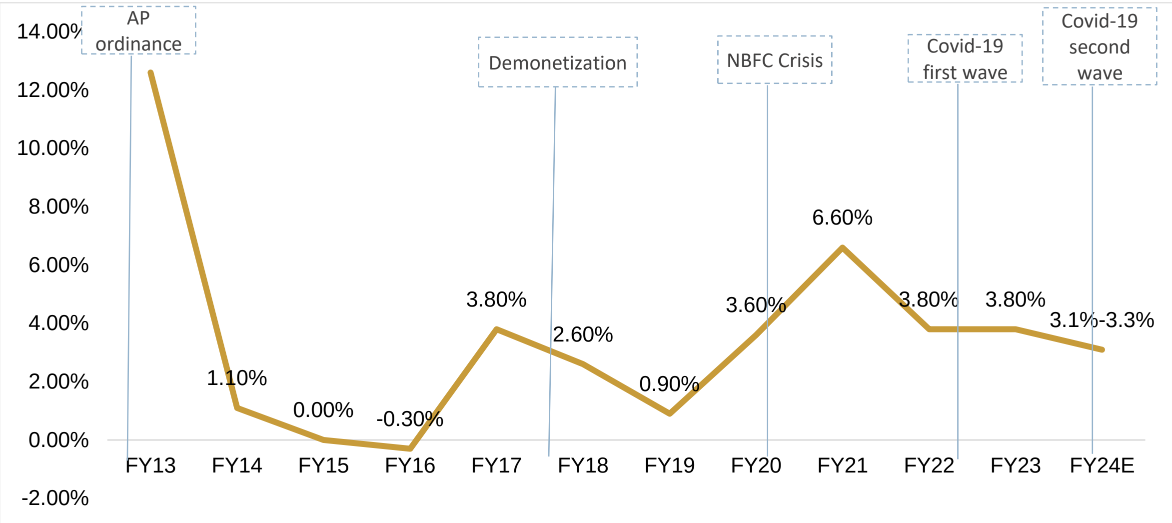
NBFC-MFIs faced initial hiccups at the start of Fiscal 2021 due to the pandemic on account of uncertainty over collections and aversion by lenders to extend further funding to them. However, the situation improved gradually and most NBFC-MFIs, with the exception of a few, were able to improve the liquidity buffers during the course of the year by raising funds and after getting support from various government schemes. While the resurgence of COVID-19 led to a fresh bout of uncertainty with respect to collections in the first quarter of Fiscal 2022, the impact was not as pronounced as in the early part of the previous fiscal. The industry gradually rebounded in Fiscal 2022 on account of increased disbursements. Further, with revised MFI guidelines announced by the RBI in March 2022 that increased the total household income threshold for collateral-free loans coupled with higher consumption demand and lower slippages fueled growth in Fiscal 2023. In February 2023 Telangana High Court ordered that RBI-regulated NBFCs operating as MFIs should not be governed by state laws, only the central bank has power to regulate these entities. A similar Supreme Court ruling last year reaffirmed that state moneylending acts will not apply to NBFCs that are under the regulation of the RBI, addressing industry dual regulation issues.

MFI industry has shown resilience over the past decade



Note: Data includes numbers for banks' lending through JLG program by SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHGs. The amounts are as at the end of fiscal year and as the end of quarter for Q3FY24. For Q3FY24 Y-o-Y growth calculated over Q3FY23
Source: MFIN, CRISIL MI&A

Credit costs for microfinance industry across various events



Note: Data includes data for MFIs which constitute more than 60% of Industry, E: Estimated.
Source: Company Reports, CRISIL MI&A

NBFC-MFIs have gained market share and to grow faster than SFBs

Loans in the microfinance sector are provided by banks, SFBs, NBFC-MFIs, other NBFCs, and non-profit organisations. Most of the banks provide loans under the SHG model. However, they also disburse microfinance loans directly or through BCs to meet their priority-sector lending targets.

Participants in the MFI lending business are:

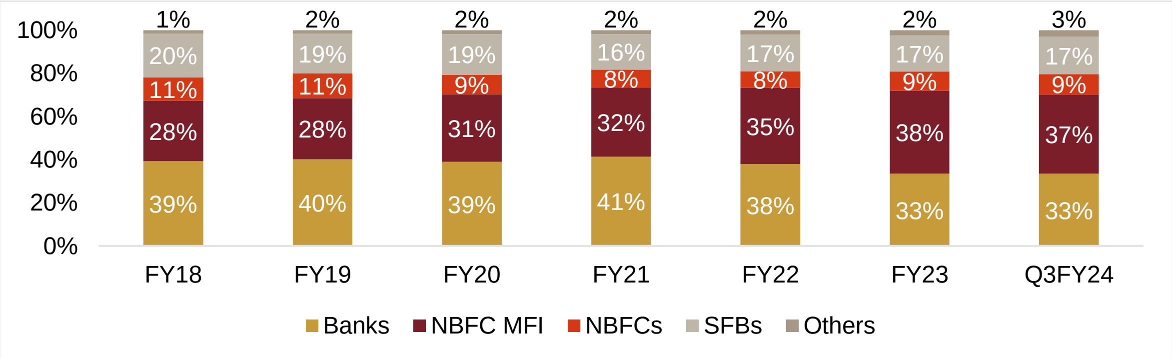
Participants	Description	Player examples
Bank SHGs	refers to banks who provide microcredit under the SHG programme	SBI, Union Bank of India, Axis Bank, ICICI Bank, Bank of Baroda, Bandhan Bank etc.
Banks	portfolios for direct and indirect lending (through BCs) by banks; private banks are key constituents	
NBFC-MFIs	MFIs exclusively focused on the microfinance business, and accordingly registered as NBFC-MFIs with the RBI.	Credit Access Grameen Ltd, IIFL Samasta, Asirvad Micro Finance Ltd., Fusion Microfinance Ltd., Spandana Sphoorty Finance Ltd., Annapurna Finance Ltd., Satin Creditcare Network Ltd., Belstar Microfinance Ltd., Muthoot Microfin, etc.
SFBs	Small finance banks lending microfinance loans, most of these were formerly NBFC-MFIs	AU SFB*, ESAF SFB, Equitas SFB, Fincare SFB, Jana SFB, Suryoday SFB, Ujjivan SFB, and Utkarsh SFB
NBFCs	has a microcredit lending business, in addition to other lending businesses	SMFG India Credit, L&T Finance, Tata Capital
Non-profit MFIs	MFIs registered as not-for-profit organisation	Cashpor

Note: (*) Post consideration of AU SFB's merger with Fincare SFB and exposure to Fincare's microfinance portfolio; Source: CRISIL MI&A

Some of the well-established MFIs have converted to SFBs or have been acquired by banking institutions, which has led to a change in the landscape. After commencement of operations, SFBs that were previously NBFC-MFIs started expanding in other asset classes, such as affordable housing, SMEs and vehicle finance, to create a balance between secured and unsecured assets, while diversifying their product offering. This strategy of diversification may result in other assets growing more in comparison to the microfinance portfolios of SFBs.

Hence, CRISIL MI&A expects NBFC-MFIs to grow at a much faster rate of 23-25% between Fiscal 2024 and 2027 vis-v-a-vis SFBs which are expected to grow at slower rate, on account of increasing focus of SFBs towards other product suite beyond the MFI loan portfolio.

NBFC MFIs account for 37% of the total gross loan portfolio as of Q3FY24



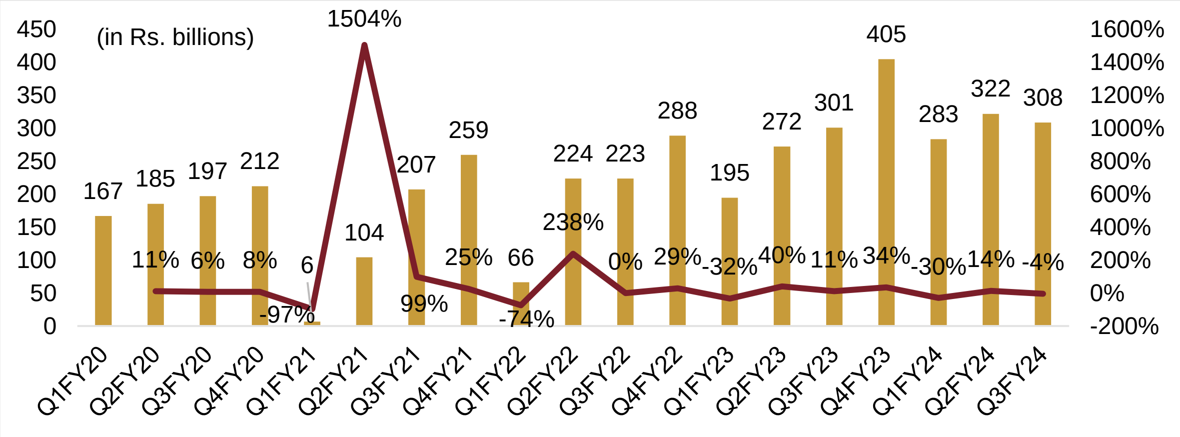
Note: Data includes data for banks SHG, bank JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs.
Source: CRIF Highmark, CRISIL MI&A

NBFC-MFIs' disbursements grew 19% year on year as of nine months ended Fiscal 2024

In Fiscal 2021, the disbursement witnessed a slack on account of the nationwide lockdown imposed to contain the pandemic, which brought the economic activities to a grinding halt in the first half. In the second half, with activities resuming, the credit outflow picked up. Further, the first quarter of Fiscal 2022 saw the impact of the second wave of the pandemic leading to localised lockdowns. The growth rebounded in the second half and pace continued during Fiscal 2023 with aggregated disbursement rising to Rs 1,172 billion (46% on-year growth).

The growth was supported by rural economic revival, improved collection efficiency, implementation of the RBI's new regulatory framework, increased penetration and bigger average ticket size of disbursement.

Disbursements for NBFC-MFIs have crossed pre-covid levels



Note: Data includes only NBFC MFI players.
Source: CRIF Highmark, 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 16-20% 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 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.

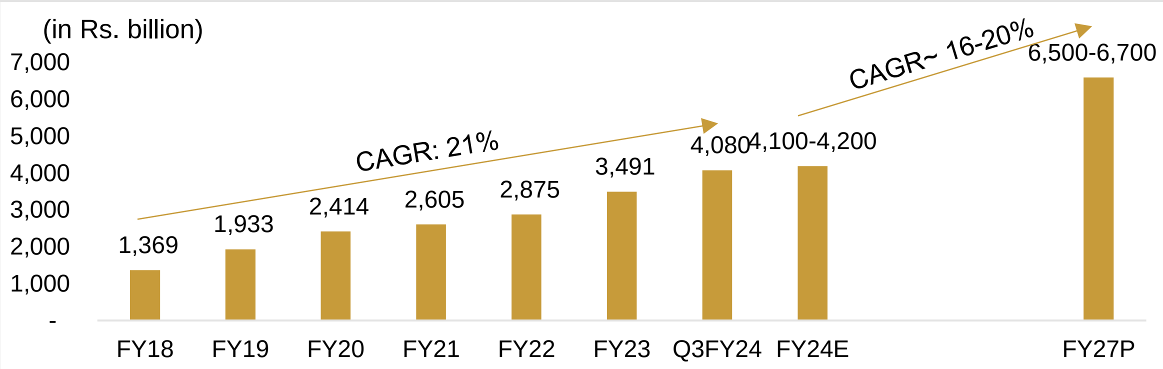
Key enablers for the microfinance industry growth

Digitalisation is expected to bring down costs, improve collection efficiency and profitability for the MFIs. CRISIL MI&A expects the lower cost of servicing customers, better productivity and lower credit costs through the use of technology will help the MFIs improve their profitability.

The MFIs have built a large distribution network in the urban and rural India. Now, these MFIs are leveraging this network to distribute financial and non-financial products, including insurance and product financing of other institutions to members at a cost lower than competition.

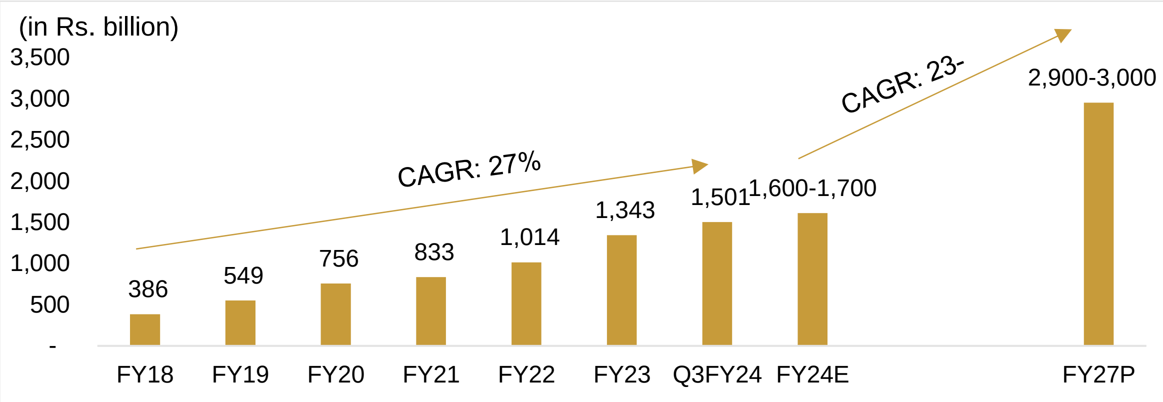
New regulations will help further deepen the penetration of microcredit in the country. With enhancement of the household income threshold, the MFIs are expected to reach many more households. The regulations are also expected to create a level playing field, which will increase the competition, in turn, benefiting the end customer.

Overall MFI Industry (GLP) to grow at 16-20% CAGR over Fiscal 2024-27



Note: P: Projected, E: Estimated. Source: CRIF Highmark, CRISIL MI&A

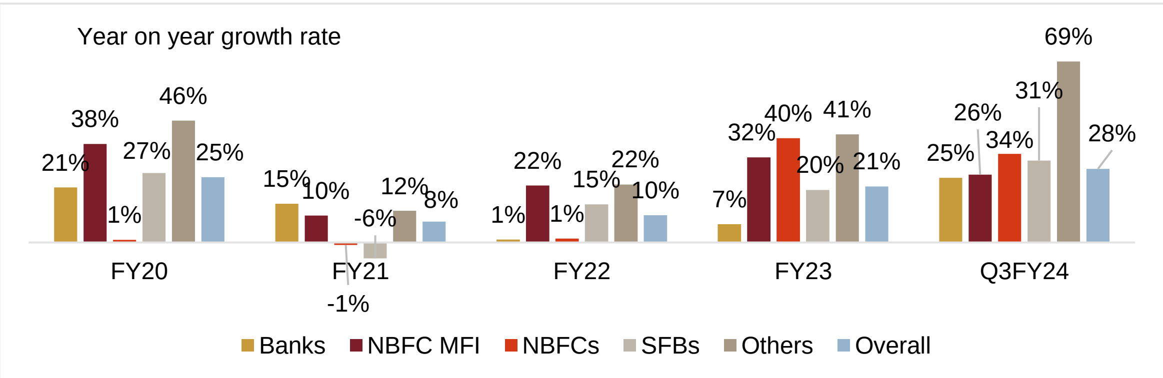
NBFC-MFI Industry to grow at a faster rate than overall MFI Industry



Note: P: Projected, E: Estimated. Source: CRIF Highmark, CRISIL MI&A

The portfolio outstanding of the NBFC-MFIs grew at a healthy CAGR of 27% between Fiscals 2018 and nine months ended Fiscal 2024 to Rs 1,501 billion. NBFCs and NBFC-MFIs registered Y-o-Y growth at 40% and 32% respectively in Fiscal 2023. Going ahead, CRISIL MI&A expects the NBFC-MFIs to outpace 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.

NBFC-MFIs witnessed higher growth than overall portfolio since Fiscal 2020

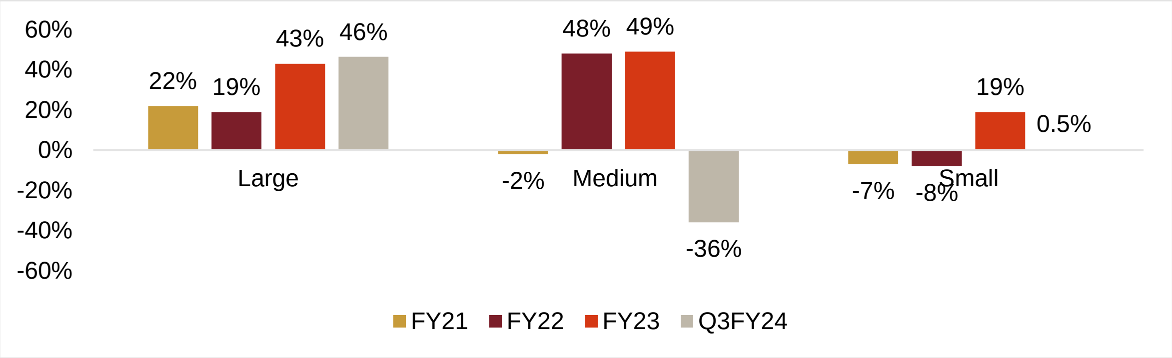


Note: Q3FY24 year on year growth rate calculated over Q3FY23.

Source: CRIF Highmark, CRISIL MI&A

Large and medium NBFCs have been able to grow faster than small NBFCs on account of their ability to raise funds, increase distribution spread at a faster rate and offer competitive products to gain market share.

Higher growth in Large & Medium NBFC MFIs compared to smaller ones (Y-o-Y growth)



Note: Data includes 48 NBFC MFI players constituting ~91% of the overall NBFC MFI market, Players are classified based on Gross Loan Portfolio (GLP), Large players have GLP>Rs. 20,000 million, Medium players have GLP between Rs. 5,000 and Rs. 20,000 million, Small players have GLP upto Rs. 5,000 million, Q3FY24 year on year growth rate calculated over Q3FY23.

Source: MFIN, Company Reports, CRISIL MI&A

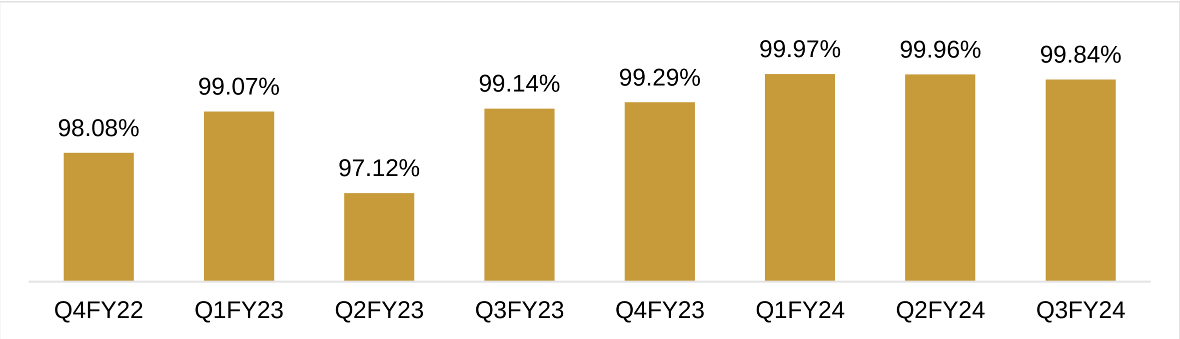
<u>Adoption of technology in Microfinance Industry</u>

The microfinance industry in India has witnessed a significant transformation with the advent of digital technology. Many players in the industry have adopted digital initiatives to enhance their operations and reach out to more customers. Some of the digital initiatives taken by players in the MFI industry include mobile-based applications, digitalisation of loan process, use of Aadhaar-based authentication, cashless transactions and digital financial education.

The MFIs have also partnered with fintech companies to enhance their digital capabilities and provide better services to customers. The fintech companies offer solutions such as digital payments, credit scoring and loan management systems that the MFIs can leverage to improve their operational efficiency and expand their reach.

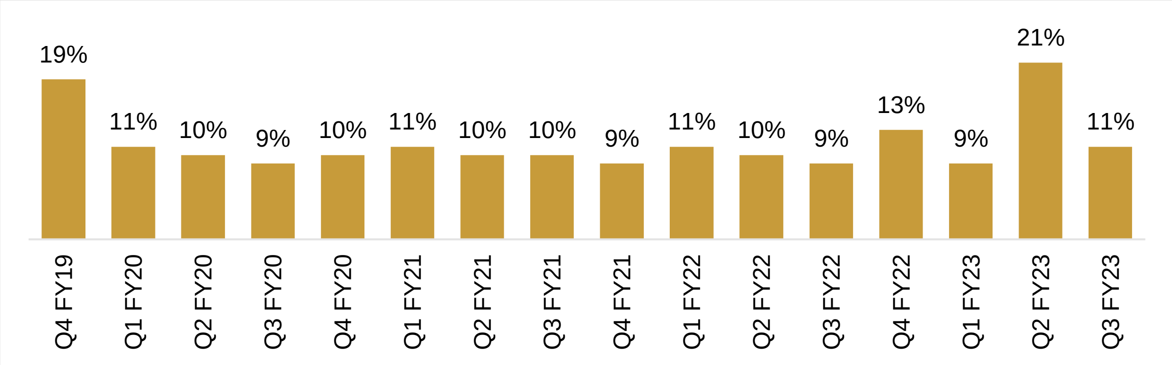
Cashless disbursements and collections have become increasingly popular in the microfinance industry in India, as they promote transparency, reduce cash handling costs and improve customer experience.

Trend in cashless disbursements for NBFC-MFIs



Note: Data includes NBFC MFI players. Cashless disbursements % is loan amount disbursed through cashless mode.
Source: MFIN, CRISIL MI&A

Trend in cashless collections



Source: MFIN report, CRISIL MI&A

<u>Players tapping newer states and districts to widen client base</u>

Total branches of MFIs in each state/UT

State	No. of branches (FY22)	No. of branches (FY23)	No. of branches (Q3FY24)	Population served per branch (Thousands per branch, Q3FY24)
Arunachal Pradesh	NA	10	12	130
Assam	486	432	358	100
Bihar	1,905	2,186	2,498	51
Chhattisgarh	543	531	556	54
Delhi	9	5	5	4,272
Gujarat	552	668	743	96
Goa	17	19	17	93
Himachal Pradesh	29	40	48	156
Haryana	395	397	394	77
Jharkhand	549	623	664	59
Karnataka	1,263	1,436	1,529	44
Kerala	421	487	471	76
Maharashtra	1,096	1,191	1,261	100
Meghalaya	7	7	7	478
Madhya Pradesh	1,509	1,603	1,685	51
Orissa	1,271	1,298	1,273	36
Punjab	332	324	342	90
Pondicherry	39	43	51	27
Rajasthan	1,068	1,357	1,349	60
Sikkim	NA	NA	NA	NA
Tamil Nadu	1,646	1,896	1,968	39
Tripura	186	172	135	31
Uttarakhand	102	125	152	77
Uttar Pradesh	1,651	2,143	2,450	96
West Bengal	1,231	1,321	1,367	72

Note: Data includes only NBFC-MFI players; Population projected by UIDAI as of 31st March 2023.
Source: MFIN, CRISIL MI&A

In the past few years, many MFIs have opened branches in untapped districts, thus increasing their penetration. In states where the presence of MFIs and banks is strong, ticket size has increased as well. CRISIL MI&A expects penetration to deepen going forward, which will further drive growth. States with large unserved populations provide an opportunity for existing players to improve their penetration and market share.

Rural segment to drive MFI Business

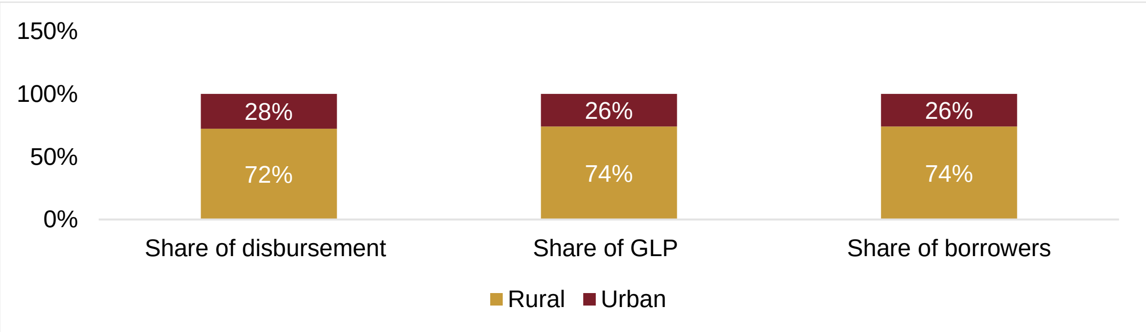
CRISIL MI&A expects the rural segment to drive MFIs' business, with burgeoning demand expected from this segment. With fewer branches and outlets in rural and semi-urban areas as compared with urban areas, the rural market (comprising of rural and semi-urban) in India is still under-penetrated, thereby opening up 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 up branches in the unbanked areas, CRISIL MI&A has seen that demand for loan is higher in rural areas. As of Fiscal 2023, the rural pie had accounted for 72% of the overall disbursement. Additionally, in terms of GLP, rural regions accounted for 74% of the overall portfolio of NBFC-MFIs, other NBFCs, and non-profit MFIs.

Disbursement and number of borrowers in rural areas (as of Fiscal 2023)

(Rs billion)	Disbursement (FY23)	Portfolio outstanding (FY23)
Rural	1,273	1,331
Urban	486	468

Rural areas account for almost 72% share in disbursement, 74% in GLP and 74% in number of borrowers (Fiscal 2023)



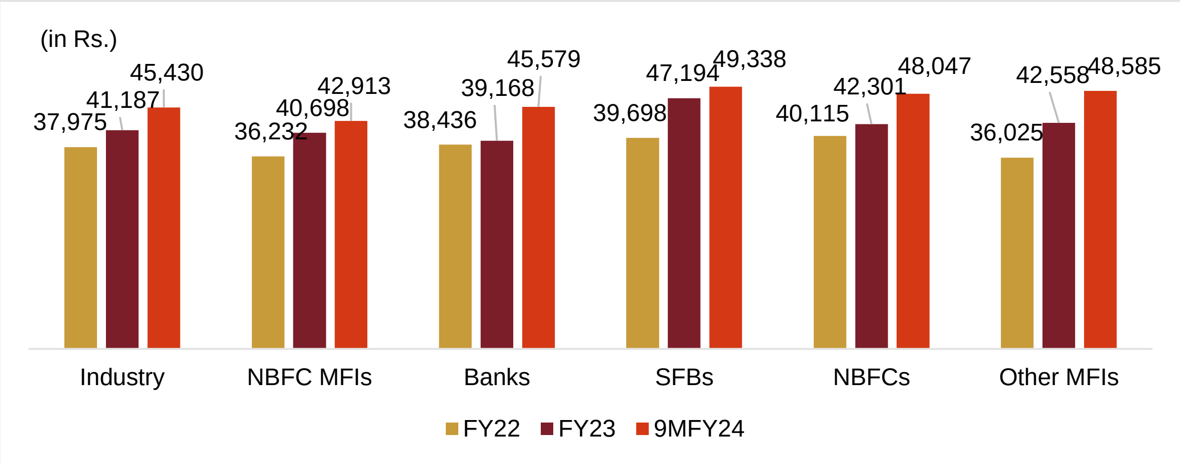
Note: Values taken as per Bharat Microfinance Report 2023.
Source: Sa-Dhan, CRISIL MI&A

With higher focus on rural areas, over the past few fiscals, NBFC-MFIs have been able to maintain better asset quality in rural areas compared to that in urban areas. Such a trend in asset quality forms a strong base for NBFC-MFIs to penetrate more into rural areas.

Average ticket size to continue to expand in the coming years

The average ticket size of NBFC MFIs has risen in Fiscal 2023 to Rs 40,698 from Rs 36,232 in Fiscal 2022, translating into a growth of 12% on year. As of Q3FY24, the average ticket size for NBFC MFI players increased to Rs 42,913. CRISIL MI&A expects the trend to continue in the medium term with NBFC-MFIs continue to growth at a healthy pace outpacing banks and gaining market share.

Average ticket size of NBFC-MFI players lower compared to the industry



Source: CRIF Highmark, CRISIL MI&A

Key success factors

Credit risk mitigation by credit bureaus

Credit bureaus such as Equifax and CRIF Highmark collect data from several MFIs and build a comprehensive database that captures the credit history of borrowers. These databases are updated weekly. The presence of credit bureaus ensures that MFIs have access to more data on their borrowers, helping them make informed lending decisions over the long run.

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. This remains a challenge for several MFIs owing to perceived risk of the borrower segment, their susceptibility to socio-political issues, and volatility in asset quality. The ability of MFIs to raise funding from diverse sources and maintain a capital position much higher than the prescribed regulatory minimum is vital for long-term sustainability.

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

Digitalisation has impacted almost all aspects of the financial services industry. However, it is far more critical to the MFI industry as lower operating cost can result in higher financial inclusion and increased benefits for customers. 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. According to the MFIN report, about 42 out of 48 NBFC-MFIs have reported 100% of their disbursement through cashless mode in the third quarter of Fiscal 2024.

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.

MFIs' partnership with fintech companies to be key success enabler

MFIs play a crucial role in providing financial access to underserved segments in the country. There is a huge potential for providing products and services to consumers at the bottom of the pyramid. Considering the challenges, and also the latent growth opportunities in meeting consumer needs, it would be beneficial for MFIs to enter into partnerships with fintech companies and tap the digital medium for financial inclusion.

The collaboration of MFIs with fintech companies will help to raise their operational efficiencies and also to reduce costs. This will also make consumers digitally aware and prepare them for the future. Grasping the importance of fintech companies in financial inclusion and operational efficiencies, some of the leading NBFC-MFIs and SFBs have collaborated with fintech companies.

Promoters who have seen several business cycles

A promoter has a crucial role in the success of a business. A promoter with a strong and vast experience in the same field of business is essential for the success of the company. The experience and domain knowledge of a promoter and top management officials becomes more decisive and critical, especially in the case of handling a crisis because of either internal or external factors. The growth of a company during a normal scenario also depends largely on the decision-taking ability of the promoter, and his/her understanding of the industry, market and competition.

Challenges in rural focused business of MFIs

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. Further, due to lack of financial literacy, most of the borrowers fail to manage their debt properly which leads to default in repayment.

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.

Advantages of rural focused business of MFIs

Serving the unserved

Rural areas often have a population with limited access to formal financial services. MFIs having presence in rural areas can serve the unserved and financially excluded people. Market for such MFIs is larger as compared to MFIs focusing more on semi-urban and urban areas, and therefore lesser competition and lesser customer acquisition cost. It can lead to steady and sustainable growth for MFIs as there is untapped potential in these underserved areas.

Customized services

MFIs having presence in rural areas can connect more with local requirements and therefore can make and offer customized products and services suitable for customers' needs. Such customized products act as a more relevant and impactful financial solutions for customers.

Lower competition

Compared to urban areas, rural regions may have fewer financial services providers, giving rural focused MFIs an opportunity to establish themselves as key players in the market.

Social impact

By providing financial services in underserved rural areas, MFIs can contribute to poverty reduction, financial inclusion and overall socioeconomic development, thereby making a substantial positive impact on the communities they serve and get associated with them for a longer time.

Regulations

The new regulatory regime ensures a level playing field and benefits NBFC-MFIs

CRISIL MI&A expects the rates to slowly stabilize as MFIs begin to adapt to the new regime and put in place processes to assess household income, leverage and risk capture based on the new guidelines. Competitive forces would prevent a substantial spurt in rates for MFI customers, especially those with a good repayment track record and credit behaviour.

The key changes in the regulatory framework and their potential impact on NBFC-MFIs are captured below:

<table>
<tr><th rowspan="2">Area of regulation</th><th colspan="2">Earlier regulations</th><th>New regulations (effective April 1, 2022)</th></tr>
<tr><th>For NBFC-MFIs</th><th>For banks and SFBs</th><th>For all regulated entities*</th></tr>
<tr><td>Loan pricing</td><td>Margin cap at 10% for large MFIs (loan portfolios > Rs 1 billion)
12% for small MFIs (loan portfolios < Rs 1 billion)</td><td rowspan="2">No restrictions for banks and SFBs</td><td rowspan="2">No pricing cap. Underwriting of loans to be done on risk-based analysis, and a risk premium to be charged based on the borrower.
A Board-approved policy for pricing of loans to be put in place. The policy should include the interest rate model, the range of spread of each component for various categories of borrowers, and the interest rate ceiling and all other charges on MFI loans.</td></tr>
<tr><td>Processing fees</td><td>Not more than 1% of the gross loan amount</td></tr>
<tr><td>Qualifying criteria</td><td>85% loans unsecured</td><td>Have to meet the target set for priority sector loans</td><td>The minimum requirement of microfinance loans has been revised to 75% of an NBFC-MFI's total assets.
The maximum limit on microfinance loans for NBFCs other than NBFC-MFIs has been revised to 25% of the total assets from 10% previously.</td></tr>
</table>

Household income	Rural areas: Rs 125,000 per annum Urban areas: Rs 200,000 per annum	No restrictions for banks and SFBs	Annual household income: Up to Rs 300,000 for urban as well as rural areas. (Higher than the amount stated in the consultation paper issued in June 2021 – up to Rs 125,000 for rural areas and Rs 200,000 for urban and semi-urban areas) Board-approved policy for the assessment of household income. As per the revised regulation cap/restrictions for ticket size and tenure has been removed.
Ticket size of loans	Rs 75,000 in the first cycle and Rs 125,000 in the subsequent cycles		
Tenure of loans	Not less than 24 months for loan amounts in excess of Rs 30,000		
Lending to the same borrower	Not more than two lenders allowed per borrower	More than two banks can lend to the same borrower	Limit on maximum loan repayment obligation of a household towards all loans: 50% of monthly household income.
Overall borrower indebtedness	Should not exceed Rs 125,000	No restrictions for banks and SFBs	

**Regulated entities include all commercial banks (including SFBs, local area banks and regional rural banks), excluding payments banks; all primary (urban) co-operative banks, state co-operative banks and district central co-operative banks; and all NBFCs (including MFIs and housing finance companies)*

Source: RBI, CRISIL MI&A

The new regulations by the RBI for microfinance provide new definition for microfinance loans which will include a collateral-free loan given to a household having annual household income up to Rs. 3 lakhs irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels). It shall increase the market for NBFC-MFIs as they would be able to target a greater number of households with income up to Rs. 3 lakhs.

The RBI has removed the cap on number of NBFC-MFIs who can provide loas to a borrower and instead of overall borrower indebtedness limit, the RBI has defined and capped total monthly loan obligations to 50% of the monthly household income. This shall help in keeping check on leveraging of borrowers.

Interest rates have not been capped in the new regulations; however, the RBI has asked to put in place a board-approved policy which will cover approach for arriving at the all-inclusive interest rate, delineation of the components of the interest rate such as cost of funds, risk premium and margin, etc. in terms of the quantum of each component based on objective parameters; the range of spread of each component for a given category of borrowers; and a ceiling on the interest rate and all other charges applicable to the microfinance loans. This shall provide flexibility to NBFC-MFIs.

Comparison of different participants in microfinance lending business

	Scheduled commercial banks	SFBs	MFIs
Priority sector lending			
Targeted lending to sectors	• 40% for priority sector lending of their adjusted net bank credit (ANBC) or equivalent off-balance-sheet exposure (whichever is higher) 18% of ANBC to agriculture 7.5% of ANBC to micro-enterprises 12% of ANBC to weaker sections	• 75% for priority sector lending of their ANBC 18% of ANBC to agriculture 7.5% of ANBC to micro-enterprises 12% of ANBC to weaker sections • At least 50% of loan portfolio should constitute loans and advances of up to ₹2.5 million	• 75% of loans should be qualifying microfinance assets Income generation loans > 50% of total loans
Prudential norms			
Capital adequacy framework	• Minimum Tier 1 capital: 7% • Minimum capital adequacy ratio: 9%	• Minimum Tier 1 capital: 7.5% • Minimum capital adequacy ratio: 15%	• Tier 1 capital > Tier 2 capital • Minimum capital adequacy ratio: 15%
Margin cap	• No margin cap	• No margin cap	• No margin cap
CRR / SLR	• Maintenance of CRR/SLR mandatory	• Maintenance of CRR/SLR mandatory	• No such requirement
Leverage ratio	• Minimum leverage ratio of 4%	• Minimum leverage ratio of 4%	• No such requirement
Liquidity coverage ratio/ net stable funding ratio (NSFR)	• Mandatory requirement to maintain liquidity coverage ratio	• Minimum liquidity coverage ratio of 100% by January 1, 2021 • NSFR will be applicable to SFBs on par with scheduled commercial banks as and when finalised	• No such requirement
Funding			
Deposits	• Primarily rely on deposits for funding requirements	• Primarily rely on deposits for funding requirements • Deposit ramp-up will take time	• Cannot accept deposits

	Scheduled commercial banks	SFBs	MFIs
Bank loans/ market funding	• Access to broader array of market borrowings	• Access to broader array of market borrowings • No access to bank loans	• Diversified funding sources, including bank loans, short- and long-term market borrowings; funding from NABARD, MUDRA loans, etc
Products			
Products offered	• Full spectrum of banking, savings, investment and insurance products	• Can offer savings and investment products apart from credit products/loans • Can act as corporate agent to offer insurance products • Cannot act as business correspondent to other banks	• Can act as a business correspondent to another bank and offer savings, deposits, credit and investment products • Can act as a corporate agent to offer insurance products

Source: RBI, CRISIL MI&A

Though the above regulations related to MFIs seem to be less relaxed than others, they provide an opportunity to MFIs to maintain a singular focus on the customers they cater to and the products they offer. The processes and systems can be built more efficiently and customised to the requirements of the customers, and deeper local understanding can be developed to handle nuances of different geographical areas. Another major advantage is the institution can be more flexible and react and adjust to various events faster. Also, being under the purview of the RBI provides a separate identity to the institutions, and policy measures related to this segment gets due focus.

MFIs also focusing on third-party products to provide customer centric services

The MFIs have built a large distribution network across urban and rural India. They are now leveraging this network to distribute the financial and non-financial products of other institutions to their members. Their networks allow such distributors access to a segment of the market which many others do not otherwise have access to. While MFIs continue to focus on their core business of providing microcredit services, they seek to diversify into other businesses by scaling up certain pilot projects involving fee-based services and secured/unsecured individual lending. Such diversification also helps MFIs retain existing customers who want to also start small and medium enterprises (SMEs) on their own, have business needs (retail business loans or 2-wheeler loans), or want a better lifestyle (home improvement loans, two-wheeler loans etc.). The objective is to increase member loyalty and also provide economic benefits to members and their families. The product diversification enables MFIs to add stability to their asset base in case of event risks.

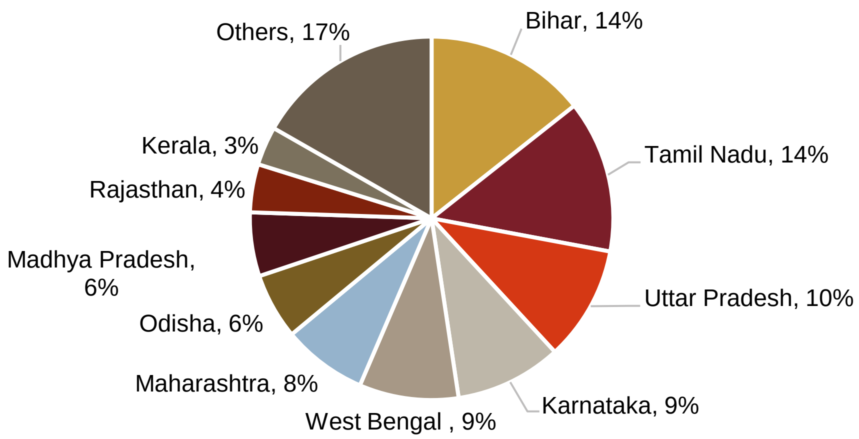
Individual micro-lending

Individual micro-lending by NBFC-MFIs (including SFBs) is aimed at two segments of customers. Firstly, it allows MFIs to graduate existing good and loyal customers to higher ticket individual loans. Secondly, it helps them tap new markets and improve outreach by serving the underserved customer segment with better margins in overall lending. Many MFIs have already started targeting such customers with specific needs, for their various ventures. Since, as per an RBI directive, individual lending cannot be more than 15% of the overall portfolio, this portfolio currently varies from 10-15% of total outstanding loans for most MFIs. Maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4%. Average interest paid on borrowings and charged by MFI is to be calculated on average monthly balances of outstanding borrowings and loan portfolios, respectively.

State-wise Analysis

Top 10 states contribute about 83% of MFI loans.

State-wise distribution of MFI loans portfolio o/s (as of December 2023)



Source: CRIF Highmark, CRISIL MI&A

State-wise distribution of MFI Gross loan portfolio

State	Portfolio outstanding (Rs Cr)							
	FY18	FY19	FY20	FY21	FY22	FY23	Q3FY24	CAGR (FY18 – Q3FY24)
Andaman & Nicobar	1	3	3	4	14	14	18	65.5%
Andhra Pradesh	3,567	3,707	4,180	1,509	4,812	5,915	7,577	14.0%
Arunachal Pradesh	13	15	21	17	26	43	74	35.5%
Assam	7,673	11,542	11,759	5,796	8,870	5,974	6,173	-3.7%
Bihar	11,669	18,561	26,251	25,061	35,742	49,181	58,595	32.4%
Chhattisgarh	2,443	3,499	4,387	4,019	5,277	6,205	6,765	19.4%
Chandigarh	14	25	32	29	39	52	54	25.9%
Daman and Diu	2	4	5	5	6	5	3	13.1%
Delhi	432	559	644	478	589	650	764	10.4%
Dadra and Nagar Haveli	11	16	18	17	16	14	10	-1.9%
Goa	82	116	121	111	114	135	170	13.4%
Gujarat	3,934	5,523	6,949	6,031	7,971	10,136	12,173	21.7%
Himachal Pradesh	35	46	71	73	129	173	184	33.3%
Haryana	2,001	2,914	3,949	3,807	5,125	5,801	6,119	21.5%
Jharkhand	2,521	3,976	5,374	5,601	8,051	10,680	12,308	31.8%
Jammu and Kashmir	6	11	17	18	45	75	80	57.8%
Karnataka	12,159	16,323	19,716	18,821	24,191	31,588	38,665	22.3%
Kerala	5,508	6,991	9,011	7,676	10,442	12,752	14,082	17.7%
Lakshadweep	0	0	0	0	0	0	0.02	30.9%
Maharashtra	10,561	14,410	18,394	14,681	21,976	27,453	30,704	20.4%
Meghalaya	106	142	163	107	114	100	114	1.4%
Manipur	45	85	133	117	129	127	104	15.7%
Madhya Pradesh	7,905	10,869	14,024	13,275	17,371	20,883	23,163	20.6%
Mizoram	23	43	76	68	65	95	121	33.9%
Nagaland	25	46	60	53	69	47	45	10.8%
Orissa	8,174	11,533	13,445	12,211	17,257	20,444	23,953	20.6%
Punjab	2,089	3,200	4,397	3,658	5,006	5,888	6,106	20.5%

Pondicherry	295	440	561	479	591	678	819	19.5%
Rajasthan	3,860	6,625	9,364	9,935	12,515	15,608	17,476	30.0%
Sikkim	80	112	141	106	109	98	116	6.7%
Tamil Nadu	18,835	27,687	33,424	28,246	36,800	46,403	55,335	20.6%
Tripura	1,514	2,271	2,603	2,254	2,459	1,901	2,042	5.3%
Telangana	2,309	2,331	2,294	622	2,867	3,432	4,256	11.2%
Uttarakhand	853	1,015	1,230	1,136	1,526	1,695	1,882	14.8%
Uttar Pradesh	9,139	12,086	15,716	15,638	23,607	33,844	41,657	30.2%
West Bengal	19,061	26,597	32,155	24,807	33,209	30,962	36,052	11.7%

Source: CRIF Highmark, CRISIL MI&A

State-wise MFI disbursements from Fiscal 2019 to nine months ended Fiscal 2024

State	FY19	FY20	FY21	FY22	FY23	9MFY24	CAGR (FY19-FY23)
Andaman and Nicobar	6	4	6	14	11	12	17%
Andhra Pradesh	631	1,259	1,278	1,499	3,130	3,434	49%
Arunachal Pradesh	15	21	15	23	37	51	25%
Assam	13,989	11,692	6,666	3,551	2,684	2,309	-34%
Bihar	24,121	31,640	24,458	36,304	50,792	42,078	20%
Chattisgarh	4,131	4,769	3,930	4,770	5,795	4,266	9%
Chandigarh	34	42	30	37	48	30	9%
Daman & Diu	4	4	3	4	3	2	-7%
Delhi	604	665	485	605	723	441	5%
Dadra & Nagar Haveli	20	21	14	15	12	5	-12%
Goa	144	119	98	86	129	115	-3%
Gujarat	5,745	6,748	5,183	7,494	9,809	7,546	14%
Himachal Pradesh	49	75	72	120	154	110	33%
Haryana	3,329	4,165	3,411	4,747	5,342	3,476	13%
Jharkhand	5,037	6,365	6,105	8,100	10,813	8,718	21%
Jammu & Kashmir	11	18	17	45	70	46	58%
Karnataka	17,829	19,761	16,725	21,712	30,013	26,629	14%
Kerala	7,928	9,826	5,869	9,489	10,957	8,228	8%
Lakshadweep	0.01	0.01	0.01	0.01	0.02	0.01	28%
Maharashtra	15,192	19,192	13,500	19,262	24,461	19,852	13%
Meghalaya	181	196	112	77	84	68	-17%
Manipur	124	159	87	108	116	10	-2%
Madhya Pradesh	12,047	15,010	12,585	15,197	19,521	14,479	13%
Mizoram	56	88	57	52	102	83	16%
Nagaland	72	87	72	61	35	31	-16%
Odisha	13,737	14,436	12,097	15,686	19,258	15,473	9%
Punjab	3,651	4,792	3,163	4,342	5,017	3,275	8%
Pondicherry	489	569	353	509	600	516	5%
Rajasthan	8,391	10,809	9,904	11,785	14,908	10,980	15%
Sikkim	133	150	96	87	96	63	-8%
Tamil Nadu	29,816	32,492	21,090	31,877	43,056	36,237	10%
Tripura	3,075	3,149	2,294	2,251	1,877	1,465	-12%
Telangana	99	260	549	1,145	1,773	1,951	106%
Uttarakhand	1,040	1,249	1,166	1,388	1,630	1,255	12%
Uttar Pradesh	13,442	17,887	16,178	24,482	35,509	29,775	27%
West Bengal	35,819	39,945	28,451	28,809	29,153	24,868	-5%

Total	**221,005**	**257,680**	**196,130**	**255,782**	**327,774**	**268,050**	**10%**

Source: CRIF Highmark, CRISIL MI&A

State wise asset quality

State	Portfolio at risk > 90				
	FY20	FY21	FY22	FY23	Q3FY24
Andaman & Nicobar	2.2%	5.8%	3.9%	3.1%	3.4%
Andhra Pradesh	79.9%	61.3%	63.5%	52.1%	40.8%
Arunachal Pradesh	4.3%	6.4%	5.5%	7.3%	4.7%
Assam	5.8%	24.6%	31.9%	45.0%	46.1%
Bihar	1.0%	3.8%	5.3%	4.2%	4.0%
Chhattisgarh	4.0%	8.6%	11.7%	12.3%	11.4%
Chandigarh	1.6%	6.3%	14.0%	13.4%	13.5%
Daman and Diu	2.1%	3.1%	7.5%	8.0%	13.7%
Delhi	12.7%	11.4%	12.8%	14.1%	14.9%
Dadra and Nagar Haveli	1.3%	3.4%	7.0%	7.4%	15.1%
Goa	2.2%	6.8%	9.9%	9.5%	6.8%
Gujarat	7.7%	7.7%	9.6%	8.5%	8.6%
Himachal Pradesh	5.7%	8.5%	8.9%	5.9%	6.1%
Haryana	5.3%	4.5%	6.9%	8.4%	10.5%
Jharkhand	4.2%	6.3%	7.6%	7.1%	6.6%
Jammu and Kashmir	1.7%	3.1%	1.4%	1.2%	1.5%
Karnataka	8.2%	6.8%	9.0%	8.2%	5.2%
Kerala	3.1%	7.2%	11.9%	11.0%	10.1%
Lakshadweep	0.0%	0.0%	7.7%	5.7%	5.8%
Maharashtra	10.6%	14.4%	17.7%	17.1%	12.8%
Meghalaya	6.4%	14.9%	19.6%	23.1%	20.3%
Manipur	1.8%	3.1%	4.3%	3.3%	51.9%
Madhya Pradesh	6.7%	9.0%	12.5%	12.1%	11.3%
Mizoram	1.1%	2.8%	8.0%	4.1%	3.7%
Nagaland	1.7%	10.2%	8.6%	16.5%	17.1%
Orissa	4.7%	9.2%	11.4%	11.7%	11.2%
Punjab	2.7%	7.7%	11.6%	14.1%	14.6%
Pondicherry	0.9%	4.7%	12.0%	11.9%	9.2%
Rajasthan	2.2%	3.7%	7.8%	8.8%	9.1%
Sikkim	6.1%	9.3%	10.2%	9.4%	9.3%
Tamil Nadu	4.3%	6.1%	9.4%	8.8%	7.2%
Tripura	1.2%	7.2%	11.6%	7.8%	9.1%
Telangana	92.0%	66.1%	67.7%	56.9%	46.0%
Uttarakhand	12.1%	10.8%	12.0%	8.2%	8.3%
Uttar Pradesh	6.1%	5.5%	6.4%	4.4%	4.8%
West Bengal	2.9%	13.4%	17.8%	16.2%	14.2%

Source: CRIF Highmark, CRISIL MI&A

Number of MFI players in each state

States	Total MFIs						
	FY18	FY19	FY20	FY21	FY22	FY23	Q3FY24
Bihar	26	32	35	34	35	31	30
Uttar Pradesh	17	24	29	29	32	29	30
Rajasthan	17	19	24	25	26	29	29
Madhya Pradesh	19	23	26	27	28	28	30
Jharkhand	14	20	28	27	28	26	27
Haryana	13	16	21	22	23	25	26
Odisha	20	24	27	25	25	24	25
Gujarat	14	19	22	20	22	24	24
West Bengal	13	19	23	23	24	23	22
Chhattisgarh	20	21	27	25	26	22	22
Tamil Nadu	11	16	18	18	21	21	22
Maharashtra	25	25	26	25	25	20	22
Karnataka	10	13	18	19	20	20	20
Assam	8	16	19	19	19	17	16
Uttarakhand	11	10	12	11	14	16	17
Punjab	9	12	13	14	15	14	15
Kerala	8	10	10	11	11	11	10
Delhi	6	6	NA	5	5	5	5
Andhra Pradesh	NA	NA	NA	NA	2	4	7
Telangana	NA	NA	NA	NA	3	2	6
Manipur	NA	NA	NA	NA	2	1	NA
Arunachal Pradesh	NA	NA	NA	NA	0	5	5
Goa	NA	6	6	6	7	7	7
Himachal Pradesh	NA	5	6	5	6	8	9
Meghalaya	3	6	7	7	7	7	7
Pondicherry	NA	9	13	12	13	11	11
Tripura	NA	8	12	13	13	13	12

Note: NA – Not available.

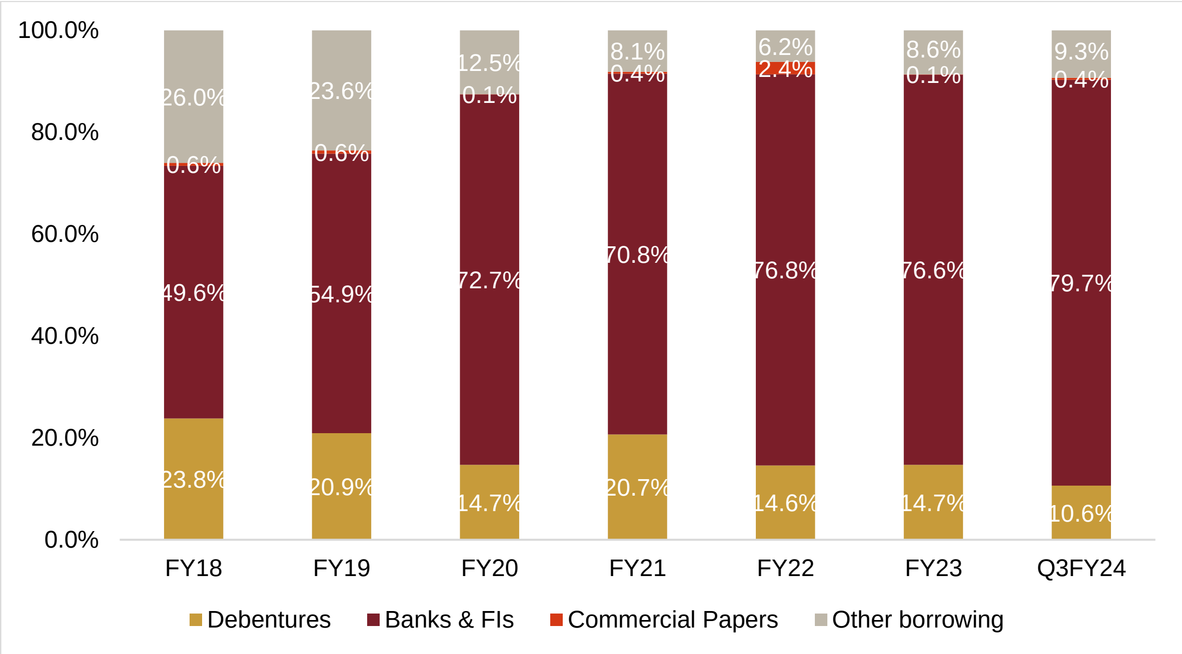
Source: MFIN, CRISIL MI&A

Borrowing Mix

Banks have traditionally been the key lenders to NBFC-MFIs. Smaller players would resort to portfolio sell-outs to channel growth.

Going forward, with increased interest rates in the global markets and domestic bond markets, the share of external borrowings and capital market borrowing is expected to have declined in Fiscal 2024 and a marginal uptick is expected during Fiscal 2025 on account of expectation on decline in repo rate during first quarter of Fiscal 2025 and in turn improvement in cost of funds form debt market.

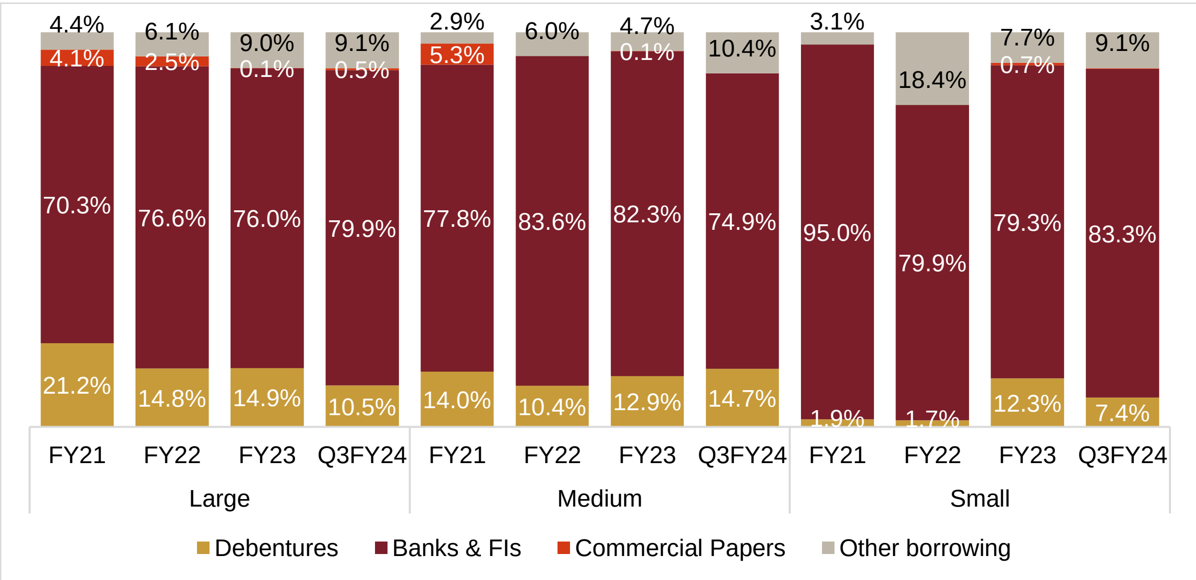
Borrowing mix of NBFC-MFIs



Note: Data is based on sample set of NBFC MFIs accounting for 95% of the GLP as of Q3FY24, Other borrowing include sub-debt and external borrowings

Source: MFIN, CRISIL MI&A

Borrowing mix of NBFC-MFIs across different bucket size



Note: Data is based on sample set of NBFC MFIs accounting for 91% of the GLP as of Q3FY24, Other borrowing include sub-debt and external borrowings; Small NBFC MFIs – AUM < Rs 500 Cr, Medium NBFC MFIs – AUM Rs 500 Cr to Rs 2,000 Cr, Large NBFC MFIs – GLP > Rs 2,000 Cr

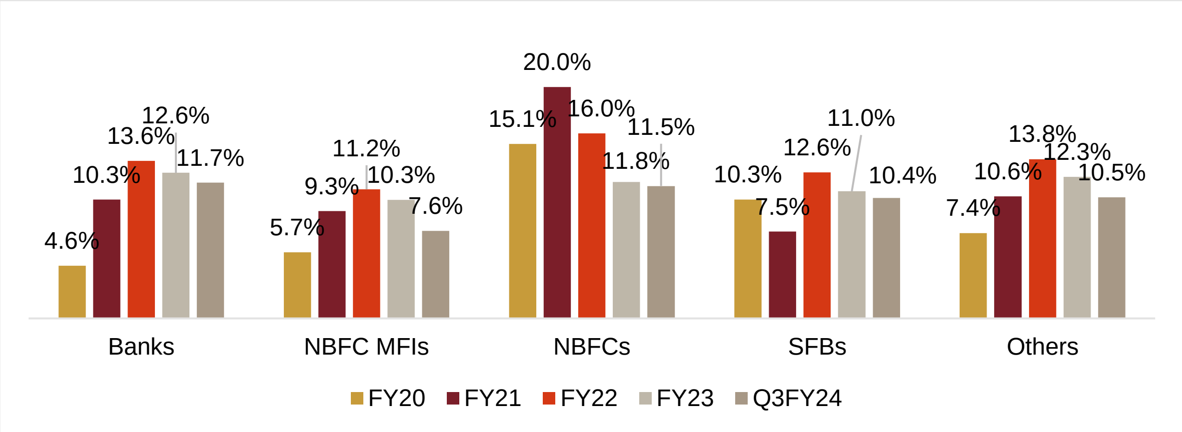
Source: MFIN, CRISIL MI&A

Asset quality

In Fiscal 2021 and Fiscal 2022, the asset quality deteriorated sharply, reflecting the adverse impact of COVID-19 on the industry. The asset quality of NBFC-MFIs started deteriorating in Fiscal 2021 and PAR>90 shot up to 11.2% in Fiscal 2022. This could be attributed to slippages from the restructured book for various MFI players. The situation improved marginally in the first half of Fiscal 2023 thereby witnessing an improvement in Fiscal 2023.

PAR>90 metrics for NBFC-MFIs exhibited a positive trend in third quarter of Fiscal 2024 improving to 7.6%. With collection efficiency now back to pre-pandemic levels, the asset quality is forecast to continue to improve in the upcoming fiscal periods.

Asset quality (PAR> 90) trend over the years



Source: CRIF Highmark, CRISIL MI&A

Credit cost to stabilise after heavy provisioning during previous fiscals

Over Fiscals 2021 and 2022, annual credit costs of the industry shot up to 3-5% because of pandemic-related provisioning. However, most MFIs increased provisioning levels to fortify their balance sheets against asset quality risks. Fiscal 2023 witnessed stabilization in credit cost resulting into improved profitability. Credit costs decreased further in Fiscal 2024 because of lower provisions and an improvement in repayment levels of borrowers.

CRISIL MI&A estimates a gradual decrease in credit costs throughout Fiscal 2024 to support the overall profitability of the microfinance industry. The trend is expected to continue in Fiscal 2025.

Supported by risk based pricing and complete pass-on of rate hikes, interest income increased in Fiscal 2024

RoA tree	FY19	FY20	FY21	FY22	FY23	FY24E	FY25P
Interest income	19.0%	18.1%	16.6%	16.2%	17.0%	19.0%	18.8%
Interest expense	8.3%	7.7%	7.5%	7.3%	7.1%	8.3%	7.7%
Net interest income	10.7%	10.3%	9.1%	8.9%	10.0%	10.7%	11.1%
Other income	2.4%	2.8%	1.6%	1.8%	2.8%	2.5%	2.4%
Operating costs	5.7%	5.5%	5.0%	5.5%	6.0%	6.2%	6.2%
Credit cost	1.0%	3.0%	5.1%	3.7%	3.8%	2.6%	2.4%
RoA	**4.3%**	**3.2%**	**0.5%**	**1.1%**	**2.6%**	**4.2%**	**4.6%**

Note: P: projected, E: Estimated, All above ratios are calculated on average assets, Data is based on sample set of top 10 NBFC MFIs accounting for 80% of the GLP as of Q3FY24
Source: CRISIL MI&A

PEER COMPARISON

CRISIL MI&A has analysed the operational performance and key financial indicators of top 10 NBFC-MFI (non-banking finance company-microfinance institution) players in terms of assets under management (AUM) and select small finance banks (SFBs) and Bandhan Bank that have loan portfolios inclined towards the MFI segment. However, the business models of SFBs and Bandhan Bank are different from NBFC-MFIs.

Belstar Microfinance Limited is the ninth largest NBFC-MFI in India in terms of AUM as of December 2023

Belstar Microfinance has maintained its position amongst the top ten leading NBFC MFI with a market share of 6.2% as of December 2023.

Belstar Microfinance had the highest AUM growth (year-on-year) as of Q3 Fiscal 2024 among the peer set. In terms of growth between Fiscal 2019 and Fiscal 2023, Belstar Microfinance stood fourth in the peer set.

Comparison of key players in the MFI industry

AUM (Rs billion)	Market share#	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of March 31,2023	As of Dec 31, 2023
Top 10 NBFC-MFIs							
CreditAccess Grameen Ltd	16.5%	71.6	99.0	113.4	137.3	210.3	233.8
IIFL Samasta Finance Ltd	9.2%	22.9	34.0	48.0	64.8	105.5	130.8
Asirvad Microfinance Ltd	8.1%	38.4	55.0	59.9	70.2	100.4	115.6
Muthoot Microfin Ltd	8.1%	43.5	49.3	49.9	62.5	92.1	114.6
Fusion Micro Finance Ltd	7.5%	26.4	36.1	46.4	67.9	93.0	106.9
Satin Creditcare Network Ltd	6.9%	63.7	72.7	72.8	64.1	79.3	98.1
Spandana Sphoorty Financial Ltd	6.9%	43.7	68.3	77.4	62.0	79.8	97.6
Annapurna Finance Pvt Ltd	6.7%	30.2	40.1	48.1	65.5	88.1	95.4
Belstar Microfinance Ltd	**6.2%**	**18.4**	**26.3**	**33.0**	**43.7**	**61.9**	**88.3**
Svatantra Microfin Pvt Ltd	5.2%	12.3	26.0	35.6	54.5	75.0	74.5
Banks and SFBs							
Bandhan Bank	NM	447.8	718.5	870.4	993.4	1,091.2	1,159.4
Equitas SFB	NM	117.0	153.7	179.3	206.0	278.6	327.8

Ujjivan SFB	NM	110.5	141.5	151.4	181.6	240.9	277.4
Jana SFB	NM	65.2	113.0	127.7	153.5	201.0	236.1
Utkarsh SFB	NM	47.4	66.6	84.2	106.3	139.6	164.1
ESAF SFB	NM	45.9	66.1	84.3	123.4	163.3	181.5
Suryoday SFB	NM	30.0	37.1	42.1	50.6	61.1	76.0

Note: (1) AUM for NBFC-MFI players comprises largely of MFI loans and some non-MFI loans allowed as per extant regulations and based on each company's strategy, (2) #: Market share is based on December 2023 AUM of NBFC-MFIs; NBFC MFIs are arranged in order of December 2023 AUM (3) NA – Not available; NM – Not meaningful

Source: MFIN, Company reports, CRISIL MI&A

AUM Growth	y-o-y growth FY20	y-o-y growth FY21	y-o-y growth FY22	y-o-y growth FY23	CAGR (FY19-FY23)	Y-o-Y growth 9MFY24
CreditAccess Grameen Ltd	38.2%	14.6%	21.1%	53.2%	30.9%	31.5%
IIFL Samasta Finance Ltd	48.7%	41.1%	35.2%	62.7%	46.6%	54.2%
Asirvad Microfinance Ltd	43.3%	8.8%	17.3%	43.0%	27.2%	33.6%
Muthoot Microfin Ltd	13.3%	3.1%	25.4%	47.2%	20.6%	38.6%
Fusion Micro Finance Ltd	38.5%	28.6%	46.3%	37.0%	37.0%	23.6%
Satin Creditcare Network Ltd	14.0%	0.8%	-11.9%	23.7%	5.6%	44.3%
Spandana Sphoorty Financial Ltd	56.2%	13.3%	-19.9%	28.7%	16.2%	47.1%
Annapurna Finance Pvt Ltd	32.8%	19.9%	36.2%	34.6%	30.7%	19.0%
Belstar Microfinance Ltd	**28.1%**	**25.4%**	**32.3%**	**41.9%**	**35.4%**	**65.4%**
Svatantra Microfin Pvt Ltd	111.2%	37.0%	52.8%	37.7%	57.1%	6.8%
Banks and SFBs						
Bandhan Bank	60.5%	21.2%	14.1%	9.8%	24.9%	18.6%
Equitas SFB	31.3%	16.6%	14.9%	35.3%	24.2%	31.6%
Ujjivan SFB	28.1%	7.0%	20.0%	32.6%	21.5%	26.7%
Jana SFB	73.3%	13.0%	20.2%	31.0%	32.5%	28.4%
Utkarsh SFB	40.5%	26.4%	26.3%	31.3%	31.0%	30.8%
ESAF SFB	44.0%	27.5%	46.5%	32.3%	37.4%	35.9%

Suryoday SFB	23.5%	13.4%	20.4%	20.8%	19.5%	40.5%

To Note: (1) NA: Not Available, (2) NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A.

Disbursement of key players in the MFI Industry

Belstar Microfinance has shown a year on year growth rate of 85.1% as of nine months ended Fiscal 2024. As of Fiscal 2023, Belstar Microfinance had shown a year on year growth rate of 63.4% which was the sixth highest among the compared peer set.

Disbursement (Rs billion)	FY19	FY20	FY21	FY22	FY23	9MFY24	Growth y-o-y FY23	Growth y-o-y 9MFY24
Top 10 NBFC-MFIs								
CreditAccess Grameen Ltd	82.2	103.9	96.4	128.3	185.4	150.8	44.5%	32.7%
IIFL Samasta Finance Ltd	24.2	30.8	37.0	57.1	102.1	86.5	78.8%	37.9%
Asirvad Microfinance Ltd	42.9	47.8	36.2	85.6	193.8	NA	126.4%	NA
Muthoot Microfin Ltd	45.6	40.7	26.4	46.7	81.0	77.7	73.6%	37.4%
Fusion Micro Finance Ltd	28.2	35.7	37.1	61.8	86.0	71.0	39.1%	16.5%
Satin Creditcare Network Ltd	62.5	80.5	43.9	40.3	73.9	68.8	83.3%	42.1%
Spandana Sphoorty Financial Ltd	49.7	80.0	60.3	30.7	76.2	63.3	148.7%	36.0%
Annapurna Finance Pvt Ltd	40.1	40.1	30.9	53.2	77.1	56.0	44.9%	7.8%
Belstar Microfinance Ltd	**18.0**	**26.2**	**24.4**	**35.5**	**58.0**	**67.8**	**63.4%**	**85.1%**
Svatantra Microfin Pvt Ltd	11.3	24.9	24.1	47.3	62.9	43.9	32.9	-3.9%

Note: NA: Not Available, NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A

Belstar Microfinance recorded the second highest growth in number of clients between Fiscal 2019 and Fiscal 2023

Over the period between Fiscal 2019 and Fiscal 2023, Belstar Microfinance witnessed the second highest growth in the number of clients at 32.6%. Only Svatantra Microfinance witnessed a faster client growth of 40.8% between the same period.

Belstar Microfinance has recorded the fifth highest y-o-y growth in number of clients as of nine months ended Fiscal 2024 at 22.7%.

Client outreach	No of Clients (million)					
	As of FY19	As of FY20	As of FY21	As of FY22	As of FY23	As of Q3FY24
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd	2.4	2.9	2.9	2.9	4.3	4.7
IIFL Samasta Finance Ltd	1.0	1.5	1.6	1.8	2.4	2.9
Asirvad Microfinance Ltd	1.8	2.4	2.4	2.6	3.3	NA
Muthoot Microfin Ltd	1.6	1.9	1.9	2.1	2.8	3.3
Fusion Micro Finance Ltd	1.6	1.7	2.1	2.7	3.5	3.8
Satin Creditcare Network Ltd	3.1	3.1	2.7	2.5	2.6	3.2
Spandana Sphoorty Financial Ltd	2.5	2.6	2.2	2.2	2.3	2.8
Annapurna Finance Pvt Ltd	1.5	1.8	1.9	2.3	2.5	2.6
Belstar Microfinance Ltd	**0.7**	**1.2**	**1.4**	**1.7**	**2.1**	**2.7**
Svatantra Microfin Pvt Ltd	0.6	1.0	1.3	1.7	2.2	2.3
Banks and SFBs						
Bandhan Bank	16.5	20.1	23.0	26.3	30.0	32.6
Equitas SFB	NA	2.4	3.9	5.7	NA	NA
Ujjivan SFB	4.7	5.4	5.9	6.5	7.7	8.2
Jana SFB	NA	3.1	3.2	3.7	4.6	5.2
Utkarsh SFB	2.0	2.5	2.9	3.1	3.6	4.2
ESAF SFB	2.9	2.9	3.9	4.5	6.8	7.9
Suryoday SFB	1.2	1.5	1.5	1.9	2.3	2.6

Note: For Banks and SFBs clients include total number of customers (both liability & asset side), NBFC MFIs are arranged in order of December 2023 AUM

Source: MFIN, Company reports, CRISIL MI&A

Client outreach	Client growth					
	FY20	FY21	FY22	FY23	CAGR (FY19-FY23)	Q3FY24$
CreditAccess Grameen Ltd	20.0%	0.0%	0.0%	48.3%	15.5%	17.5%
IIFL Samasta Finance Ltd	52.5%	3.9%	12.5%	33.3%	24.2%	38.1%
Asirvad Microfinance Ltd	31.0%	1.3%	8.3%	26.9%	16.2%	NA
Muthoot Microfin Ltd	19.5%	0.0%	10.5%	33.3%	15.2%	26.9%
Fusion Micro Finance Ltd	9.7%	23.5%	28.6%	29.6%	22.6%	11.8%
Satin Creditcare Network Ltd	-1.6%	-12.9%	-7.4%	4.0%	-4.7%	33.3%
Spandana Sphoorty Financial Ltd	4.5%	-6.6%	-4.2%	-8.7%	-3.9%	33.3%
Annapurna Finance Pvt Ltd	15.9%	5.7%	24.9%	8.2%	13.4%	8.3%
Belstar Microfinance Ltd	**76.5%**	**16.7%**	**28.6%**	**16.7%**	**32.6%**	**22.7%**
Svatantra Microfin Pvt Ltd	80.4%	28.7%	30.8%	29.4%	40.8%	9.5%
Banks and SFBs						
Bandhan Bank	21.8%	14.4%	14.4%	14.1%	16.1%	14.0%
Equitas SFB	NA	62.5%	45.6%	NA	NA	NA
Ujjivan SFB	16.5%	-9.4%	31.4%	18.7%	13.3%	12.9%
Jana SFB	NA	2.6%	16.5%	24.5%	NA	NA
Utkarsh SFB	25.0%	16.0%	8.3%	14.3%	15.75%	NA
ESAF SFB	-0.7%	36.0%	15.7%	51.8%	24.1%	NA
Suryoday SFB	23.7%	2.1%	28.9%	20.3%	18.3%	20.1%

Notes: (1) NA – Not available; (2) ($) Y-o-Y Growth rate calculated over Q3FY23, (3) For Banks and SFBs clients include total number of customers (both liability & asset side), (4) NBFC MFIs are arranged in order of December 2023 AUM

Source: MFIN, Company reports, CRISIL MI&A

Belstar Microfinance has the third highest Clients per Branch at end of 9 months ended Fiscal 2024

Belstar Microfinance has the third-best servicing capability with its clients per branch at 2,680, only behind Fusion Microfinance (3,260) and Satin Creditcare (2,739) as of nine months ended Fiscal 2024. In terms of no. of loans disbursed per loan officer, Belstar Microfinance stood second amongst the top 10 NBFC MFIs as of nine months ended Fiscal 2024. Belstar Microfinance had the highest clients per loan officer at 512 among the peer set.

Reach and efficiency parameters (9MFY24)	No of employees	No. of loan officers	No of branches	Clients per branch	AUM per branch (in Rs million)	Disb per branch (in Rs million)	Disb per loan officer (in Rs. million)	Clients per loan officer	No of loans disbursed per loan officer	No. of loans disbursed (in millions)
Top 10 NBFC-MFIs										
CreditAccess Grameen Ltd	19,062	13,054	1,894	2,486	123.5	79.6	11.6	361	286	3.7
IIFL Samasta Finance Ltd	15,478	9,461	1,572	1,820	83.2	55.0	9.1	302	202	1.9
Asirvad Microfinance Ltd	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Muthoot Microfin Ltd	13,067	7,996	1,424	2,302	80.5	54.6	9.7	410	70	0.6
Fusion Micro Finance Ltd	11,883	7,694	1,155	3,260	92.6	61.4	9.2	489	214	1.6
Satin Creditcare Network Ltd	11,138	7,823	1,165	2,739	84.2	59.1	8.8	408	187	1.5
Spandana Sphoorty Financial Ltd	12,261	8,305	1,484	1,888	65.8	42.7	7.6	337	186	1.5
Annapurna Finance Pvt Ltd	11,514	7,257	1,335	1,948	71.5	41.9	7.7	358	145	1.1
Belstar Microfinance Ltd	**10,169**	**4,299**	**1,009**	**2,680**	**87.6**	**67.2**	**11.8**	**512**	**231**	**1.3**
Svatantra Microfin Pvt Ltd	8,956	5,614	966	2,416	77.2	45.5	7.8	416	175	1.0

Note: NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, Company reports, CRISIL MI&A

Reach and efficiency parameters (FY23)	No of employees	No. of loan officers	No of branches	Clients per branch	AUM per branch (in Rs million)	Disb per branch (in Rs million)	Disb per loan officer (in Rs. million)	Clients per loan officer	No of loans disbursed per loan officer	No. of loans disbursed (in millions)
Top 10 NBFC-MFIs										
CreditAccess Grameen Ltd	16,759	15,712	1,786	2,388	117.8	103.8	11.8	271	311	4.9
IIFL Samasta Finance Ltd	12,213	6,214	1,267	1,858	83.3	80.6	16.4	379	382	2.4
Asirvad Microfinance Ltd	15,874	8,736	1,684	1,983	59.6	115.1	22.2	382	450	3.9
Muthoot Microfin Ltd	10,227	6,274	1,172	2,366	78.6	69.2	12.9	442	340	2.1
Fusion Micro Finance Ltd	9,625	6,269	1,019	3,452	91.2	84.4	13.7	561	352	2.2
Satin Creditcare Network Ltd	9,222	6,125	1,078	2,374	73.6	68.6	12.1	418	285	1.8
Spandana Sphoorty Financial Ltd	9,674	7,503	1,153	1,844	69.2	66.1	10.2	283	220	1.7
Annapurna Finance Pvt Ltd	10,356	6,501	1,183	2,106	74.5	65.2	11.9	383	231	1.0
Belstar Microfinance Ltd	**8,022**	**4,533**	**767**	**2,742**	**80.7**	**75.6**	**12.8**	**464**	**297**	**1.4**
Svatantra Microfin Pvt Ltd	7,272	4,685	804	2,770	93.3	78.2	13.4	475	351	1.6

Note: NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, Company reports, CRISIL MI&A

Geographical presence of select players in the MFI Industry

Amongst the NBFC MFIs, Bandhan bank has the highest presence in 35 states and caters to customers at a pan India level.

No. of states	FY19	FY20	FY21	FY22	FY23	9MFY24
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd	14	14	14	14	15	17
IIFL Samasta Finance Ltd	17	17	17	17	19	22
Asirvad Microfinance Ltd	23	23	23	23	23	NA
Muthoot Microfin Ltd	16	16	16	16	18	18
Fusion Micro Finance Ltd	18	18	18	18	20	22
Satin Creditcare Network Ltd	23	23	23	23	24	24
Spandana Sphoorty Financial Ltd	18	18	18	18	18	21
Annapurna Finance Pvt Ltd	18	18	18	20	20	20
Belstar Microfinance Ltd	**18**	**18**	**18**	**18**	**18**	**19**
Svatantra Microfin Pvt Ltd	17	17	19	19	19	19
Banks and SFBs*						
Bandhan Bank	34	34	34	34	34	35
Equitas SFB	13	15	17	18	18	18
Ujjivan SFB	24	24	24	24	25	26
Jana SFB	NA	NA	NA	NA	24	24
Utkarsh SFB	11	15	16	22	26	26
ESAF SFB	14	18	21	21	NA	23
Suryoday SFB	11	12	13	14	15	15

Notes: NA – Not available, (*) For banks and small finance banks, figures includes states and UTs, NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A

No. of branches per state	FY19	FY20	FY21	FY22	FY23	9MFY24

Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd	48	66	69	83	119	111
IIFL Samasta Finance Ltd	29	33	36	47	67	71
Asirvad Microfinance Ltd	39	43	44	64	73	NA
Muthoot Microfin Ltd	35	43	47	57	65	79
Fusion Micro Finance Ltd	29	33	39	50	51	53
Satin Creditcare Network Ltd	42	50	44	45	45	49
Spandana Sphoorty Financial Ltd	51	56	58	58	64	71
Annapurna Finance Pvt Ltd	32	40	48	49	59	67
Belstar Microfinance Ltd	**22**	**34**	**36**	**41**	**43**	**53**
Svatantra Microfin Pvt Ltd	16	26	27	36	42	51
Banks and SFBs*						
Bandhan Bank	118	134	156	166	176	178
Equitas SFB	30	57	51	48	51	54
Ujjivan SFB	20	24	24	24	25	28
Jana SFB	NA	NA	NA	NA	31	33
Utkarsh SFB	44	34	35	31	32	34
ESAF SFB	30	25	26	26	30	32
Suryoday SFB	35	40	43	40	38	45

Notes: NA – Not available, (*) For banks and small finance banks, figures includes states and UTs, NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A

Incremental branch additions	FY19	FY20	FY21	FY22	FY23	9MFY24
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd	154	259	35	200	622	108
IIFL Samasta Finance Ltd	320	68	57	189	460	305
Asirvad Microfinance Ltd	110	100	20	463	159	NA
Muthoot Microfin Ltd	90	135	63	150	267	252

Fusion Micro Finance Ltd	145	71	119	190	119	136
Satin Creditcare Network Ltd	-18	163	-129	18	49	87
Spandana Sphoorty Financial Ltd	225	91	42	-3	104	331
Annapurna Finance Pvt Ltd	196	148	152	114	199	152
Belstar Microfinance Ltd	**164**	**203**	**46**	**80**	**38**	**242**
Svatantra Microfin Pvt Ltd	144	171	66	180	112	162
Banks and SFBs						
Bandhan Bank	300	559	751	329	360	246
Equitas SFB	-	462	7	8	53	41
Ujjivan SFB	10	101	-	-	54	100
Jana SFB			34	96	39	27
Utkarsh SFB	77	25	51	128	144	50
ESAF SFB	10	31	99	2	145	31
Suryoday SFB	140	95	79	9	12	95

Notes: NA – Not available, NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A

District wise presence of select players in the MFI Industry

Amongst the NBFC MFIs, Fusion Microfinance is the most diversified with presence across 434 districts as of December 2023. In comparison, Belstar has presence in 275 districts.

No. of districts	FY19	FY20	FY21	FY22	FY23	9MFY24
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd	157	230	247	301	351	367
IIFL Samasta Finance Ltd	210	228	252	288	332	406
Asirvad Microfinance Ltd	290	314	326	408	450	NA
Muthoot Microfin Ltd	217	245	249	281	321	346
Fusion Micro Finance Ltd	254	283	323	361	385	434
Satin Creditcare Network Ltd	340	383	372	374	384	398
Spandana Sphoorty Financial Ltd	263	280	282	294	314	403

Annapurna Finance Pvt Ltd	232	292	320	346	388	419
Belstar Microfinance Ltd	**76**	**155**	**170**	**186**	**216**	**275**
Svatantra Microfin Pvt Ltd	149	221	247	303	336	367
Banks and SFBs						
Bandhan Bank	NA	NA	NA	566	600	613
Equitas SFB	NA	NA	NA	NA	NA	NA
Ujjivan SFB	223	244	248	248	271	321
Jana SFB	NA	NA	NA	NA	NA	NA
Utkarsh SFB	48	173	188	224	253	NA
ESAF SFB	124	NA	NA	NA	NA	NA
Suryoday SFB	NA	NA	NA	NA	NA	NA

Notes: NA – Not available, NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A

No. of branches per district	FY19	FY20	FY21	FY22	FY23	9MFY24
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd	4	4	4	4	5	5
IIFL Samasta Finance Ltd	2	2	2	3	4	4
Asirvad Microfinance Ltd	3	3	3	4	4	NA
Muthoot Microfin Ltd	3	3	3	3	4	4
Fusion Micro Finance Ltd	2	2	2	2	3	3
Satin Creditcare Network Ltd	3	3	3	3	3	3
Spandana Sphoorty Financial Ltd	3	4	4	4	4	4
Annapurna Finance Pvt Ltd	2	2	3	3	3	3
Belstar Microfinance Ltd	**5**	**4**	**4**	**4**	**4**	**4**
Svatantra Microfin Pvt Ltd	2	2	2	2	2	3
Banks and SFBs						
Bandhan Bank	NA	NA	NA	10	10	10
Equitas SFB	NA	NA	NA	NA	NA	NA

Ujjivan SFB	2	2	2	2	2	2
Jana SFB	NA	NA	NA	NA	NA	NA
Utkarsh SFB	NA	3	3	3	3	NA
ESAF SFB	3	NA	NA	NA	NA	NA
Suryoday SFB	NA	NA	NA	NA	NA	NA

Notes: NA – Not available, NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A

Comparison of key players in the MFI space based on geographical concentration of portfolio

Belstar Microfinance's concentration of top state in terms of AUM stands at 48% as of December 2023.

As of December 2023	Share of rural portfolio	Share of top states by AUM			Share of top districts by AUM		
		Top States	Top 3 states	Top 5 states	Top District	Top 5 Districts	Top 10 districts
Top 10 NBFC-MFIs							
CreditAccess Grameen Ltd	85%* ^^	32%	73%	80%$$	3%	11%	19%
IIFL Samasta Finance Ltd	NA	21%	50%	60%$$	2%^	10%	16%^
Asirvad Microfinance Ltd	88%$	14%$	38%$	55%$	NA	NA	NA
Muthoot Microfin Ltd	97%	26%*	55%*	71%***	3%	12%	20%
Fusion Micro Finance Ltd	93%	23%***	54%	70%	NA	NA	NA
Satin Creditcare Network Ltd	76%^^***	26%	48%	55%$$	NA	NA	NA
Spandana Sphoorty Financial Ltd	87%*	15%	41%	61%	2%	8%	13%
Annapurna Finance Pvt Ltd	83%* ^^	20%*	51%$	NA	NA	10%^	NA
Belstar Microfinance Ltd	**NA**	**48%**	**63%**	**72%**	**4%**	**17%**	**30%**
Svatantra Microfin Pvt Ltd	NA	21%$	NA	69%$	NA	NA	NA
Banks and SFBs							
Bandhan Bank	34%#	NA	NA	NA	NA	NA	NA
Equitas SFB	NA	50%^^^	76%	85%	NA	NA	NA
Ujjivan SFB	8%	14%	39%	56%	NA	NA	NA
Jana SFB	36%#	13%	37%	52%	NA	NA	NA

As of December 2023	Share of rural portfolio	Share of top states by AUM			Share of top districts by AUM		
		Top States	Top 3 states	Top 5 states	Top District	Top 5 Districts	Top 10 districts
Utkarsh SFB$$$	38%#	42%	79%	89%	NA	NA	NA
ESAF SFB	60%##	39%	71%	85%	NA	NA	NA
Suryoday SFB	28%#	29%	67%	87%	NA	NA	NA

Notes:

NA – Not available

** Data as of Fiscal 2023*

^ Data as of December 2022

$ Data as of June 2023

**** Data as of September 2023*

^^ Share of rural clients is a percentage of total clients

*** Share of top 6 districts*

$$ Share of top 4 states

 # Share of rural branches as % of total branches

Rural and semi-urban portfolio

$$$ For MFI portfolio

^^^ For Tamil Nadu and Pondicherry

NBFC MFIs are arranged in order of December 2023 AUM

Source: MFIN, company reports, CRISIL MI&A

Productivity Metrics of key players in the MFI space

Belstar Microfinance had the third highest AUM per branch as of December 2023 at Rs 87.6 million after CreditAccess Grameen at Rs 123.5 million and Fusion Microfinance at Rs 92.6 million among top 10 NBFC-MFI.

Productivity metrics	AUM per branch (Rs. million)					
Top 10 NBFC-MFIs	As of March 31,19	As of March 31,20	As of March 31, 21	As of March 31, 22	As of March 31, 23	As of Dec 31, 23
Top 10 NBFC-MFIs*						
CreditAccess Grameen Ltd	106.9	106.5	117.7	118.0	117.8	123.5
IIFL Samasta Finance Ltd	46.4	60.6	77.6	80.4	83.3	83.2

Productivity metrics	AUM per branch (Rs. million)					
Top 10 NBFC-MFIs	**As of March 31,19**	**As of March 31,20**	**As of March 31, 21**	**As of March 31, 22**	**As of March 31, 23**	**As of Dec 31, 23**
Asirvad Microfinance Ltd	40.8	52.8	56.4	46.0	59.6	NA
Muthoot Microfin Ltd	78.2	71.3	66.0	69.1	78.6	80.5
Fusion Micro Finance Ltd	50.8	61.9	65.3	75.4	91.2	92.6
Satin Creditcare Network Ltd	65.2	63.7	72.0	62.3	73.6	84.2
Spandana Sphoorty Financial Ltd	47.6	67.6	77.4	58.6	69.2	65.8
Annapurna Finance Pvt Ltd	53.0	55.8	55.3	66.6	74.5	71.5
Belstar Microfinance Ltd	**46.0**	**39.1**	**50.8**	**59.9**	**80.7**	**87.6**
Svatantra Microfin Pvt Ltd	44.8	58.3	69.6	78.7	93.3	77.2
Banks and SFBs						
Bandhan Bank	111.9	157.6	163.9	176.2	181.9	185.7
Equitas SFB	298.6	179.9	208.2	237.0	302.2	340.4
Ujjivan SFB	233.1	246.1	263.3	315.9	382.9	380.6
Jana SFB	295.0	193.1	206.3	214.7	266.6	302.3
Utkarsh SFB	98.4	131.4	150.8	155.0	168.2	186.4
ESAF SFB	108.4	145.5	152.4	222.4	233.3	248.3
Suryoday SFB	78.6	77.8	75.6	89.6	106.0	113.1

*Notes: *AUM for NBFC-MFI players comprises largely of MFI loans and some non-MFI loans allowed as per extant regulations and based on each company's strategy, NA – Not available, NBFC MFIs are arranged in order of December 2023 AUM.*

Source: MFIN, company reports, CRISIL MI&A

Belstar Microfinance had the second highest AUM per loan officer as of December 2023 at Rs 15.4 million amongst the peer set.

Productivity metrics	AUM per loan officer (Rs. million)

	As of March 31,19	As of March 31,20	As of March 31, 21	As of March 31, 22	As of March 31, 23	As of Dec 31, 23
Top 10 NBFC-MFIs*						
CreditAccess Grameen Ltd	12.4	12.8	15.2	16.6	13.4	17.9
IIFL Samasta Finance Ltd	7.9	9.7	11.8	11.1	17.0	13.8
Asirvad Microfinance Ltd	14.4	16.5	13.3	9.4	11.5	NA
Muthoot Microfin Ltd	11.1	10.4	10.8	11.1	14.7	14.3
Fusion Micro Finance Ltd	9.3	10.3	11.1	7.9	14.8	13.9
Satin Creditcare Network Ltd	10.6	11.2	11.0	9.1	12.9	12.5
Spandana Sphoorty Financial Ltd	9.4	11.2	12.1	9.9	10.6	11.8
Annapurna Finance Pvt Ltd	10.3	11.3	10.7	11.3	13.6	13.1
Belstar Microfinance Ltd	**12.7**	**11.4**	**15.7**	**13.2**	**13.7**	**15.4**
Svatantra Microfin Pvt Ltd	7.8	12.4	14.4	15.7	16.0	13.3

*Notes: *AUM for NBFC-MFI players comprises largely of MFI loans and some non-MFI loans allowed as per extant regulations and based on each company's strategy, NA – Not available, Number of loan officers is not available for Banks and SFBs, hence is excluded from the table*

NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A

Belstar Microfinance had the highest disbursements per loan officer as of December 2023 at Rs 11.8 million amongst the peer set.

Productivity metrics	Disbursements per loan officer (Rs. million)					
	As of March 31,19	As of March 31,20	As of March 31, 21	As of March 31, 22	As of March 31, 23	As of Dec 31, 23
Top 10 NBFC-MFIs*						
CreditAccess Grameen Ltd	14.3	13.5	12.9	15.5	11.8	11.6

Productivity metrics	Disbursements per loan officer (Rs. million)					
	As of March 31,19	As of March 31,20	As of March 31, 21	As of March 31, 22	As of March 31, 23	As of Dec 31, 23
IIFL Samasta Finance Ltd	8.4	8.7	9.1	9.7	16.4	9.1
Asirvad Microfinance Ltd	16.0	14.3	8.1	11.4	22.2	NA
Muthoot Microfin Ltd	11.6	8.6	5.7	8.2	12.9	9.7
Fusion Micro Finance Ltd	9.9	10.1	8.9	7.4	13.7	9.2
Satin Creditcare Network Ltd	10.4	12.4	6.7	5.7	12.1	8.8
Spandana Sphoorty Financial Ltd	10.6	13.1	9.6	5.1	10.2	7.6
Annapurna Finance Pvt Ltd	13.6	11.3	6.9	9.2	11.9	7.7
Belstar Microfinance Ltd	**12.4**	**12.6**	**11.6**	**10.7**	**12.8**	**11.8**
Svatantra Microfin Pvt Ltd	7.2	11.8	9.8	13.6	13.4	7.8

*Notes: *AUM for NBFC-MFI players comprises largely of MFI loans and some non-MFI loans allowed as per extant regulations and based on each company's strategy, NA – Not available, Number of loan officers is not available for Banks and SFBs, hence is excluded from the table*

NBFC MFIs are arranged in order of December 2023 AUM.

Source: MFIN, company reports, CRISIL MI&A

<u>Belstar Microfinance is one of the top ten NBFC-MFI players with a relatively strong credit rating of CRISIL 'AA' and a stable outlook</u>

Top 10 NBFC-MFIs	Long Term credit rating as of March 2024
CreditAccess Grameen Ltd	ICRA AA- (Stable), CRISIL AA- (Stable), IND AA- (Stable)
IIFL Samasta Finance Ltd	ACUITE AA (Rating Watch with Negative Implications), CRISIL AA-/Watch Developing (Rating Watch with Developing Implications), IND AA (Rating Watch with Negative Implications)
Asirvad Microfinance Ltd	CRISIL AA-/CRISIL PPMLD AA- (Stable), CARE AA- (Stable)
Muthoot Microfin Ltd	CRISIL A+/CRISIL PPMLD A+ (Stable)

Top 10 NBFC-MFIs	Long Term credit rating as of March 2024
Fusion Micro Finance Ltd	CRISIL A+ (Stable), ICRA A+ (Stable), CARE A+ (Stable)
Satin Creditcare Network Ltd	ICRA A (Stable), CARE BBB+ (Stable), IVR A (Stable)
Spandana Sphoorty Financial Ltd	CRISIL A (Positive), ICRA A (Positive), IND A (Stable)
Annapurna Finance Pvt Ltd	CRISIL A- (Stable), ICRA A- (Stable), CARE A- (Positive)
Belstar Microfinance Ltd	**CRISIL AA/CRISIL PPMLD AA (Stable), ACUITE AA (Stable), CARE AA- (Stable)**
Svatantra Microfin Pvt Ltd	CRISIL AA- (Stable), CARE AA- (Stable)
Banks and SFBs	
Bandhan Bank	CRISIL AA- (Stable), ICRA AA (Negative)
Equitas SFB	CARE AA- (Stable), IND AA- (Stable)
Ujjivan SFB	CARE AA- (Stable)
Jana SFB	ICRA BBB+ (Positive), IND A- (Stable)
Utkarsh SFB	ICRA A+ (Stable), CARE A+ (Stable)
ESAF SFB	CARE A (Stable), BWR (Negative)
Suryoday SFB	ICRA A (Stable)

Note: NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company reports, Rating rationales, CRISIL MI&A

Profitability Metrics

Belstar Microfinance has a higher dependence on term loans from banks (83.1%) as compared to the peer set.

Borrowing Mix for NBFC-MFI

Fiscal 2023	Term Loans from banks	Term Loans from FIs	Term Loans from NBFCs	External Commercial Borrowings	Subordinated Liabilities	Debentures	Others
CreditAccess Grameen Ltd	65.8%	9.4%	3.7%	9.8%	0.5%	10.3%	0.6%
IIFL Samasta Finance Ltd	59.2%	13.4%	14.5%	-	6.4%	6.6%	-
Asirvad Microfinance Ltd	67.5%	4.1%	4.9%	-	4.7%	13.8%	5.1%

Muthoot Microfin Ltd	46.4%	18.7%	-	-	-	21.8%	13.1%
Fusion Micro Finance Ltd	73.1%	-	14.6%**	1.3%	1.7%	9.3%	-
Satin Creditcare Network Ltd	32.8%	-	12.0%**	-	6.5%	20.0%	28.8%
Spandana Sphoorty Financial Ltd	27.1%	-	13.3%	2.8%	0.3%	39.6%	16.9%
Annapurna Finance Pvt Ltd	NA	NA	NA	NA	NA	NA	NA
Belstar Microfinance Ltd	**83.1%**	**0.7%**	-	-	**3.4%**	**12.9%**	-
Svatantra Microfin Pvt Ltd	69.4%	-	19.5%**	-	7.6%	3.5%	-

Note: 1) Others include collateralized borrowings, borrowings under securitisation agreement etc. 3) (**) Loans from other parties, (4) NBFC MFIs are arranged in order of December 2023 AUM.

Source: CRISIL MI&A

Belstar Microfinance has the highest net interest margin as of December 2023 among top 10 NBFC-MFIs

Belstar Microfinance has the highest net interest margins at 10.5% as of December 2023.

9MFY24	Yields on advances	Cost of borrowing	NIM	Opex (as % of average AUM)	PPOP (%)	Credit costs
CreditAccess Grameen Ltd	16.9%	7.1%	9.4%	3.4%	7.2%	1.3%
IIFL Samasta Finance Ltd	NA	NA	NA	7.2%	NA	NA
Asirvad Microfinance Ltd	NA	8.0%	10.4%*	4.8%	7.3%	2.8%
Muthoot Microfin Ltd	NA	8.9%	7.8%*	4.5%	5.3%	1.2%
Fusion Micro Finance Ltd	17.4%^	7.8%	9.2%*	4.2%	7.2%	2.4%
Satin Creditcare Network Ltd	NA	9.2%	7.4%*	4.3%	5.4%	0.9%
Spandana Sphoorty Financial Ltd	NA	9.7%	8.4%*	5.0%	6.2%	1.7%
Annapurna Finance Pvt Ltd	NA	8.6%	7.4%*	5.0%	5.1%	2.4%
Belstar Microfinance Ltd	**19.6%^**	**7.3%**	**10.5%***	**4.5%**	**7.6%**	**3.4%**
Svatantra Microfin Pvt Ltd	NA	NA	NA	4.2%	NA	NA

9MFY24	Yields on advances	Cost of borrowing	NIM	Opex (as % of average AUM)	PPOP (%)	Credit costs
Banks and SFBs						
Bandhan Bank	11.1%	4.7%	3.6%	3.7%	3.1%	1.2%
Equitas SFB	13.2%	5.6%	4.9%	6.1%	2.6%	0.5%
Ujjivan SFB	15.5%	5.4%	5.4%	6.3%	3.8%	0.4%
Jana SFB	13.2%	NA	4.5%	5.4%	3.1%	1.8%
Utkarsh SFB	14.7%	5.7%	5.6%	6.0%	3.6%	1.3%
ESAF SFB	16.6%	5.3%	6.8%	6.9%	3.9%	1.6%
Suryoday SFB	15.1%	5.3%	5.2%	7.6%	3.1%	1.1%

Note: 1) (^) Yield calculated on total interest income, 2) NA: Not Available 3) (*) Net Interest Income calculated as total interest income minus total interest expense 5) NBFC MFIs are arranged in order of December 2023 AUM.
Source: Company reports, CRISIL MI&A

Belstar Microfinance stood lowest in terms of cost of borrowing in Fiscal 2023 among top 10 NBFC-MFIs

Belstar Microfinance had lowest cost of borrowing at 8.7% as of Fiscal 2023 as compared to top 10 MFIs.

FY23	Yields on advances	Cost of borrowing	NIM	Opex (as % of average AUM)	PPOP (%)	Credit costs
CreditAccess Grameen Ltd	21.0%	9.1%	11.3%	4.8%	8.2%	2.2%
IIFL Samasta Finance Ltd	23.0%	9.4%	12.2%	11.8%	2.1%	0.1%
Asirvad Microfinance Ltd	21.3%	9.0%	10.3%	6.4%	6.9%	3.2%
Muthoot Microfin Ltd	22.3%	10.5%	10.3%	6.0%	6.2%	3.1%
Fusion Micro Finance Ltd	22.8%	10.2%	11.4%	5.6%	8.6%	2.4%
Satin Creditcare Network Ltd	20.7%	10.6%	6.9%	6.2%	9.9%	5.4%
Spandana Sphoorty Financial Ltd	18.3%	9.3%	9.0%	6.1%	6.5%	6.2%
Annapurna Finance Pvt Ltd	20.4%	10.0%	6.1%	6.5%	5.2%	4.6%
Belstar Microfinance Ltd	**20.8%**	**8.7%**	**9.0%**	**6.4%**	**6.2%**	**3.0%**
Svatantra Microfin Pvt Ltd	22.1%	9.9%	10.0%	4.9%	8.0%	5.4%
Banks and SFBs						

FY23	Yields on advances	Cost of borrowing	NIM	Opex (as % of average AUM)	PPOP (%)	Credit costs
Bandhan Bank	13.9%	5.3%	4.8%	4.5%	4.8%	2.8%
Equitas SFB	16.7%	6.5%	6.8%	8.4%	3.8%	1.3%
Ujjivan SFB	19.7%	6.1%	7.9%	8.5%	5.2%	0.1%
Jana SFB	17.7%	7.0%	5.7%	7.3%	4.4%	3.3%
Utkarsh SFB	19.6%	6.8%	7.6%	8.1%	4.9%	1.8%
ESAF SFB	19.8%	6.0%	8.0%	8.6%	4.7%	2.6%
Suryoday SFB	19.0%	6.1%	6.5%	9.1%	3.7%	2.6%

Note: 1) NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company reports, CRISIL MI&A

Belstar Microfinance stood fifth in terms of Total Income CAGR from Fiscal 2019 to Fiscal 2023 among top 10 NBFC-MFIs.

Players	Total Income CAGR FY19-FY23	Other Income/ Non-interest Income CAGR FY19-FY23	Net Interest Income CAGR FY19-FY23	Opex CAGR FY19-FY23	PPOP CAGR FY19-FY23	PAT CAGR FY19-FY23
CreditAccess Grameen Ltd	29.0%	36.0%	28.5%	27.8%	27.3%	26.6%
IIFL Samasta Finance Ltd	50.7%	49.9%	51.7%	65.8%	16.5%	24.6%
Asirvad Microfinance Ltd	24.2%	21.0%	27.8%	31.5%	22.6%	10.2%
Muthoot Microfin Ltd	17.8%	-9.5%	27.5%	20.6%	9.9%	-5.0%
Fusion Micro Finance Ltd	38.0%	63.5%	46.6%	30.5%	68.0%	66.3%
Satin Creditcare Network Ltd	6.4%	32.8%	2.3%	4.1%	20.1%	7.9%
Spandana Sphoorty Financial Ltd	7.6%	39.2%	4.3%	26.0%	0.2%	-55.3%
Annapurna Finance Pvt Ltd	31.9%	52.3%	20.8%	28.8%	38.5%	-14.9%
Belstar Microfinance Ltd	**29.6%**	**63.4%**	**26.5%**	**36.8%**	**28.5%**	**15.6%**
Svatantra Microfin Pvt Ltd	67.2%	184.7%	71.1%	45.0%	107.4%	67.1%
Banks and SFBs						

Bandhan Bank	24.3%	23.4%	18.8%	26.5%	41.5%	3.0%
Equitas SFB	19.1%	24.0%	25.6%	22.1%	22.8%	28.5%
Ujjivan SFB	23.6%	30.0%	22.3%	15.8%	48.1%	53.3%
Jana SFB	28.2%	51.8%	43.5%	3.2%	NM	NM
Utkarsh SFB	31.5%	49.5%	32.3%	31.9%	38.1%	44.1%
ESAF SFB	28.8%	27.4%	35.0%	28.4%	40.5%	35.3%
Suryoday SFB	21.0%	9.8%	18.1%	27.2%	12.3%	-2.7%

Note: NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company reports, CRISIL MI&A

Belstar Microfinance has the third lowest cost to income ratio as of December 2023 among top 10 NBFC-MFIs.

Belstar Microfinance's cost to income ratio stood at 38.3% which was the third lowest after CreditAccess Grameen (30.7%) and Fusion Microfinance (36.5%) as of December 2023.

Cost to income ratio	FY19	FY20	FY21	FY22	FY23	9MFY24
CreditAccess Grameen Ltd	35.3%	34.5%	41.7%	45.6%	35.6%	30.7%
IIFL Samasta Finance Ltd	60.0%	49.8%	62.6%	52.6%	86.0%	61.9%
Asirvad Microfinance Ltd	41.3%	33.9%	46.7%	49.7%	48.3%	39.7%
Muthoot Microfin Ltd	42.2%	49.4%	64.6%	65.0%	51.4%	47.1%
Fusion Micro Finance Ltd	63.2%	50.8%	44.3%	44.3%	38.4%	36.5%
Satin Creditcare Network Ltd	51.3%	51.3%	59.5%	64.9%	37.3%	44.0%
Spandana Sphoorty Financial Ltd	24.9%	20.9%	22.0%	39.6%	45.4%	40.9%
Annapurna Finance Pvt Ltd	62.2%	62.0%	58.5%	63.1%	55.1%	51.2%
Belstar Microfinance Ltd	**44.2%**	**51.0%**	**56.8%**	**52.9%**	**50.5%**	**38.3%**
Svatantra Microfin Pvt Ltd	71.5%	103.7%	59.1%	47.6%	37.4%	38.9%
Banks and SFBs						
Bandhan Bank	32.6%	30.8%	29.1%	30.5%	39.5%	46.2%
Equitas SFB	78.2%	66.4%	60.0%	66.1%	63.4%	64.8%
Ujjivan SFB	76.5%	67.5%	60.3%	71.7%	54.8%	53.8%
Jana SFB	204.0%	80.6%	69.9%	66.5%	56.2%	58.0%

Cost to income ratio	FY19	FY20	FY21	FY22	FY23	9MFY24
Utkarsh SFB	58.6%	57.6%	55.4%	59.1%	54.2%	56.0%
ESAF SFB	66.4%	64.9%	60.2%	63.7%	57.9%	57.6%
Suryoday SFB	47.7%	47.1%	64.4%	60.9%	60.0%	61.5%

Note: NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company reports, CRISIL MI&A

Profitability of Players

Belstar has the second best average RoE from Fiscal 2019- Fiscal 2023 among the peer set at 15.7% after IIFL Samasta Finance at 16.9%. As of 9 months ended Fiscal 2024, Belstar Microfinance has the second highest RoE at 19.5% after Asirvad Microfinance at 19.9%.

Players	ROE						
	FY19	FY20	FY21	FY22	FY23	Avg (FY19-FY23)	9MFY24
Top 10 NBFC-MFIs							
CreditAccess Grameen Ltd	13.6%	13.0%	4.5%	10.1%	18.3%	11.9%	18.6%
IIFL Samasta Finance Ltd	28.1%	27.7%	11.5%	6.1%	11.0%	16.9%	NA
Asirvad Microfinance Ltd	18.9%	25.5%	1.5%	1.3%	17.1%	12.9%	19.9%
Muthoot Microfin Ltd	31.3%	2.0%	0.8%	4.3%	11.1%	9.9%	15.3%
Fusion Micro Finance Ltd	11.2%	7.6%	3.6%	1.7%	21.2%	9.1%	14.8%
Satin Creditcare Network Ltd	16.9%	12.0%	-0.9%	2.6%	15.0%	9.1%	13.3%
Spandana Sphoorty Financial Ltd	16.4%	15.0%	4.8%	1.6%	0.4%	7.6%	10.7%
Annapurna Finance Pvt Ltd	14.5%	12.0%	0.2%	2.2%	3.3%	6.4%	13.7%
Belstar Microfinance Ltd	**27.7%**	**22.0%**	**9.0%**	**6.5%**	**13.4%**	**15.7%**	**19.5%**
Svatantra Microfin Pvt Ltd	11.4%	11.4%	5.9%	6.5%	12.9%	9.6%	NA
Banks and SFBs							
Bandhan Bank	19.0%	22.9%	13.5%	0.7%	11.9%	13.6%	10.6%
Equitas SFB	9.8%	9.8%	12.5%	7.3%	12.2%	10.3%	10.9%
Ujjivan SFB	11.5%	14.0%	0.3%	-14.0%	31.8%	8.7%	20.6%

Players	ROE						
	FY19	FY20	FY21	FY22	FY23	Avg (FY19-FY23)	9MFY24
Jana SFB	-177.0%	3.5%	7.8%	0.5%	17.1%	-29.6%	15.4%
Utkarsh SFB	15.9%	20.8%	9.4%	4.2%	22.6%	14.6%	14.1%
ESAF SFB	14.6%	19.3%	8.7%	4.0%	19.4%	13.2%	18.2%
Suryoday SFB	12.2%	11.4%	0.9%	-6.0%	5.0%	4.7%	9.3%

Note: NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company reports, CRISIL MI&A

Players	ROA						
	FY19	FY20	FY21	FY22	FY23	Avg (FY19-FY23)	9MFY24
Top 10 NBFC-MFIs							
CreditAccess Grameen Ltd	4.4%	3.6%	1.2%	2.8%	4.5%	3.3%	10.6%
IIFL Samasta Finance Ltd	4.0%	4.7%	1.9%	0.9%	1.7%	2.6%	10.9%
Asirvad Microfinance Ltd	3.6%	4.6%	0.3%	0.2%	2.6%	2.3%	20.6%
Muthoot Microfin Ltd	6.6%	0.5%	0.2%	1.0%	2.3%	2.1%	15.4%
Fusion Micro Finance Ltd	1.8%	1.8%	0.9%	0.3%	4.6%	1.9%	14.1%
Satin Creditcare Network Ltd	2.9%	2.3%	-0.2%	0.5%	3.5%	1.8%	18.2%
Spandana Sphoorty Financial Ltd	6.3%	6.2%	1.8%	0.6%	0.2%	3.0%	9.3%
Annapurna Finance Pvt Ltd	2.3%	2.0%	0.03%	0.3%	0.4%	1.0%	10.6%
Belstar Microfinance Ltd	**4.3%**	**4.3%**	**1.6%**	**1.1%**	**2.4%**	**2.7%**	10.9%
Svatantra Microfin Pvt Ltd	1.8%	1.5%	0.9%	1.0%	2.0%	1.4%	20.6%
Banks and SFBs							
Bandhan Bank	3.9%	4.1%	2.1%	0.1%	1.5%	2.3%	10.6%
Equitas SFB	1.5%	1.4%	1.7%	1.1%	1.9%	1.5%	10.9%
Ujjivan SFB	1.7%	2.2%	0.04%	-1.9%	3.9%	1.2%	20.6%
Jana SFB	-20.3%	0.3%	0.5%	0.03%	1.1%	-3.7%	15.4%

Utkarsh SFB	1.7%	2.4%	1.0%	0.5%	2.4%	1.6%	14.1%
ESAF SFB	1.5%	2.3%	1.0%	0.4%	1.6%	1.4%	18.2%
Suryoday SFB	2.9%	2.4%	0.2%	-1.2%	0.9%	1.0%	9.3%

Note: NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company reports, CRISIL MI&A

Belstar Microfinance had capital adequacy ratio of 18.6% as of December 2023, well above the statutory requirement of 15%

	Debt to equity ratio (x)		Capital adequacy ratio (%)		Tier 1 Ratio (%)	
Top 10 NBFC-MFIs	**As of FY 23**	**As of 9MFY24**	**As of FY23**	**As of 9MFY24**	**As of FY23**	**As of 9MFY24**
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd	3.2	3.1	23.6%	24.5%	22.7%	23.6%
IIFL Samasta Finance Ltd	5.5	NA	17.1%	24.3%	13.5%	NA
Asirvad Microfinance Ltd	5.5	4.2	19.7%	23.2%	15.6%	NA
Muthoot Microfin Ltd	4.0	3.0	21.9%	29.6%	21.9%	NA
Fusion Micro Finance Ltd	2.9	3.0	27.9%	27.9%	26.6%	NA
Satin Creditcare Network Ltd	2.8	3.0	26.6%	28.7%	25.3%	NA
Spandana Sphoorty Financial Ltd	1.9	2.3	36.9%	35.9%	36.9%	NA
Annapurna Finance Pvt Ltd	5.8	5.1	23.6%	26.0%	21.8%	NA
Belstar Microfinance Ltd	**4.4**	**4.9**	**22.0%**	**18.6%**	**20.3%**	**15.4%**
Svatantra Microfin Pvt Ltd	5.4	NA	22.3%	19.8%	16.1%	NA
Banks and SFBs						
Bandhan Bank	1.3	0.7	19.8%	17.9%	18.7%	16.9%
Equitas SFB	0.6	0.4	23.8%	20.2%	23.1%	19.7%
Ujjivan SFB	0.6	0.7	25.8%	24.4%	22.7%	22.0%
Jana SFB	3.5	2.0	15.6%	16.3%	13.0%	14.9%
Utkarsh SFB	1.2	0.6	20.6%	23.2%	18.3%	21.5%

	Debt to equity ratio (x)		Capital adequacy ratio (%)		Tier 1 Ratio (%)	
Top 10 NBFC-MFIs	**As of FY 23**	**As of 9MFY24**	**As of FY23**	**As of 9MFY24**	**As of FY23**	**As of 9MFY24**
ESAF SFB	2.0	1.0	19.8%	21.0%	18.1%	18.9%
Suryoday SFB	1.7	1.5	33.7%	27.8%	30.8%	25.7%

Note: NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company reports, CRISIL MI&A

	Restructured book (as % of advances)	Provision Coverage Ratio		
Top 10 NBFC-MFIs	**As of 9MFY24**	**As of FY 22**	**As of FY23**	**As of 9MFY24**
Top 10 NBFC-MFIs				
CreditAccess Grameen Ltd	0.02%^	69.9%	71.1%	70.1%
IIFL Samasta Finance Ltd	0.7%^	NA	NA	NA
Asirvad Microfinance Ltd	0.1%**	80.8%	59.1%	51.8%
Muthoot Microfin Ltd	1.4%^	75.2%	79.8%	85.6%
Fusion Micro Finance Ltd	0.03%^	71.3%	74.9%	74.7%
Satin Creditcare Network Ltd	0.1%^	69.2%	54.3%	60.4%
Spandana Sphoorty Financial Ltd	0.04%**	33.3%	69.6%	70.0%
Annapurna Finance Pvt Ltd	0.1%^	73.2%	64.8%	68.5%
Belstar Microfinance Ltd	**0.002%**	**73.9%**	**72.7%**	**91.5%**
Svatantra Microfin Pvt Ltd	0.3%*	55.3%	61.2%	NA
Banks and SFBs				
Bandhan Bank	NA	74.3%	76.0%	68.5%
Equitas SFB	1.0%*	41.7%	56.2%	55.3%
Ujjivan SFB	0.4%	91.7%	98.6%	92.2%
Jana SFB	0.5%	19.3%	73.6%	67.6%

Utkarsh SFB	0.2%*	62.1%	87.9%	93.8%
ESAF SFB	0.1%	49.9%	54.6%	47.4%
Suryoday SFB	NA	49.4%	50.5%	53.6%

Note: (*) As of Fiscal 2023, (**) As of Q1 Fiscal 2024, Provision Coverage Ratio calculated as Gross Non-performing Asset minus Net Non-performing Asset divided by Gross Non-performing Asset, NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company Reports, CRISIL MI&A

Belstar Microfinance had the third lowest Gross Non-performing Asset (GNPA) and lowest Net NPA (NNPA) ratio among the selected NBFC-MFIs as of December 2023 among top ten NBFC-MFIs

	GNPA						NNPA					
	As of FY 19	As of FY 20	As of FY21	As of FY22	As of FY23	As of 9MF Y24	As of FY19	As of FY20	As of FY21	As of FY22	As of FY23	As of 9MF Y24
Top 10 NBFC-MFIs												
CreditAccess Grameen Ltd	0.61%	1.57%	4.38%	3.12%	1.21%	0.97%	0.17%	0.37%	1.37%	0.94%	0.35%	0.29%
IIFL Samasta Finance Ltd	NA	2.80%	1.80%	3.07%	2.12%	2.10%	NA	0.00%	0.00%	0.00%	0.00%	NA
Asirvad Microfinance Ltd	0.48%	1.60%	2.50%	1.67%	2.81%	2.78%	0.00%	0.00%	0.00%	0.32%	1.15%	1.34%
Muthoot Microfin Ltd	NA	8.10%	7.86%	6.26%	2.97%	2.29%	NA	4.05%	2.15%	1.55%	0.60%	0.33%
Fusion Micro Finance Ltd	1.55%	1.12%	5.50%	5.71%	3.46%	3.04%	0.56%	0.39%	2.20%	1.64%	0.87%	0.77%
Satin Creditcare Network Ltd	NA	1.57%	8.40%	8.01%	3.28%	2.40%	NA	0.37%	4.75%	2.47%	1.50%	0.95%
Spandana Sphoorty	NA	0.36%	5.76%	17.70%	2.07%	1.50%	NA	0.07%	3.26%	11.80%	0.63%	0.45%

Financial Ltd												
Annapurna Finance Pvt Ltd	NA	1.36%	7.36%	9.80%	3.84%	3.17%	NA	0.84%	2.79%	2.63%	1.35%	1.00%
Belstar Microfinance Ltd*	**1.27%**	**1.11%**	**2.72%**	**5.68%**	**2.42%**	**1.88%**	**0.14%**	**0.09%**	**0.59%**	**1.48%**	**0.66%**	**0.16%**
Svatantra Microfin Pvt Ltd	NA	1.29%	2.13%	3.38%	5.00%	NA	NA	0.68%	1.13%	1.51%	1.94%	NA
Banks and SFBs												
Bandhan Bank	2.04%	1.48%	6.81%	6.46%	4.87%	7.02%	0.58%	0.58%	3.51%	1.66%	1.17%	2.21%
Equitas SFB	2.53%	2.72%	3.73%	4.24%	2.76%	2.53%	1.44%	1.66%	1.58%	2.47%	1.21%	1.13%
Ujjivan SFB	0.90%	0.90%	7.07%	7.34%	2.88%	2.18%	0.30%	0.20%	2.93%	0.61%	0.04%	0.17%
Jana SFB	NA	2.80%	7.25%	5.71%	3.94%	2.19%	NA	1.30%	8.40%	4.61%	1.04%	0.71%
Utkarsh SFB	1.39%	0.71%	3.75%	6.10%	3.23%	3.04%	0.12%	0.18%	1.33%	2.31%	0.39%	0.19%
ESAF SFB	1.61%	1.53%	6.70%	7.83%	2.49%	4.16%	0.77%	0.64%	3.88%	3.92%	1.13%	2.19%
Suryoday SFB	1.81%	2.80%	9.41%	11.80%	3.13%	3.06%	0.44%	0.60%	4.73%	5.97%	1.55%	1.42%

Note: (*) For Belstar Microfinance GNPA (%) calculated as GNPA divided by gross advances and NNPA (%) calculated as NNPA divided by net advances, NBFC MFIs are arranged in order of December 2023 AUM.

Source: Company reports, CRISIL MI&A

Experience of leadership team

Belstar Microfinance ranks highest in terms of average experience of key managerial personnel as compared to top 10 NBFC-MFIs.

Players	Date of incorporation	Total number of directors	Total number of independent directors	Team Size of key managerial personnel	Average of total experience (Key Managerial Personnel) years

Top 10 NBFC-MFIs					
CreditAccess Grameen Ltd	1991	8	3	19	24
IIFL Samasta Finance Ltd**	1995	6	4	10	19
Asirvad Microfinance Ltd	2007	11	7	12	19
Muthoot Microfin Ltd	1992	10	5	7	21
Fusion Micro Finance Ltd	1994	6	3	9	24
Satin Creditcare Network Ltd	1990	8	6	11	24
Spandana Sphoorty Financial Ltd	2003	10	4	8*	23
Annapurna Finance Pvt Ltd	1986	15	4	18	15
Belstar Microfinance Ltd	**1988**	**11**	**4**	**11**	**25**
Svatantra Microfin Pvt Ltd	2012	6	2	10	21
Banks and SFBs					
Bandhan Bank	2014	14	8	26	26
Equitas Small Finance Bank Ltd	1993	10	9	15	28
Ujjivan Small Finance Bank Ltd	2016	8	6	12	27
Utkarsh SFB	2016	8	4	14	25
ESAF SFB	2016	10	5	10	21
Suryoday SFB**	2008	7	5	24	24

*Note: (1) Basis company websites as on March 2024, (2) * Executive Team (3) ** As of October 2023 (4) NBFC MFIs are arranged in order of December 2023 AUM.*

Source: Company reports, CRISIL MI&A

OTHERS

Below is the list of formulas used in this "*Industry Overview*" section, as derived from the CRISIL Report:

Parameters	Formula
Cost to Income Ratio	Operating expenses for the relevant fiscal year divided by total income minus interest expense
Operating Expense	Operating Expenditure (Employee Expenses + Depreciation and amortization expense + Fees and commission expense+ Other expenses)

Opex to total average assets	Operating expenses divided by total average assets at the end of the financial year
RoA	Profit after tax / average of total assets on book
RoE	Profit after tax / average net worth
NIMs	(Interest income on loans and advances – interest paid) / average of total assets on book
Yield on advances	Interest earned on loans and advances / average of total advances on book
Cost to income	Operating expenses / (net interest income + other income)
Cost of borrowings	Interest paid / (average of deposits and borrowings)
Credit cost	Provisions / average total assets on book
Debt to Equity Ratio	Total Borrowings / Total shareholder equity of the same A

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OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward looking statements that involve risks and uncertainties. Please read "Forward-Looking Statements" on page 28 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors" on page 30 for a discussion of certain risks that may affect our business, financial condition, or results of operations, "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 307 and 393, respectively, for a discussion of 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.

We have included certain non-GAAP financial measures and other performance indicators relating to our financial performance and business in this Draft Red Herring Prospectus, each of which is a supplemental measure of our performance and liquidity and not required by, or presented in accordance with, Ind AS, IFRS or U.S. GAAP. Furthermore, such measures and indicators are not defined under Ind AS, IFRS, U.S. GAAP or other accounting standards, and therefore should not be viewed as substitutes for performance, liquidity or profitability measures under such accounting standards. In addition, such measures and indicators, are not standardized terms, hence a direct comparison of these measures and indicators between companies may not be possible. Other companies may calculate these measures and indicators differently from us, limiting their usefulness as a comparative measure. Although such measures and indicators are not a measure of performance calculated in accordance with applicable accounting standards, our management believes that they are useful to an investor in evaluating our operating performance. For further details, see "Risk Factors – We have presented, in this Draft Red Herring Prospectus, certain financial measures and other selected statistical information relating to our financial condition and operations which are not prepared under or required by Indian GAAP. These financial measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies" on page 64.

*Unless otherwise indicated, industry and market data used in this section have been derived from the report titled 'Report on Microfinance Industry in India – For Belstar Microfinance' dated March 2024 (the "**CRISIL Report**"), prepared and released by CRISIL, which has been exclusively commissioned and paid for by our Company pursuant to an engagement letter dated September 28, 2023 for the purpose of understanding the industry in connection with this Offer. A copy of the CRISIL Report shall be available on the website of our Company at https://belstar.in/offerdocumentrelatedfilings from the date of the Red Herring Prospectus until the Bid Offer or Closing Date. 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 financial year. See "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" and "Risk Factors – This Draft Red Herring Prospectus contains information from third parties and from the CRISIL Report prepared by CRISIL, which we have commissioned and paid for purposes of confirming our understanding of the industry 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 pages 24 and 63, respectively.*

OVERVIEW

We are the ninth-largest Non-Banking Finance Company - Micro Finance Institution ("**NBFC-MFI**") in India in terms of asset under management ("**AUM**") as of December 31, 2023 (*Source: CRISIL Report*), and aim to be a socially responsible microfinance institution, driving financial inclusion across the country by furthering entrepreneurship and economic empowerment of women through the provision of loans in rural and semi-urban regions . We were established in 1988 and acquired by Dr. Kalpanaa Sankar, our Managing Director and one of our Promoters, in 2008. To cater to our customer's needs, we offer a wide range of loan products, such as micro enterprise, small enterprise, consumer goods, festival, education and emergency loans. We are one of the few NBFC-MFIs that focuses on the lending model of "self help group" ("**SHG**") model (representing 56.94% of our gross loan portfolio as of December 31, 2023) (*Source: CRISIL Report*), as we believe that the SHG model encourages generally better financial and credit discipline in the customers, in line with our goal to be a socially responsible MFI. Our operations are spread across 279 districts in 19 states and union territories in India with 1,009 branches and 10,169 employees that served approximately 2.67 million customers (excluding active customers from buyout portfolio) which had an active loan account as of the last day of the relevant period ("**Active Customers**"), as of December 31, 2023. As of December 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021, our gross loan portfolio was ₹88,342.12 million, ₹61,920.39 million, ₹43,649.05 million and ₹32,987.34 million, respectively, representing an increase at a CAGR of 37.01% from March 31, 2021 to March 31, 2023.

We are one of the top 10 NBFC-MFI players with a relatively strong credit rating of "AA" and a stable outlook from CRISIL (*Source: CRISIL Report*), and we have strong financial and operational metrics. For details on our financial and operational metrics, please see, "*Basis of Offer Price – Key Performance Indicators*" on page 115. We also have a strong parentage through Muthoot Finance Limited, being our Listed Corporate Promoter and the holding company, who provides us with business and capital support to scale up our operations and is backed by more than 135 years of experience in the finance industry. We are further supported by marquee private equity investors, namely Maj Invest and Affirma Capital. As part of our business strategy, we also have partnered with insurance service providers such as Kotak Life Insurance and Pramerica Life Insurance, and with credit bureaus such as CIBIL, Equifax, Experian and CRIF.

We have also implemented a branch-based collection method, where borrowers can visit their selected branch of our Company periodically to repay their loan instalments. We believe that this method results in building a stronger connection with our customers, provides cost-saving advantages as we have minimal need for field collections personnels and expenses associated with them (such as providing field accommodation), as well as reduces the risk of field collection-related frauds. For further details, please see, "— *Our Branch Network and Branch-Based Collection Method*" on page 232. To ensure that this collection method is customer-friendly, we aim to have our branches near commercial bank branches, easily accessible via public transport, and located within 20 kilometres of the last village of a cluster.

We have further utilized our technological capabilities to increase the scale of our digital interactions and transactions with our customers. Among our technological advances, our Samrithi Customer Application serves as a customer-facing mobile application for our customers' needs in relation to their loans, such as loan application status, profile, loans and receipts, apply for new loans, make repayments, and raise any requests or complaints. As of December 31, 2023, we had 0.28 million users of this application, with digital disbursement representing 100.00% of our total disbursements and digital collections representing 32.12% of our total collections for the month ending December 31, 2023.

We also leverage our experience in the microfinance industry to apply a simplified and robust process for risk and credit management. We also leverage on our technology across our business processes, including sourcing, underwriting, disbursement and collection, in order to manage our risk and monitor our portfolio. We believe that our risk management framework, together with our experience of dealing with underserved customer segments, have helped us build a strong portfolio quality, as indicated by our low NPA levels, as well as improve our credit ratings, which has in turn allowed us to access funds from banks and financial institutions at competitive rates. As of December 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021, our gross NPA ratio was 1.88%, 2.42%, 5.68% and 2.72%, respectively, and our net NPA ratio was 0.16%, 0.66%, 1.48% and 0.59%, respectively.

In recent years, we have a track record of significant growth in our business, operations and portfolio. Our disbursements grew from ₹24,350.27 million for the year ended March 31, 2021 to ₹57,950.85 million for the year ended March 31, 2023, and for the nine-month period ended December 31, 2023, our disbursements reached ₹67,759.36 million. Our Active Customers (excluding active customers from buyout portfolio) increased from 1.38 million accounts in March 31, 2021 to 2.67 million accounts in December 31, 2023. The number of our branches and employees also grew from 560 branches with 4,562 employees as of March 31, 2021 to 1,009 branches with 10,169 employees as of December 31, 2023.

Our Board, Promoters, Key Managerial Personnel and Senior Management comprises of experienced professionals, industry experts and management professionals, supported by a qualified pool of employees. Our Senior Management team has members who have significant experience in microfinance and various lending businesses, as well as across major functions related to our business. For details of our board of directors, key managerial personnel and senior management team, see "*Our Management*" on page 269. Our Managing Director and one of our Promoters, Dr. Kalpanaa Sankar, acquired our Company in 2008. She holds a Master of Business Administration degree from TRIUM and a degree in doctor of philosophy from Mother Teresa Women's University. Prior to joining our Company, she was previously associated with IFAD, UNOPS, Christian Aid, and Wetlands International as well as the South African government as a consultant. In recent years, she has received various awards and recognition, including the 'Princess Sabeeka Bint Ibrahim AI-Khalifa Global Award for Women Empowerment under the Individuals Champions category', and the 'Nari Shakti Puraskar-2016' award. Furthermore, our Company is guided by Board and management teams having an average experience of more than 23 years, allowing us to transition into a profitable and high-potential MFI with low credit risk.

The table below sets forth certain performance metrics of the Company for the periods and as of the dates indicated:

	As of / for the nine-month period ended December	**As of / for the year ended March 31**		
	2023	**2023**	**2022**	**2021**
Gross loan portfolio (₹ million)(1)	88,342.12	61,920.39	43,649.05	32,987.34
Period-on-period growth in gross loan portfolio (%)	65.43	41.86	32.32	25.42
Disbursements (₹ million)(2)	67,759.36	57,950.85	35,463.86	24,350.27
Average disbursements per branch (₹ million)(3)	67.15	75.56	56.11	43.48
Number of branches	1,009	767	632	560
Average gross loan portfolio per branch (₹ million)(4)	87.55	80.73	69.06	58.91
Average disbursements per employee (₹ million)(5)	6.66	7.22	5.97	5.34
Period-on-period growth in disbursements (%)	85.08	63.41	45.64	(6.82)
Number of loans disbursed (million)(6)	1.33	1.35	1.01	0.71
New customers (million)(7)	0.91	0.90	0.64	0.41
Active Customers (excluding active customers from buyout portfolio) (million)(8)	2.67	2.13	1.70	1.38

Overall digital collections (%)(9)	32.12	18.01	6.64	0.00
Revenue from operations (₹ million)(10)	12,831.40	10,312.61	7,272.29	5,514.04
Net interest income (₹ million)(11)	7,287.61	4,874.66	3,691.10	2,721.68
Pre-provision operating profit (₹ million)(12)	5,476.39	3,331.92	2,058.96	1,377.67
Net profit for the period / year (₹ million)(13)	2,351.19	1,303.26	451.29	466.51
Net interest margin (%)(14)	12.03	11.47	11.08	10.87
Cost to income ratio (%)(15)	38.27	50.45	52.91	56.77
Operating expense to average total assets ratio (%)(16)	4.74	6.29	5.76	6.05
Provisions and write offs to average total assets (%)(17)	3.36	3.04	3.73	2.70
Debt to equity ratio (18)	4.85	4.42	4.16	5.16
Gross NPA ratio (%)(19)	1.88	2.42	5.68	2.72
Net NPA ratio (%)(20)	0.16	0.66	1.48	0.59
Capital to risk (weighted) assets ratio (“**CRAR**”) (%)(21)	18.64	21.97	24.06	22.24
CRAR – Tier 1 (%)(22)	15.43	20.30	20.96	16.64
Net worth (₹ million)(23)	13,236.87	10,922.99	8,559.33	5,417.16
Average yield on portfolio (%)(24)	19.24	20.85	20.84	20.79
Average effective cost of borrowings (%)(25)	7.25	8.72	9.17	9.99
Provision coverage ratio (%)(26)	91.49	72.73	73.93	78.29
Return on average total assets (%)(27)	3.28	2.42	1.12	1.56
Return on average equity (%)(28)	19.46	13.38	6.46	8.98
Total number of insurance premium collected (million)(29)	2.41	2.60	1.90	1.38
Insurance premium collected (₹ million)(30)	2,403.45	2,354.47	1,332.92	760.42

Notes:

(1) Gross loan portfolio is defined as the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by our Company as of the last day of the relevant year, loan assets which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year.

(2) Disbursements is defined as the total amount disbursed to customers in the relevant period, pursuant to loans sanctioned.

(3) Average disbursements per branch is defined as the aggregate of all loan amounts extended to all our customers in relevant and per branch for the relevant year.

(4) Average gross loan portfolio per branch is defined as the ratio of total gross outstanding loan portfolio to number of branches for the relevant year.

(5) Average disbursements per employee is defined as the total amount disbursed to customers in the relevant period per employee, pursuant to loans sanctioned.

(6) Number of loans disbursed is defined as the total number of loans disbursed to customers during the relevant period.

(7) New customers is defined as customers who are first time borrowers of our Company while disbursing a fresh loan during the corresponding period.

(8) Active Customers is defined as customers which had an active loan account as of the last day of the relevant period.

(9) Overall digital collections percentage is defined as the amount recovered from our customers through digital payment methods as compared to total collections during the relevant period.

(10) Revenue from operations is defined as our total revenue from operations as per our Restated Financial Information for the relevant period.

(11) Net interest income is defined as our interest income on loans and advances reduced by finance costs as per our Restated Financial Information for the relevant period.

(12) Pre-Provision Operating Profit represents difference of total income minus interest expended minus operating expenses for the relevant fiscal year/quarter period.

(13) Net profit for the period / year is defined as the profit for the year (after tax) as per our Restated Financial Information for the relevant year.

(14) Net interest margin is defined as the ratio of our net interest income to our average annual gross loan portfolio on-book. Our average annual gross outstanding loan portfolio is the simple annual average of our gross outstanding loan portfolio for the relevant year/ period.

(15) Cost to income ratio is defined as the ratio of operating expenses (total expenses excluding finance costs, net loss on fair value changes and impairment on financial instruments) divided by total operating income (total income less finance costs).

(16) Operating expense to average total assets ratio is defined as the ratio of operating expense to average total assets for the relevant year/ period.

(17) Provisions and write-offs to average total assets ratio is defined as the ratio calculated by dividing the total amount of provisions made for potential loan losses and loan write-offs charged to profit or loss (i.e impairment of financial instruments and net loss on fair value changes) during a specific period by the average total assets over the same period.

(18) Debt to equity ratio is defined as the ratio of our total borrowings to our total equity attributable to shareholders as of the last day of the relevant year derived from our Restated Financial Information.

(19) Gross NPA ratio is defined as the ratio of our Stage III assets to total outstanding loan portfolio as of the relevant year or period. Total outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets held by our Company as of the last day of the relevant year or period, gross of impairment allowance.

(20) Net NPA ratio is defined as the ratio of our Net NPA (Stage III assets less impairment allowance for Stage III assets) to Net Outstanding Loan Portfolio as of the relevant year or period. Net Outstanding Loan Portfolio represents the total outstanding loan portfolio as of the last day of the relevant year or period reduced by impairment allowance.

(21) CRAR is defined as capital funds (Tier I capital plus Tier II capital) divided by risk-weighted assets (the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI).

(22) CRAR – Tier 1 is defined as the ratio of Tier 1 Capital to total risk weighted assets. Tier I Capital means Owned Fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15 per cent of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year. Owned fund means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

(23) Net worth is defined as our net worth as of the last date of the relevant period as per our Restated Financial Information.

(24) Average yield on portfolio is defined as the ratio of total interest income on loans and advances to average of Net loan portfolio on book for the relevant year.

(25) Average effective cost of borrowings is defined as the ratio of borrowing cost incurred by the company for the relevant financial year or period to the average of borrowings of the company for the relevant year or period.

(26) Provision Coverage Ratio represents difference of GNPA and NNPA divided by GNPA as of the last day of the relevant period.

(27) Return on average total assets is defined as the profit for the relevant year/ period derived from our Restated Financial Information as a percentage of annual average total assets for such year.

(28) Return on average equity is defined as the ratio of profit for the relevant year/ period to our annual average of net worth for the relevant year or period.

(29) Total number of insurance premium collected is defined as the overall count of insurance premiums received from diverse customers in relation to their loan disbursements for the relevant year.

(30) Insurance premium collected is defined as the overall sum of insurance premiums received from diverse customers in relation to their loan disbursements for the relevant year.

Our Company's vision is to pursue a "double bottom line" business strategy to achieve both economic and social empowerment. We continue to pursue our business goals of economic empowerment of women, community development and alleviation of poverty with the assistance of Hand in Hand India ("**HIH India**"), a non-government organisation co-founded and managed by Dr. Kalpanaa Sankar with a vision to alleviate poverty focusing on access to education, affordable healthcare, skill development, entrepreneurship, financial inclusion and clean environment.

HIH India also provides strategic support in areas such as training, capacity building, women empowerment and entrepreneurship development to our Company. We believe our social initiatives have and will continue to allow us to build our brand and positively impact our brand image further, reach new customers and strengthen our relationship with the existing customer base. As a testament to our commitment towards social goals, we received a Certificate of Appreciation in the SME-Women Entrepreneur of the year category at the Empowering India Awards 2021.

Our Strengths

Pan-India presence, a strong and well-diversified portfolio, and a consistent track record of growth and improvement of financial and operational metrics

We are a microfinance institution providing loans to primarily economically-weaker and underserved women customers (primarily for their income-generation purposes) with a focus on rural and semi-urban regions of India, in line with our vision of economic and social empowerment of women. Our business model helps in driving financial inclusion, as we serve customers who belong to low-income groups. We have built our infrastructure around rural and semi-urban regions in India with growth potential but limited access, so that we can ensure ease of lending to our customers. With our branch-based collection method, we aim to have our branches near commercial bank branches, easily accessible via public transport, and located within 20 kilometres of the last village of a cluster. See "— *Description of Our Business – Our Branch Network and Branch-Based Collection Method*". We believe that our branch network assists us in managing disbursement and collections in an efficient manner and provides local knowledge, which is critical to the success of our operations. Our widespread branch network in rural and semi-urban markets, together with our technology-led initiatives, results in significant competitive advantages compared to our peers, including by giving us the capability to offer a variety of financial products in areas of limited access.

We had 2.67 million Active Customers (excluding active customers from buyout portfolio) and we have a strong and well-diversified portfolio across 279 districts and 1,009 branches in 19 states and union territories in India, as of December 31, 2023. We believe our presence makes us well placed to lend across the country in a scalable manner while maintaining low operating costs; and allows us to offer "last-mile" connectivity to our customers, even in remote areas. Our wide range of product offerings based on customers' needs and our robust risk management framework have resulted in healthy portfolio quality indicators, such as high collection efficiency and low rates of gross NPA and net NPA. See "— *Regular Collection Efficiency*" on page 235. As of December 31, 2023, we had the third lowest gross NPA and the lowest net NPA ratios amongst the top 10 NBFC-MFIs (*Source: CRISIL Report*).

We have also been able to successfully diversify our loan portfolio as an NBFC-MFI by geography and by type of activities connected to the loans. We offer a comprehensive suite of products and services, providing a personalized customer experience and focusing on creating need-based products for each income segment that we are targeting. Our top three states in terms of total gross loan portfolio are Tamil Nadu, Karnataka and Madhya Pradesh, representing 48.46%, 9.02% and 5.62% of our gross loan portfolio as of December 31, 2023, showing the diversification of our portfolio by state. Additionally, 89.70% of the new branches opened during the nine-month period ended December 31, 2023 are outside Tamil Nadu. Furthermore, the top three activities connected to the loans we provided in terms of total gross loan portfolio are agriculture and agriculture-allied, services, and trade and business, representing 59.75%, 22.75% and 11.76% of our gross loan portfolio as of March 31, 2021 and 66.09%, 16.23% and 11.78% of our gross loan portfolio as of December 31, 2023, indicating the diversification of our portfolio by activities. We continuously aim to reduce state concentration risk through expansion into new states and widening our reach into untapped markets.

We believe that our focus on prioritizing diversification has enabled us to experience sustained growth over the last few years and put us in the position to continue our growth journey. We have demonstrated consistent improvement in our financial and operational metrics over the last three years. For example, our gross loan portfolio increased at a CAGR of approximately 49.49% between March 31, 2021 and December 31, 2023, from ₹32,987.34 million to ₹88,342.12 million. Our disbursements grew from ₹24,350.27 million for the year ended March 31, 2021 to ₹57,950.85 million for the year ended March 31, 2023, and to ₹67,759.36 million for the nine-month period ended December 31, 2023. Our profit after tax increased from ₹466.51 million for the year ended March 31, 2021 to ₹1,303.25 million for the year ended March 31, 2023. Our cost of borrowing decreased from 9.99% for the year ended March 31, 2021 to 8.72% for the year ended March 31, 2023, and to 7.25% for the nine-month period ended December 31, 2023. For Fiscal 2023, we had the lowest cost of borrowing among the top 10 NBFC-MFIs (*Source: CRISIL Report*). Our return on average total assets increased from 1.56% for the year ended March 31, 2021 to 2.42% for the year ended March 31, 2023, and to 3.28% for the nine-month period ended December 31, 2023. Our return on average equity increased from 8.98% for the year ended March 31, 2021 to 13.38% for the year ended March 31, 2023, and to 19.46% for the nine-month period ended December 31, 2023. Our cost to income ratio also decreased from 56.77% for the year ended March 31, 2021 to 50.45% for the year ended March 31, 2023, and to 38.27% for the nine-month period ended December 31, 2023.

On the operational side, the number of customer accounts (excluding active customers from buyout portfolio) increased from 1.38 million as of March 31, 2021 to 2.67 million as of December 31, 2023. This increase is due to a corresponding increase in new customer accounts from 410,842 new accounts for the year ended March 31, 2021 to 904,450 new customers for the year ended March 31, 2023. Between Fiscal 2019 and Fiscal 2023, we recorded the second highest growth in number of customers among the top 10 NBFC-MFIs in India (*Source: CRISIL Report*). The number of our branches and employees also grew from 560 branches with 4,562 employees as of March 31, 2021 to 1,009 branches with 10,169 employees as of December 31, 2023. As a result of our operational growth, the total amount of our disbursements also increased at a CAGR of 54.27% between March 31, 2021 and March 31, 2023, from ₹24,350.27 million to ₹57,950.85 million, and for the nine-month period ended December 31, 2023, our disbursements reached ₹67,759.36 million. The amount of loans taken by our customers on average also increased, and our average loan size increased from ₹34,430 as of March 31, 2021 to ₹52,370 as of December 31, 2023. For further details on our financial and operational metrics, please see, "*Basis of Offer Price – Key Performance Indicators*" on page 115. We believe that our customer-centric approach, our focus in growing rural and semi-urban areas in India and our adoption of customer-friendly technologies position us well to continue our consistent track record of growth going forward.

Brand recall and synergies with Muthoot Finance Group

We are part of the Muthoot Finance Group, a business conglomerate with presence across 29 states and union territories, as a result of which Muthoot Finance Limited, our Listed Corporate Promoter, is holding a majority stake of 66.13% in our Company. Muthoot Finance Limited has more than 135 years of experience in the financial industry and is the largest gold loan NBFC in India in terms of loan portfolio in India, as well as the largest branch network among gold loan NBFCs in India. It has served over 700 million customers and is serving over 250,000 customers daily, thus facilitating the growth of a sizable population of India that falls in the bottom of the economic pyramid. It has also been awarded as India's No. 1 Most Trusted Financial Services Brand for eight consecutive years since 2016 by TRA's Brand Trust Report.

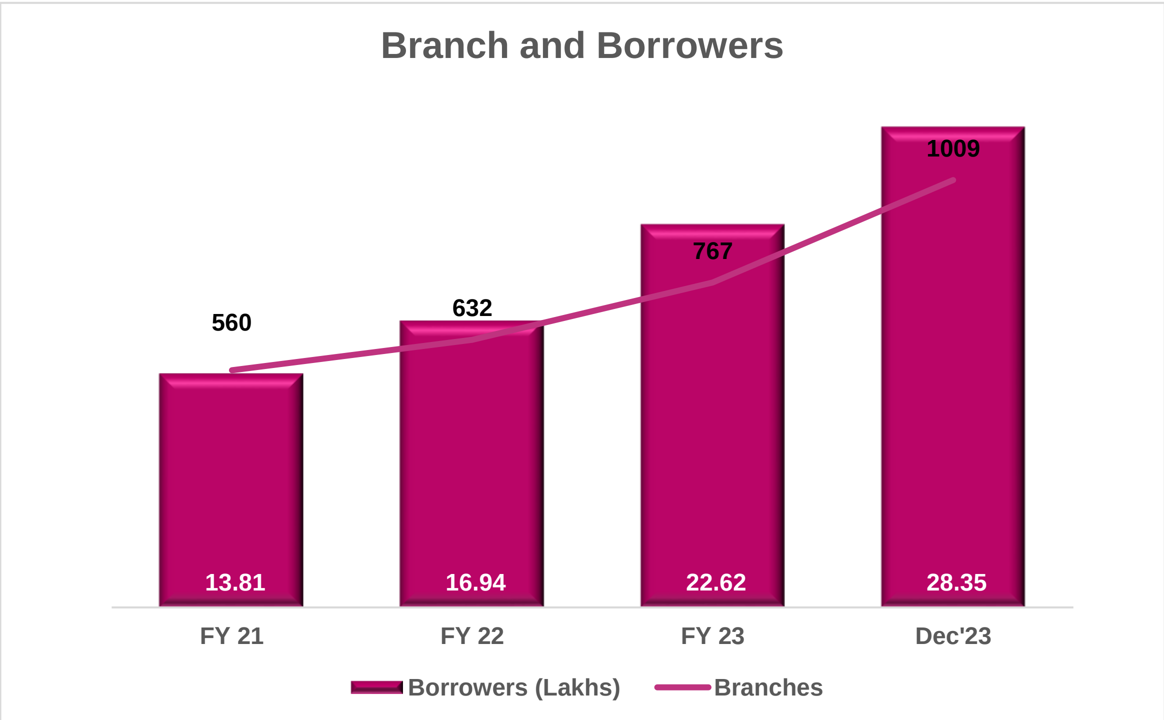
Our relationship with Muthoot Finance Group provides us with brand recall and marketing and operational benefits, which is beneficial for the growth of our operations and expansion of our customer base and geographical reach across India. For example, such relationship provides us with the ability to cross-sell new types of products that we offer to existing and new customers of our loan products. Muthoot Finance Group's history in working with customers in economically weaker sections across India also helps us better understand their needs in rural and semi-urban households and design loan products to cater to their requirements. In addition, our association with the Muthoot Finance Group has helped provide access to finance in case of any financial stress by us to raise liquidity as a result of external market situation.

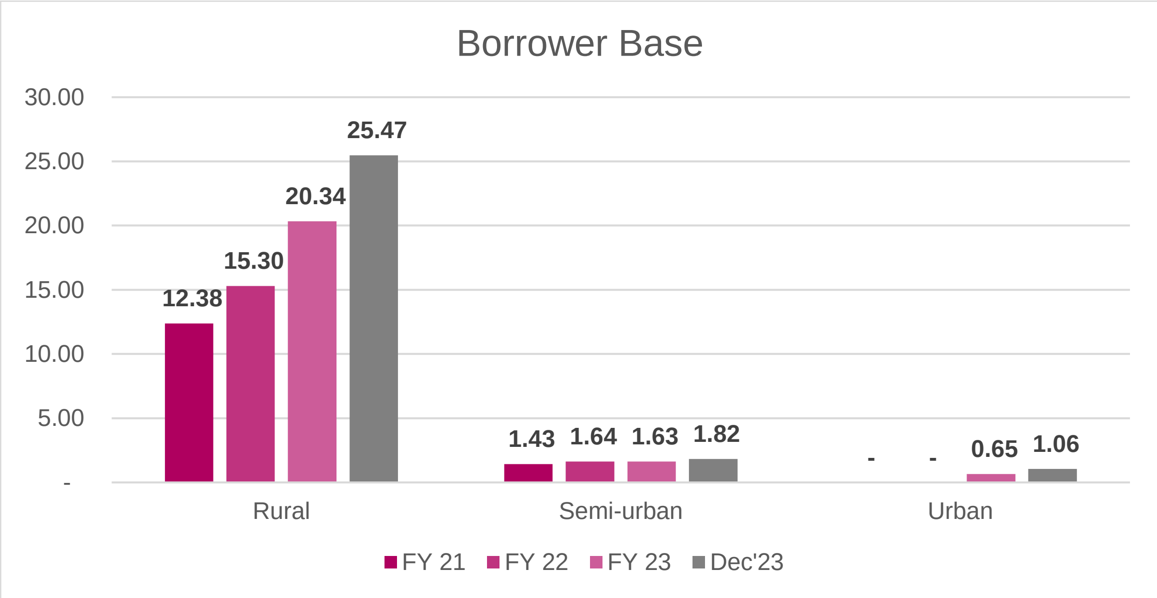
Customer-centric business model with deep understanding of the large Indian underbanked customer segment

We provide a personalized customer experience and have gained a robust understanding of our market and customer base over the years, allowing us to meet the financial needs of our existing and potential customers, especially in the underbanked women customer segment living in rural and semi-urban areas. We offer a range of products and services to address a variety of financing requirements of our customers through our branches. Our branch-based collection method incentivizes customers to make their repayments in our branches, which helps deepen our understanding and connection with the customers while minimizing the risks of potential frauds by either the customers or our employees. Our regular collection efficiency was 99.26% for the nine-month period ended December 31, 2023 and 98.88% for Fiscal 2023. As of December 31, 2023, digital collections represented 32.12% of our total collections (as compared to 0.00%, 6.64% and 18.01% of our total collections as of March 31, 2021, 2022 and 2023, respectively), while the majority falls under the branch-based collection method.

With the goal of being a socially responsible and sustainable business, we focus on promoting financial inclusion for economically-weaker women group, with special attention to rural and semi-urban centres. Since 65% of India's population is residing in rural areas, borrowers in these regions have a low credit penetration due to lack of bank infrastructure and lower level of financial literacy, among other reasons (*Source: CRISIL Report*). As financial inclusion and competition for banking services is lower, there are significant growth opportunities in the rural areas (*Source: CRISIL Report*). In addition, it is believed that establishing a good rapport with borrowers in the rural areas leads to a longer and more loyal customer relationship, which helps in leveraging cross-selling of products (*Source: CRISIL Report*). We are also one of the few NBFC-MFIs with the SHG model as part of our lending model (*Source: CRISIL Report*), which includes providing trainings to customers and conducting information meetings on various products we offer. As a result, we believe the SHG model encourages generally better financial and credit discipline in customers, in line with our goal to be a socially responsible MFI.

The graphs below show our growth story in the rural and semi-urban regions and the percentage of our active borrowers between rural and semi-urban areas:





As the Indian economy grows, there is a huge potential for targeting underserved consumers in the country, including those at the bottom of the pyramid (*Source: CRISIL Report*). We believe that our track record, together with our experience and extensive branch network that cater to these customers, position us to continue grow our business and favourably compete in these segments.

Access to diversified sources of capital and effective cost of funds and asset liability management

We have a well-diversified funding profile that underpins our liquidity management system, credit rating and brand equity. We received an upgraded credit rating of AA/Stable rating from CRISIL on February 9, 2024 and have historically secured, and seek to continue to secure, cost-effective funding from various sources, such as direct assignment, NCDs, public and private banks, NBFC, among others. We have relationships with 38 lenders as of December 31, 2023 comprising a range of public banks, private banks, foreign banks and financial institutions to meet our capital funding requirements, and this lender base has grown throughout the years from approximately 38, 44 and 37 lenders, respectively, as of March 31, 2021, 2022 and 2023.

Furthermore, as of December 31, 2023, we had issued 71,400 NCDs aggregating to ₹8,924.04 million in principal amount outstanding, and we have a total outstanding debt in principal amount of ₹64,241.81 million. Our Listed Corporate Promoter, Muthoot Finance Limited, has not provided any corporate guarantees in relation to the borrowings availed by us, which demonstrates the trust of our lenders in our business model. Our access to diversified and cost-effective debt financing is also attributable to our stable credit history and improving credit ratings. For more details on our grading and credit ratings, see "*– Description of our Business – Grading and Credit Ratings*" on page 243.

Due to the strong parentage of our Listed Corporate Promoter, Muthoot Finance Limited, we enjoy consistent financial support from them in the form of short-term credit in cases of temporary financial stress, which has helped us repay our existing loan obligations. In addition, we have previously been able to raise capital from the marquee equity partners, Maj Invest and Affirma Capital. Our Promoters hold 73.30% of the issued, subscribed and paid-up pre-Offer Equity Share capital (on a fully diluted basis) of our Company as of the date of this Draft Red Herring Prospectus.

The below table shows our diversified funding mix as of the dates indicated:

Funding Source	As of December 31		As of March 31					
	2023		2023		2022		2021	
	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total

PSU Bank	26,984.68	34.29%	17,709.65	28.09%	12,123.40	28.79%	8,873.06	27.43%
Private Bank	17,003.27	21.60%	17,924.84	28.43%	13,445.69	31.93%	8,140.96	25.16%
NCDs	7,245.72	9.21%	3,399.22	5.39%	3,965.35	9.42%	6,571.15	20.31%
MLD	4,234.26	5.38%	4,216.79	6.69%	1,237.20	2.94%	0	0.00%
Direct Assignm ents	14,468.91	18.38%	14,791.25	23.46%	6,543.26	15.54%	4,395.41	13.59%
Foreign Banks	6,881.84	8.74%	3,527.17	5.59%	3,036.69	7.21%	2,594.27	8.02%
NBFCs	1,892.04	2.40%	1,487.19	2.36%	1,762.03	4.18%	1,776.92	5.49%
Total	**78,710.72**	**100.00%**	**63,056.11**	**100.00%**	**42,113.62**	**100.00%**	**32,351.77**	**100.00%**
Note: (1) Amounts shown are in ₹ million.								

We also maintain a conservative and positive Asset Liability Management ("**ALM**") policy. We had aggregate loan provision of 2.72% of our loan portfolio (on book), as of December 31, 2023. Our capital adequacy ratio was 18.64% (with Tier 1 at 15.43%) of risk-weighted assets as of December 31, 2023, which is beyond the required 15.0% prescribed by the RBI. These factors provide us with a competitive advantage whenever we borrow funds for our operations. Our average effective cost of borrowing has also reduced from 9.99% for Fiscal 2021 to 8.72% for Fiscal 2023, and to 7.25% for the nine-months period ended December 31, 2023. For Fiscal 2023, we had the lowest cost of borrowing among the top 10 NBFC-MFIs (*Source: CRISIL Report*). Our overall ability to secure cost effective funding has been and will continue to allow us to improve our margins without increasing the cost of loans for our customers.

Robust credit assessment process and risk management framework leading to a healthy portfolio quality

Risk management forms an integral part of our lending business, and we recognize its importance for our long-term success. We have implemented robust risk management policies that primarily focus on addressing credit risk, liquidity risk, market risk, concentration risk, information security risk, operational risk and political risk. Our overall risk governance is structured around three lines of defenses, ensuring the effectiveness of our risk management framework and structure. The first line of defense involves the business line management and the finance function, who are responsible for identifying and managing the risks inherent in the products, services and activities undertaken by the Company on a day-to-day basis. The second line of defense involves the risk management team and the compliance team where they design, measure, implement, co-ordinate, report and facilitate effective risk management on a company-wide basis. Our third and last line of defense involves independent internal audit function and the vigilance function where they review the appropriateness of the risk management policies and procedures, and their effective implementation as per the stipulated regulatory guidelines. By adhering to this risk governance structure, we ensure that we effectively manage risks, maintains transparency and enhances stakeholder confidence in our risk management practices.

Our customer due diligence procedures encompass multiple levels of checks and controls designed to assess the quality of customers and confirm that they meet our selection criteria. These checks and controls include a comprehensive evaluation of repayment capacity as well as group training sessions and knowledge testing. We also utilize credit bureau data to verify customer details and obtain information on past credit behavior. Furthermore, we periodically evaluate portfolio risk levels and rigorously monitor and analyze cash disbursements and collections, and customer retention at both branch and head office levels, which helps in minimizing the incidence of bad debts.

With our robust credit assessment process and risk management framework, our gross NPA has decreased from 2.72% for the year ended March 31, 2021 to 2.42% for the year ended March 31, 2023, and stood at 1.88% for the nine-month period ended December 31, 2023. Our net NPA has also remained stable from 0.59%

for the year ended March 31, 2021 to 0.66% for the year ended March 31, 2023, and stood at 0.16% for the nine-month period ended December 31, 2023.

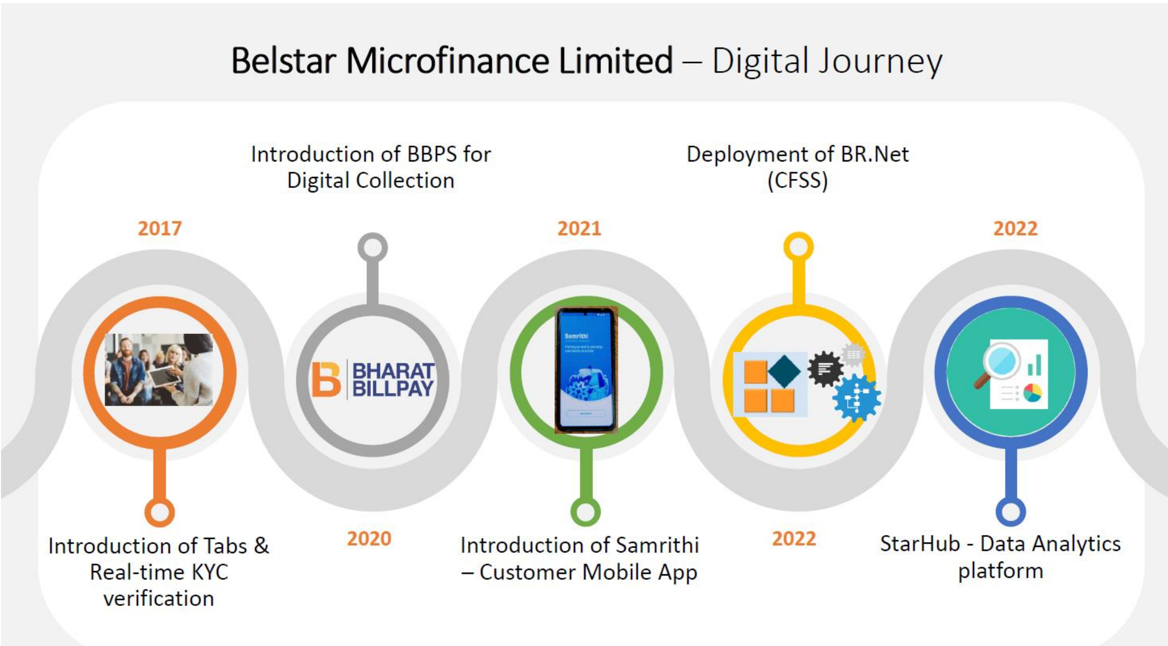
Furthermore, our cumulative credit cost write-offs percentage as compared to our gross loan portfolio during the COVID-19 period were 9.89% from Fiscal 2021 to Fiscal 2023, which is lower as compared to the average cumulative credit cost write-offs percentage of our competitors in the industry.

For further details on the key elements of our risk management framework, please see "*—Description of Our Business – Risk Management*".

High leverage on technology to drive process efficiencies

We have followed a well-defined IT strategy since our inception with clear targets that we regularly review and revise in order to remain at the forefront of the dynamic and fast-evolving nature of business technology. We utilise technology to increase our digital penetration, reduce risk relating to cash transaction and management, improve risk management, increase operational efficiency and improve customer analytics. For the nine-month period ended December 31, 2023, digital disbursement represented 100.00% of our total disbursements and digital collections represented 32.12% of our total collections.

Among others, the following information technology systems have been adopted across our business, which contributed to an increase in average customers serviced per branch, an increase in digital onboarding of customers, and maintaining our digital loan disbursements at 100.00% as of December 31, 2023:



- We have completed the deployment of "BR.Net" in November 2022, an integrated Core Financial Services Solution ("**CFSS**") system to replace our existing system to strengthen our loan originating, servicing and collection process. We are doing 100.00% digital (cashless) disbursement and achieved 32.12% digital collections for the nine-month period ended December 31, 2023.

- We have developed a proprietary application, named the "Samrithi Customer Application" that was launched in 2021, which serves as our customer-facing mobile application for our customers' needs in relation to their loans, such as loan application status, profile, loans and receipts, apply for new loans, make repayments, and raise any requests or complaints.

- We have added the Bharat Bill Payment System ("**BBPS**") interface in 2020, a third-party integrated bill payment system in India, as part of our digital collections to allow customers to transact with us using any platform integrated with BBPS or to engage in cash transactions through various agents of BBPS.

- We have utilized the "iFlow" system to share customer's KYC details with CERSAI and to generate the corresponding cKYC numbers on a daily basis.
- We have introduced a "bring your own device" ("**BYOD**") policy that helped our employees to reduce the number of devices they carry, resulting in higher levels of operational comfort, optimizing cost expenditures and minimizing the need for technological support.
- We have implemented an Asset and Liability Management System which helps our treasury team for better fund management and meeting all regulatory requirements.

For further details on our key information technology system, please see "— *Description of Our Business – Information Technology*".

Professional and experienced leadership team with strong corporate governance, backed by highly-respected promoters and other shareholders

Our Board, Key Managerial Personnel, Senior Management and Promoters have a diversified track record and significant expertise and experience in the financial services industry and have been instrumental in developing and implementing our business strategy. Our Senior Management team consists of 7 members, who are seasoned professionals having an average experience of more than 23 years across a variety of sectors and further supported by a qualified pool of employees. Our Board consists of 11 directors (of whom, one Managing Director, one Whole-time Director, five are Non-Executive Directors, and four are Independent Directors (including one woman director)). Together, they have demonstrated an ability to manage and grow our operations. We believe our team can identify, develop and offer products and services that meet the needs of our customers while maintaining effective risk management and competitive margins. For further details relating to our Board and Senior Management, see "*Our Management*" on page 269. We also prioritize training and development of our staff at various levels and roles as a crucial part of their professional growth and success. See "*—Employees*" on page 244.

Furthermore, Dr. Kalpanaa Sankar, our Managing Director and one of our Promoters, has helped build our Company to become an institution that continues to drive financial inclusion and economic empowerment of women in rural and semi-urban regions of India. She holds a Master of Business Administration degree from TRIUM and a degree in doctor of philosophy from Mother Teresa Women's University. Prior to joining our Company, she was previously associated with IFAD, UNOPS, Christian Aid, and Wetlands International as well as the South African government as a consultant. In recent years, she has received various awards and recognition, including the 'Princess Sabeeka Bint Ibrahim AI- Khalifa Global Award for Women Empowerment under the Individuals Champions category', and the 'Nari Shakti Puraskar-2016' award. In addition, we enjoy continuous support from Muthoot Finance Limited and also from marquee private equity investors, namely Maj Invest and Affirma Capital.

Our Strategies

Continue to grow our loan portfolio by expanding our geographical footprint and diversifying product offerings

As of December 31, 2023, certain rural and semi-urban regions of India had relatively low financial penetration as compared to the pan-India average penetration rate, indicating growth potential in such regions (*Source: CRISIL Report*). While our operations have historically been concentrated in South India, we have in recent years expanded into the rest of India and have a total of 461 branches outside South India as of December 31, 2023, representing 45.69% of our total branches as of December 31, 2023. Additionally, 89.70% of the new branches opened during the nine-month period ended December 31, 2023 are outside Tamil Nadu. Moving forward, we plan to continue to undertake our geographical expansion to four key states, namely Karnataka, West Bengal, Bihar and Uttar Pradesh, with a double objective of reducing its concentration in Tamil Nadu and to further expand the business in geographies that have more unbanked population, which would allow the Company to gain more market shares. We believe that our focus on digital innovation and technology will be a strong tool to allow us to expand our reach across India, including towards emerging rural areas with limited access.

In conjunction with our geographical expansion goals, we intend to open more branches so that our branch-based collection method can be further established. As of December 31, 2023, we had 1,009 branches. While we expand our network, we will continue to monitor various market, credit parameters, credit growth, household information and other metrics, all of which will give us the ability to lower the risk and increase the returns. We will also continue to focus on further deepening our credit and hold in existing market. For example, branches that do not achieve certain targeted financial parameters shall be analysed and assigned measures to improve their portfolio quality. This in turn will improve their collection efficiency, which will further lower the credit cost of such branch's portfolio.

Furthermore, as our aim is to always be customer-centric, we seek to explore co-lending model and shift towards digital products, shorter-term products, in order to meet customer's needs. We believe that we should be able to service customers at all stages of their life with our product offerings, including by incentivizing repeat loans, top-up loans and cross-sell to customers who have proven their credibility.

Increasing our brand recognition by strengthening our relationship with our customer base

We are committed to promoting financial inclusion for the underserved segments, and one of our strengths is our robust understanding of our customers and their needs. We undertake various credit plus initiatives (in six selected states) to establish customer connection and build the brand by providing financial training and advisory support to our customers, as well as non-financial aid. For example, we initiate trainings on various thematic subjects such as health and hygiene, environment and women empowerment, provide capacity building trainings on leadership, financial and digital literacy, and instil the habits of financial literacy via family budgeting, smart savings and calculated lending. Our goal is to increase our customer's financial awareness and establish trust in the 'Belstar' brand.

We collaborate with HIH India to achieve these social goals. As a part of our CSR initiatives, we are actively engaged in empowering women across multiple states in India. For example, we and HIH India reach out to our customers in order to conduct health camps and give them trainings on financial literacy. With a particular focus on three states in North India, namely Madhya Pradesh, Bihar and Punjab, our joint initiative aims to empower over 15,000 women. We also aim to enhance services of our mobile application, "Samrithi Customer Application", to assist customers in fulfilling service requests and basic transactions, using their preferred language and channel. By encouraging the use of digital services, we aim to provide customers with a transaction experience that is cost-effective, convenient, secure and seamless.

Leverage digital banking and analytics to drive cost optimisation, increase operational efficiency and improve profitability metrics

We intend to continue to invest in our digital platform to increase operational efficiencies and effectiveness and ensure customer credit quality. Our digital strategy includes digital innovation, API banking, fintech collaborations, AI, digital lending, payments and data analytics. We are actively implementing end-to-end digitization processes to enable contactless disbursements and collections. We also plan to collaborate with the fintech ecosystem to offer innovative products and solutions to our customers. With all of our digital initiatives, we aim to improve overall efficiency and effectiveness within our digital ecosystem, and also further reduce our TAT. We have employed a business rule engine to ensure data driven credit scoring and automates system driven decision making, thereby reducing the TAT. These insights combined with our robust risk management framework will also help enable us to improve our collection efficiency. Furthermore, digital channels will play a crucial role in acquiring new customers, especially in hard-to-reach areas, and would allow us to expand our reach across the country.

We aim to further improve our growth by focusing on cost optimisation. Our focus on digital technology provides us with an alternative collection method, including through our proprietary mobile application as well as branch-based collection method. We aim to find the right mix between our branch-based and digital collections to improve our cost optimisation. For the nine-month period ended December 31, 2023, digital collections represented 32.12% of our total collections, and we aim to increase this percentage to 60% by March 2025. Furthermore, our branches typically take eight to 10 months to break even, and because the majority of our branches are profitable, our proportion of matured branches to total branches will be incrementally higher going forward, which we believe will also help us improve our cost optimisation.

In addition, our connection with the Muthoot Finance Group provides us with the ability to cross-sell any future insurance products or gold products that we offer or may offer to existing and new customers of our loan products, thereby potentially improving our operational and profitability metrics. For example, we are in the process of exploring the possibility of doing business in collaboration with Muthoot Finance Limited, or participating in government projects like SIDBI.

Further diversify our sources of funds

We have been able access cost-effective debt financing and reduce our average effective cost of borrowings over the years (from 9.99% for Fiscal 2021 to 7.25% for nine-months period ended December 31, 2023) due to improving our credit ratings, diversification and enhancement of scale to our business. For Fiscal 2023, we had the lowest cost of borrowing among the top 10 NBFC-MFIs (*Source: CRISIL Report*). We have historically secured and seek to continue to secure cost-effective funding from various sources, such as direct assignment, NCDs, public and private banks, NBFC, among others. For details on our ability to raise capital at competitive costs, see "— *Our Strengths – Access to diversified sources of capital and effective cost of funds*". As we continue to grow the scale of our operations, we aim to reduce our dependence on the more costly term loans from banks and financial institutions in India, by issuing retail NCDs and unsecured NCDs, and raising ECBs, in order to optimize our cost of fund, meet our capital needs and continue improving our credit ratings. A lower average cost of lending enables us to competitively price our loan products to our customers. Furthermore, we will also continue to evaluate opportunities to securitize or assign loans to financial institutions, which would enable us to optimize our cost of borrowings and liquidity requirements, capital management and ALM.

Further strengthen our risk and underwriting model

As risk management forms an integral part of our business, we aim to continuously improve our risk and underwriting model. We aim to put a stronger focus on risk audits for new and at-risk units. We also seek to improve our review and monitoring system for early warning signal and analyse existing and future delinquencies feedback to improve our credit underwriting policies. For our new branch locations, we will continue to monitor various market, credit parameters, credit growth, household information and other field-level and data-based check to give us the ability to lower our overall risk associated with opening new branches. We also plan to establish regular data analysis to pre-empt quality issues at a branch level and at a geographical level.

We currently leverage technology in our credit verification with third-party partners, through which we input certain KYC details and receive an instant report on the customers' credit profile, thus allowing us to analyse risk associated with each customer and predict their repayment behaviour. Moving forward, we intend to invest in augmenting our technology infrastructure to improve our risk management by leveraging the data we have, as well as make extensive use of data analytics solutions in our operations for risk-related initiative, such as credit monitoring, credit assessment and origination. We plan to undertake the following initiatives to achieve this objective:

- develop risk-based scorecard analysis to grade customers credit capabilities;
- use of alternate data bureaus; and
- leveraging on Aadhaar ID's database.

DESCRIPTION OF OUR BUSINESS

Our Lending Model

Group Lending

Self Help Group ("**SHG**")

Under the SHG loan model, a "self help group" consisting of around eight to 20 members from the same area with a similar socio-economic background come together to achieve a common goal of sustainable economic development. Each member of the SHG will pool their financial resources to make small interest-bearing loans to their members and after these SHGs fulfil certain pre-determined criteria, they will be able to borrow from us for on-lending to its members.

The equated monthly instalment ("**EMI**") from the customers for the loans gets collected at the group level is paid either at the branch or through digital mode. The receipt for the payment is then given to the remitter. The branch accountant at each branch is responsible for these collections at the branch and collections made during the day (before the banking hours) is deposited into the bank account on the same day of collection without fail. In case of collections are made after banking hours and on bank holidays, cash deposit machines available in the nearby areas of the borrowers have to be utilized for depositing the cash. If there are any failure to pay by the customers or the SHG on the due date is considered to be past due and shall immediately be brought to the attention of the Sales Officer and the Branch Manager by the Branch Accountant. In case the past due is until 15 days from the due date, rigorous follow-up action is taken up by Sales Officer and Branch Manager to ensure collection. If the past due is until 30 days from the due date, other members of the SHG are also required to exert pressure on the defaulting member. If the past due is until 30 days from the due date, additionally, the collections team visits the defaulting member along with the animator and representative. If the past due is over 90 days from the due date, overdue instalment repayment notice is sent to the defaulting members calling for repayment within a week and special follow-up efforts are taken by the collections team and a report on the action taken and the status of the account is submitted to Company's head office.

As of December 31, 2023, our SHG model had benefitted 1,446,918 customers and this model represents 56.94% of our gross loan portfolio and contributed to approximately 57% of our revenue.

Joint Liability Group ("**JLG**") / Pragati

Under the JLG loan model, a "Pragati" or an informal group of three to ten women founded on the basis of trust and knowledge of each other's business and nature would apply for a loan and provide joint and several guarantees on such loans from each member of the JLG. This model is based on the idea that people belonging to lower-income segments may have collective skills that are underutilized and that if they are given access to credit, they may be able to identify new opportunities and grow existing income-generating activities. Each group selects a group leader who is responsible for coordinating repayments, liaising with us and regulating group peer pressure.

As of December 31, 2023, our JLG model had benefitted 1,037,953 customers and this model represents 34.32% of our gross loan portfolio and contributed to approximately 34% of our revenue.

Key Steps to Lending Model

Our lending model for SHG and JLG comprises of the following key steps that we have summarized below:

1. Group formation. A group is formed having similar economic status and preferably engaged in some economic activity, know each other well and are jointly and severally liable for repayments of all loans taken by the individuals in the group.

2. KYC collections. As part of the due diligence and KYC process, identity proof, address proof, proof of age and proof of nominee are collected from the individual primary applicant. Furthermore, additional documents include the KYC of individual member's nominee, nomination form, passport size photographs of the nominee and applicant, and bank details. Voter IDs are considered identity proof and we perform verification checks through third party electoral databases on the voter ID cards provided to reduce the risk of identity-related fraud.

3. Credit bureau verification. In order to ensure that the members of each group are within the established credit lending norms, credit bureau enquiry from third-party credit bureaus is done before the loan application process. In this process, basic KYC details, such as full name, mobile number, address, date of birth and KYC ID, are entered in the system and an instant Credit Information Report of each group members and their co-borrowers.

4. Adequate group training ("**AGT**"). The sales officer in charge of the loan provides the individual members of the group with necessary information about us and other financial details, such as loan eligibility, terms and conditions, documentation process and EMI payment, for them to apply for a loan. Such officer will orient the individual members about the eligibility, training, documentation process, loan products, terms and conditions and motivates them to associate with us.

5. Loan application. The group or its representative shall submit their loan application, where the members of the group agree on the terms and conditions of the loan and on the joint and several liability for repayments.

6. Group verification process by branch manager. The branch manager further performs verification process to check the group member's understanding of the aspects of eligibility criteria, loan products, terms and conditions, and the responsibility in becoming a customer with us.

7. Loan sanctioning. Our centralised backend team assesses the information received from the field employees and if all specified criteria are met, the loans will be sanctioned to the group. These criteria are namely, borrowing history, monthly loan obligations, household income and KYC check.

8. Disbursement and post-disbursement. Once loans are sanctioned, disbursements shall be done through direct bank transfers to the individual accounts and post-disbursement check shall be done via a customer service meeting, which informs the customers on its loan amount, EMI amount, due date, balance and eligibility of other loan products.

9. Loan management. Repayments shall be then collected at the branch officer and any of the borrowers in the group can remit the amount on behalf of the group. The branch accountant accepts the repayment and provides the receipt to the borrower. In instances where the borrowers defaulted in their payment, the Company will closely follow-up on the repayment from the non on-time repayment customers by continuing MIS from the head office to the field team, who will help to get the collections back.

10. Loan closure. Borrowers have the option of prepaying their loans before the completion of the loan cycle, in specific cases. No prepayment charges are levied in case of early repayment or on pre-closure of loans.

Our Products

Loan Products

All our products are governed by product-level policies and standard operating procedures approved by our Board. These policies and procedures ensure consistency, transparency, and adherence to regulatory requirements. Additionally, we maintain strict control over client concentration by limiting non-qualifying books to less than 25% of our overall assets. This approach allows us to maintain a strong focus on micro-lending and ensures our commitment to empowering micro-enterprises. A breakdown of loan products is set forth in the table below as of December 31, 2023:

Loan Type	**Range of Ticket Size for the period (in ₹)**	**Average Ticket Size for the period (in ₹)**	**Number of Loans Disbursed for the period (in millions)**	**Gross Loan portfolio (in ₹ millions)**	**Percentage of Gross Loan portfolio (in %)**
Micro Enterprise	20,000-100,000	51,155	1.24	82,988.90	93.94
Small Enterprise	50,000-800,000	134,953	0.02	4,275.77	4.84
Festival	10,000-20,000	18,468	0.04	497.07	0.56
Education	20,000-25,000	23,804	0.03	533.70	0.60
Consumer Goods	1,600-26,000	6,957	0.00	35.42	0.04
Emergency	8,000-10,000	9,469	0.00	11.26	0.02
Total	-	-	**1.33**	**88,342.12**	**100.00**

Brief details of these loan products are set forth below:

- **Micro Enterprise Loans ("MELs")** – MELs are our core microfinance loan and are designed to support business enterprises and income enhancement activities, including the purchase of fixed assets and additional machinery. It also serves as additional working capital. The tenure for MELs ranges from a minimum of 6 months to a maximum of 36 months, with loan amounts ranging from ₹20,000 to ₹100,000. As of December 31, 2023, the annual effective interest rate of MEL was 24.96% based on loans disbursed during the period ended December 31, 2023, and the average yield on MELs is 23.84% based on loans outstanding as on December 31, 2023. In addition, we charge a non-refundable loan processing fee equal to 1.50% (excluding GST) of the loan amount. As of December 31, 2023, MELs constituted 93.94% of our gross loan portfolio. We disbursed ₹22,894.82 million, ₹32,868.11 million and ₹53,707.78 million worth of MELs in Fiscals 2021, 2022 and 2023, respectively, and ₹63,379.38 million worth of MELs in the nine-month period ended December 31, 2023.

- **Small Enterprise Loans ("SELs")** – SELs are designed to support small business enterprises in meeting their initial capital expenditure and additional working capital requirements. The tenure for SELs ranges from a minimum of 6 months to a maximum of 72 months, with loan amounts ranging from ₹50,000 to ₹800,000. As of December 31, 2023, the annual effective interest rate of SELs was 25.29% based on loans disbursed during the period ended December 31, 2023, and the average yield on SELs is 24.89% based on loans outstanding as on December 31, 2023. In addition, we charge a non-refundable loan processing fee equal to 2.0% (excluding GST) of the loan amount. As of December 31, 2023, SELs constituted 4.84% of our gross loan portfolio. We disbursed ₹378.39 million, ₹908.77 million and ₹2,521.56 million worth of SELs in Fiscals 2021, 2022 and 2023, respectively, and ₹3,045.77 million worth of SELs in the nine-month period ended December 31, 2023.

- **Festival Loans** – Festival loans are offered for providing timely financial assistance to our customers during festive occasions such as Diwali, Christmas, Ramzan and Holi. The tenure for these loans is 12 months, with loan amounts ranging from ₹10,000 to ₹20,000. As of December 31, 2023, the annual effective interest rate of these festival loans was 24.84% based on loans disbursed during the period ended December 31, 2023, and the average yield on festival loans is 24.66% based on loans outstanding as on December 31, 2023. In addition, we charge a non-refundable loan processing fee equal to 1.50% (excluding GST) of the loan amount. As of December 31, 2023, festival loans constituted 0.56% of our gross loan portfolio. We disbursed ₹0 million, ₹0 million and ₹352.24 million worth of festival loans in Fiscals 2021, 2022 and 2023, respectively, and ₹652.92 million worth of festival loans in the nine-month period ended December 31, 2023.

- **Education Loans –** Education loans are offered to borrowers to support their primary education expenses. The tenure for these loans is 12 months, with loan amounts ranging from ₹20,000 to ₹25,000. As of December 31, 2023, the annual effective interest rate of these education loans was 24.89% based on loans disbursed during the period ended December 31, 2023, and the average yield on education loans is 24.67% based on loans outstanding as on December 31, 2023. In addition, we charge a non-refundable loan processing fee equal to 2.0% (excluding GST) of the loan amount. As of December 31, 2023, education loans constituted 0.60% of our gross loan portfolio. We disbursed ₹527.29 million, ₹705.81 million and ₹889.23 million worth of education loans in Fiscals 2021, 2022 and 2023, respectively, and ₹658.92 million worth of education loans in the nine-month period ended December 31, 2023.

- **Consumer Goods Loan ("CGL**") – CGLs are designed to help our customers with short-term equated monthly instalment repayment options for the purchase of essential consumer products. The tenure for CGLs ranges from a minimum of 6 months to a maximum of 18 months, with loan amounts ranging from ₹1,600 to ₹26,000. As of December 31, 2023, the annual effective interest rate of CGLs was 24.95% based on loans disbursed during the period ended December 31, 2023, and the average yield on CGLs is 23.22% based on loans outstanding as on December 31, 2023. In addition, we charge a non-refundable loan processing fee equal to 2.0% (excluding GST) of the loan amount. As of December 31, 2023, CGLs constituted 0.04% of our gross loan portfolio. We disbursed ₹163.33 million, ₹569.51 million and ₹281.10 million worth of CGLs in Fiscals 2021, 2022 and 2023, respectively, and ₹6.55 million worth of CGLs in the nine-month period ended December 31, 2023. However, our management has decided to stop providing CGLs as part of its strategy to focus on the core business loan products.

- **Emergency Loans** – Emergency loans are offered to borrowers to address their short-term cash flow constraints. We offer short-term emergency loans to provide for timely financial assistance when our customers most needed it, with loan amounts ranging from ₹8,000 to ₹10,000. As of December 31, 2023, the annual effective interest rate of these emergency loans was 24.88% based on loans disbursed during the period ended December 31, 2023, and the average yield on emergency loans is 24.58% based on loans outstanding as on December 31, 2023. In addition, we charge a non-refundable loan processing fee equal to 2.0% (excluding GST) of the loan amount. As of December 31, 2023, emergency loans constituted 0.02% of our gross loan portfolio. We disbursed ₹183.02 million, ₹46.91 million and ₹65.90 million worth of emergency loans in Fiscals 2021, 2022 and 2023, respectively, and ₹15.83 million worth of emergency loans in the nine-month period ended December 31, 2023.

Our loans typically fund individuals who operate businesses in the sectors shown in the following table:

Industry	As of December 31	As of March 31			As of December 31	As of March 31		
	2023	2023	2022	2021	2023	2023	2022	2021
	(% of total gross loan portfolio)				(% of total disbursements)			
Agriculture and agriculture-allied	66.09%	62.72%	57.07%	59.75%	68.19%	62.24%	58.19%	59.81%

Services	16.23%	19.99%	22.53%	22.75%	14.59%	19.26%	19.61%	21.11%
Trade and business	11.78%	12.98%	14.58%	11.76%	10.01%	12.03%	15.23%	12.78%
Education	0.60%	0.87%	0.08%	1.04%	0.97%	0.62%	1.99%	1.94%
Production and manufacturing	4.65%	2.33%	0.84%	1.09%	5.35%	2.32%	0.67%	1.02%
Consumption	0.04%	0.49%	0.59%	0.49%	0.01%	0.39%	1.61%	0.92%
Emergency	0.01%	0.05%	1.98%	0.24%	0.02%	0.99%	0.13%	0.82%
Others(1)	0.60%	0.57%	2.33%	2.88%	0.86%	2.15%	2.57%	1.60%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

(1) "Others" category includes activities such as festival loans and consumer goods loans.

Insurance Products

In collaboration with Muthoot Securities Limited, we have been offering Hospicash policy support to our borrowers since 2019. Hospicash is an allowance cover that offers cash benefits to the insured in case of hospitalization. The cash benefit is calculated based on the number of days the insured spends in the hospital and the premium amount paid. If the insured is admitted to the intensive care unit, the benefits are doubled. This policy is particularly beneficial for clients at the bottom of the economic pyramid, as many of them face a loss of daily income during hospitalization. The policy is competitively priced and can be extended to cover the entire family. The claim settlement process is simplified and conducted entirely online.

We sold a total of 219,281, 292,216 and 458,599 Hospicash policies in Fiscals 2021, 2022 and 2023, respectively, and 604,750 Hospicash policies in the nine-month period ended December 31, 2023, to clients across 19 states. This translates to revenue generated in the amounts of ₹13.31 million, ₹22.19 million and ₹50.29 million in Fiscals 2021, 2022 and 2023, respectively, and ₹8.73 million in the nine-month period ended December 31, 2023.

Our Branch Network and Branch-Based Collection Method

We had 2.67 million Active Customers (excluding active customers from buyout portfolio), who are served by our 1,009 branches across 279 districts in 19 states and union territories in India, as of December 31, 2023. While our operations have historically been concentrated in South India, we have in recent years expanded into the rest of India and have a total of 461 branches outside South India as of December 31, 2023, representing 45.69% of our total branches as of December 31, 2023. Additionally, 89.70% of the new branches opened during the nine-month period ended December 31, 2023 are outside Tamil Nadu.

Our branch network plays a pivotal role in our business operations, notably due to our unique "branch-based collection" method adopted in all of our branches where borrowers will visit the branch periodically to repay their loan instalment. Our branch acts as a nerve centre to connect customers in identified villages or wards through a structure called a "cluster". The operating area of the branch is divided into such clusters and a typical cluster caters to maximum 15 villages or wards.

This branch-based collection model has helped us minimize operating costs associated with having field officers performing collections to the borrower's location, reduce the risk associated with carrying cash, and reduce the risk of employee frauds. Customers also enjoy the flexibility in repayment given that they can make payment on or before the due date at any branch of our branches, as opposed to having to wait for a field officer to collect the dues. Furthermore, our branch-based collection method is staff-friendly given that our employees have flexible working hours as a result of minimal need for travel.

In order to ease the process for our customers, we have built our distribution platform with an emphasis on under-served rural markets with growth potential, in order to ensure ease of access to village level customers and rural households. Each branch consists of a branch manager, branch accountant and sales officer depending on the portfolio handled by the branch. Loans are sourced either from the existing group or new groups found via customer service meetings and upon a risk-based onboarding process, the customers are onboarded, loans are disbursed using digital mode and repayments are collected. However, the members are asked to come to the branch either on or before the due date and remit the EMI at the branch which allows them to transact in a similar way of transacting in a conventional bank.

As of December 31, 2023, we had 9,697 branch managers, branch accountants, branch officers, sales officers, collections managers and regional managers spread across our branches in India, who comprised 95.36% of our total workforce. Each sales officer on average manages 465 borrowers and a portfolio up to ₹15 million to ₹20 million. The rest of the workforce consists of administrative support staff and management personnel that provide support to our branches. Our sales officers are responsible for providing trainings to customers, conducting information meetings on various products we offer and for collection of overdue accounts, while our branch managers are responsible for controlling the sales officer, monitoring branch activities, managing their branches' portfolio and growth, and ensuring collections of overdue accounts. This also creates additional employment opportunities in the rural villages we operate in, with such sales officers having a comprehensive understanding of their areas. See "— *Employees*".

The following table sets forth the breakdown of our gross loan portfolio, branches, disbursements and active borrowers, by region, as of the dates indicated:

Region	As of December 31		As of March 31					
	2023		2023		2022		2021	
	Gross loan portfolio	% of total	Gross loan portfolio	% of total	Gross loan portfolio	% of total	Gross loan portfolio	% of total
South	56,489.41	63.94%	39,167.42	63.25	26,515.52	60.75%	20,590.61	62.42%
North	15,074.17	17.06%	10,685.41	17.26	7,820.50	17.92%	5,908.71	17.91%
East	7,933.17	8.98%	5,682.91	9.18	4,264.24	9.77%	2,510.06	7.61%
West	8,845.37	10.01%	6,384.65	10.31	5,048.80	11.57%	3,977.95	12.06%
Total	**88,342.12**	**100.00%**	**61,920.39**	**100**	**43,649.06**	**100.00%**	**32,987.33**	**100.00%**

Note:

(1) Gross loan portfolio are shown in ₹ million.

Region	As of December 31					
	2023					
	Disbursements (₹ million)	% of total	Branches	% of total	Active borrowers (million)	% of total
South	43,496.48	64.19%	548	54.31%	1.58	59.13%
North	11,418.63	16.85%	198	19.62%	0.52	19.42%
East	6,124.51	9.04%	120	11.89%	0.27	10.21%
West	6,719.73	9.92%	143	14.17%	0.30	11.24%
Total	**67,759.35**	**100.00%**	**1009**	**100.00%**	**2.67**	**100.00%**

The following table sets forth the breakdown of our number of our gross loan portfolio, branches, disbursements and active borrowers, by state/union territory, as of the dates indicated:

Zone	State	As of December 31		As of March 31					
		2023		2023		2022		2021	
		Gross loan portfolio	% of total	Gross loan portfolio	% of total	Gross loan portfolio	% of total	Gross loan portfolio	% of total
South	Tamil Nadu	42,809.40	48.46 %	30,408.95	49.11%	19,846.00	45.47%	15,463.79	46.88%

Zone	State	As of December 31		As of March 31					
		2023		2023		2022		2021	
		Gross loan portfolio	% of total	Gross loan portfolio	% of total	Gross loan portfolio	% of total	Gross loan portfolio	% of total
South	Karnataka	7,971.46	9.02%	4,867.99	7.86%	3,630.16	8.32%	2,822.58	8.56%
North	Madhya Pradesh	4,967.72	5.62%	3,401.53	5.49%	3,040.62	6.97%	2,647.62	8.03%
South	Kerala	3,931.82	4.45%	3,018.72	4.88%	2,507.29	5.74%	1,944.24	5.89%
North	Uttar Pradesh	4,131.51	4.67%	3,173.02	5.13%	2,244.19	5.13%	1,601.42	4.85%
West	Gujarat	3,735.02	4.23%	2,575.76	4.16%	1,771.25	4.06%	1,326.82	4.02%
West	Rajasthan	1,872.52	2.12%	1,548.10	2.50%	1,437.13	3.29%	1,132.88	3.43%
North	Bihar	4,097.57	4.64%	2,538.70	4.10%	1,432.77	3.28%	998.81	3.03%
East	Odisha	2,640.50	2.99%	2,206.97	3.56%	1,766.03	4.05%	932.62	2.83%
East	West Bengal	3,559.11	4.03%	2,107.81	3.40%	1,086.53	2.49%	428.48	1.30%
South	Puducherry	1,150.49	1.30%	871.75	1.41%	532.07	1.22%	360.00	1.09%
North	Uttarakhand	1,082.01	1.22%	828.01	1.34%	541.11	1.24%	309.94	0.94%
East	Tripura	349.64	0.40%	329.70	0.53%	363.70	0.83%	263.80	0.80%
North	Punjab	491.96	0.56%	458.30	0.74%	325.58	0.75%	219.81	0.67%
North	Haryana	155.67	0.18%	167.90	0.27%	144.96	0.33%	101.40	0.31%
North	Delhi	147.73	0.17%	117.94	0.19%	91.26	0.21%	29.71	0.09%
East	Chattisgarh	1,383.93	1.57%	1,038.42	1.68%	1,047.98	2.40%	881.67	2.67%
West	Maharashtra	3,237.83	3.67%	2,260.79	3.65%	1,840.42	4.22%	1,518.25	4.60%
South	Andhra Pradesh	626.24	0.71%	-	0.00%	-	0.00%	-	0.00%
East	Jharkand	-	0.00%	-	0.00%	-	0.00%	3.49	0.01%
Total		**88,342.12**	**100.00 %**	**61,920.39**	**100.00 %**	**43,649.05**	**100.00 %**	**32,987.34**	**100.00 %**

Note:
(1) Gross loan portfolio are shown in ₹ million.

State	As of December 31					
	2023					
	Disbursements (₹ million)	% of total	Branches	% of total	Active borrowers (million)	% of total
Tamil Nadu	32,644.52	48.18%	368	36.47%	1.18	44.19%
Puducherry	836.78	1.23%	9	0.89%	0.03	1.12%
Karnataka	6,543.34	9.66%	111	11.00%	0.23	8.61%
Maharashtra	2,493.53	3.68%	51	5.05%	0.10	3.75%
Madhya Pradesh	3,824.72	5.64%	58	5.75%	0.16	5.99%
Kerala	2,831.89	4.18%	47	4.66%	0.13	4.87%

Chhattisgarh	1,074.51	1.59%	25	2.48%	0.05	1.87%
Odisha	1,843.75	2.72%	28	2.78%	0.10	3.75%
Gujarat	2,861.96	4.22%	60	5.95%	0.13	4.87%
Rajasthan	1,364.25	2.01%	32	3.17%	0.07	2.62%
Uttar Pradesh	3,041.41	4.49%	51	5.05%	0.15	5.62%
Haryana	99.86	0.15%	0	0.00%	0.01	0.37%
Punjab	298.17	0.44%	0	0.00%	0.02	0.75%
Bihar	3,252.91	4.80%	66	6.54%	0.13	4.87%
Uttarakhand	784.43	1.16%	23	2.28%	0.04	1.50%
West Bengal	2,971.83	4.39%	67	6.64%	0.11	4.12%
Tripura	234.43	0.35%	0	0.00%	0.01	0.37%
Delhi	117.14	0.17%	0	0.00%	0.01	0.37%
Andhra Pradesh	639.95	0.94%	13	1.29%	0.01	0.37%
Total	**67,759.38**	**100.00%**	**1009**	**100.00%**	**2.67**	**100.00%**

Regular Collection Efficiency

Our regular collection efficiency was 99.26% for the nine-month period ended December 31, 2023 and 98.88% for Fiscal 2023, our gross NPA ratio was 1.88% as of December 31, 2023 and our net NPA ratio was 0.16% as of December 31, 2023. The tables below set forth the amount of loan portfolio (on book) under Stage 1 (1-30 days), Stage 2 (31-90 days) and Stage 3 (more than 90 days):

As of March 31,	Stage 1 (1-30 days)		Stage 2 (31-90 days)		Stage 3 (more than 90 days)	
	Gross loan portfolio (₹ million)	% of total gross loan portfolio	Gross loan portfolio (₹ million)	% of total gross loan portfolio	Gross loan portfolio (₹ million)	% of total gross loan portfolio
2023	45,770.14	96.90%	317.44	0.67%	1,144.81	2.42%
2022	33,834.19	89.56%	1,800.93	4.77%	2,145.00	5.68%
2021	27,699.10	96.12%	335.41	0.99%	783.18	2.72%

As of December 31,	Stage 1 (1-30 days)		Stage 2 (31-90 days)		Stage 3 (more than 90 days)	
	Gross loan portfolio (₹ million)	% of total gross loan portfolio	Gross loan portfolio (₹ million)	% of total gross loan portfolio	Gross loan portfolio (₹ million)	% of total gross loan portfolio
2023	71,695.83	97.04%	797.51	1.08%	1,392.61	1.88%

Information Technology

We have implemented the use of technology across our operations to improve our processes, enhance efficiency and increase productivity. As a result, we are able to improve our overall customer service and provide timely financial solutions to our customers, meeting their needs effectively.

The following key components of our information technology systems have been adopted across our business:

- We have completed the deployment of "BR.Net" in November 2022, an integrated CFSS system to replace our existing system to strengthen our loan originating, servicing and collection process. It is an industry standard CFSS system that assists us in digital customer onboarding, loan sanctioning and approval workflow, business rule engine, and regular and overdraft collections. This resulted in improved operational efficiency and streamlined processes for the customers. The BR.Net system comes with various real-time ID validations such as Voter ID, bank account verification, integrated credit bureau checks. We achieved 32.12% digital collections for the nine-month period ended December 31, 2023. We have further introduced additional digital interventions such as eKYC, eSign, payment and QR payment to target for better TAT and higher digital collections.

- We have developed a proprietary application, named the "Samrithi Customer Application" that was launched in 2021, which serves as our customer-facing mobile application. Through this application, we achieved 100.00% digital workflow where our customers are able to check their loan application status, profile, loans and receipts, apply for new loans, make repayments, and raise any requests or complaints. Other than English, the Samrithi Customer Application also supports 9 local vernacular languages for our customers' ease of use. As of December 31, 2023, 0.28 million customers (10.60% of our Active Customers) had installed the Samrithi Customer Application.
- We invest in artificial intelligence and machine learning models for the customer profiling, retention and other behaviour analysis.
- We have added the BBPS interface in 2020, a third-party integrated bill payment system in India, as part of our digital collections to allow customers to transact with us using any platform integrated with BBPS or to engage in cash transactions through various agents of BBPS.
- We have utilized the "iFlow" system to share customer's KYC details with CERSAI and to generate the corresponding cKYC numbers on a daily basis. We have generated 1.8 million cKYC numbers for our Active Customers and we are generating an average of approximately 50,000 cKYC numbers on monthly basis.
- We have introduced a BYOD policy that helped our employees to reduce the number of devices they carry, resulting in higher levels of operational comfort, optimizing cost expenditures and minimizing the need for technological support. This policy has proven beneficial for both the organization and our employees, reducing the need to handle multiple devices and streamlining operational aspects by minimizing logistical support. We have deployed approximately 4,600 BYOD devices thus far.
- We have introduced a data analytics dashboard called "StarHub", which helps our Company to incorporate data into every decision we make and visualize business performance and decision support KPIs for day-to-day operations.
- We have deployed Zoho Corporation Private Limited's Managed Engine Mobile Device Management system in order to keep the Company's devices and business data protected.
- We have implemented an Asset and Liability Management System which helps our treasury team for better fund management and meeting all regulatory requirements.
- All our IT Assets such as laptops, desktops, servers and networks are protected with enterprise-grade softwares.

We continue to actively upgrade our technology infrastructure and applications to improve operational efficiency, customer service and decision-making process, as well as to keep pace with the changing and dynamic environment in the microfinance industry. We have made and continue to make, investments in maintaining and updating our technology infrastructure, systems applications and business solutions, which have improved customer satisfaction and sales, and lowered our processing costs. As of December 31, 2023, we employed 58 members in our information technology team, who are responsible for, among other things, developing and maintaining our in-house information technology systems, data security systems, and technological infrastructure and applications. Overall, these initiatives demonstrate our commitment to leveraging technology for continuous improvement, ensuring optimal customer service and positioning ourselves for sustained growth in the ever-changing financial landscape.

Compliance, Internal Audit and Internal Controls

Compliance with Capital Adequacy Ratio Requirements

For Fiscals 2021, 2022 and 2023, respectively, our CRAR was 22.24%, 24.06% and 21.97%, our CRAR – Tier 1 was 16.64%, 20.96% and 20.30%, and our CRAR – Tier 2 was 5.60%, 3.10% and 1.67%. For the nine-months ended December 31, 2023, our CRAR was 18.64%, our CRAR – Tier 1 was 15.43% and our CRAR – Tier 2 was 3.21%. These numbers are computed in accordance with the extant master direction and prudential norms issued by RBI as applicable to an NBFC-MFI. Under the NBFC-SBR Master Directions, we are required to maintain a minimum CRAR, consisting of Tier 1 and Tier 2 capital, which shall not be less than 15.00% of our aggregate risk weighted assets on-balance sheet.

Internal Audit and Internal Controls

We maintain an internal control framework which is a prerequisite for the growth of business, and it covers guidelines to ensure KYC and AML compliances. We have well documented policies and procedures which are commensurate with our size. Our internal audit team conducts periodic audits of all branches and even conducts field visits to customers.

The Master Direction – Know Your Customer (KYC) Direction, 2016 requires Know Your Customer (KYC) policy duly approved by the Board of Directors of regulated entities (as defined in the master direction) or any committee of the Board to which power has been delegated. The KYC policy is required to include following four key elements: (i) Customer Acceptance Policy; (ii) Risk Management; (iii) Customer Identification Procedures and Customer Due Diligence Procedures; and (iv) Monitoring of Transactions. Compliance with the policy is to be ensured through: (i) specifying as to who constitute 'Senior Management' for the purpose of KYC compliance, (ii) allocation of responsibility for effective implementation of policies and procedures, (iii) independent evaluation of the compliance functions of REs' policies and procedures, including legal and regulatory requirements, (iv) concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures, and (v) submission of quarterly audit notes and compliance to the audit committee. We are in compliance with these requirements and have drafted a Know Your Customer (KYC) policy.

Our internal audit team consists of 123 employees, as of December 31, 2023. This team is dedicated to ensuring that business operations are carried out efficiently, adhering to our policies and ensuring compliance. At the start of each financial year, our internal audit team rolls out and approve the audit plan for risk-based corporate audits and branch internal audits. The internal audit team aims to find errors, problems or policy breaches and procedures before the consequences of such incidence turn severe and helps to identify new or unidentified risks.

Furthermore, the internal audit team has direct access to the Audit Committee, which comprises of Executive Directors and Independent Directors. The internal audit observations are presented before the Audit Committee every quarter for their review and the actionable suggested by the Audit Committee are duly followed up for closure.

All branches undergo two scheduled audits per quarter conducted by our internal audit team. Based on the extent of compliance and adherence to systems, policies and procedures, the audited branches are assigned compliance scores. Audit ratings are categorized as high, medium, or low based on risk and probability of occurrence.

Apart from branch audits, the internal audit function also covers corporate functions like human resources, finance and treasury, secretarial and compliance and administration and credit operations. Presently, the information systems audit is carried out by third party but the responsibility and accountability for such external information systems audit remains with the internal audit function. The internal audit function helps in identifying exceptions across multiple parameters and accordingly suggests actions for any course correction. The exceptions identified are also used as data points while performing the regular audit of branches.

Furthermore, the Board had appointed Brahmayya & Co., an external firm, for a period of two years (Fiscals 2023 and 2024) to carry out internal audit of all the key functions of the Company. The audit by Brahmayya & Co would complement the function of in-house internal audit team and the in-house team would continue to do drive the function independently. The observations of the in-house audit team are then discussed with the senior management and presented to the Audit Committee every quarter.

Compliance with the NBFC-SBR Master Directions

Our Company is registered with the RBI as an NBFC-MFI, which requires us to comply with the NBFC-SBR Master Directions. The former NBFC-MFI Directions have been replaced by and consolidated into the NBFC-SBR Master Directions.

Criteria	NBFC-SBR Master Directions and NBFC-ND-SI Master Directions/ RBI (Regulatory Framework for Microfinance Loans) Directions, 2022	Our Compliance Status
Loan Portfolio – Qualifying Assets	At least 75.00% of total assets to be in the nature of "qualifying assets" as defined in the RBI (RFML) Directions	"Qualifying assets" constituted 79.5% of our Total Assets, as of December 31, 2023.
Household Income	Total household income of the borrower to be below ₹300,000	Complied
Policy on maximum repayment outflows from account of the borrower	A board-approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income is required to be framed. This shall be subject to a limit of maximum 50 per cent of the monthly household income, including both principal as well as interest component.	We have framed a board approved policy and comply with this norm.
Collateral	Loan to be extended without collateral	Qualifying Asset – 100.00% unsecured
Mode of Repayment	NBFC-MFI to have a board-approved policy to provide the flexibility of repayment periodicity on the microfinance loans as per the borrower's requirement	Monthly, although all options are given to borrowers
Disclosure of pricing related information	A standardized simplified fact sheet to be shared to all customers with working of Effective Interest Rate and other pricing related information to all borrowers	Standard fact sheet and other disclosures are available in the Product section of our website
Insurance Premium	The actual cost of insurance for group, livestock, life and health of borrower and spouse can be recovered. However, administrative charges can only be recovered as per the applicable guidelines issued by the IRDA.	Company is insuring its borrowers (and co-borrowers) to the extent of the disbursed loan amount
Security Deposit	No security deposit or margin should be taken from the borrower.	Unsecured, no security deposit taken since inception

Asset Classification	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; Asset for which interest or principal payment has remained overdue for more than 90 days to be classified as an NPA	In line with RBI norms
Loan Provisioning	Loan provision for non-performing assets related to microfinance loans of NBFC-MFIs shall not be less than the higher of: a) 1% of the outstanding loan portfolio; b) 50% of the aggregate loan installments overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments overdue for 180 days or more.	In accordance with Ind AS ECL Model

For further details, see "*Key Regulations and Policies – Key Regulations Applicable to Our Company – Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023, as amended (the "NBFC SBR Master Directions")* and *Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 dated March 14, 2022*" on pages 248 and 253, respectively.

Risk Management

We have implemented a simplified and robust risk management framework to identify, measure and mitigate business risks and opportunities. This framework is crucial in managing market, credit and operational risks, while also quantifying their potential impact at a company-wide level. Given the nature of our business, it has become an imperative measure of our performance for stakeholders such as investors, shareholders and regulators, and has thus become an integral part of our operations.

Our risk management structure is formed based on the following pillars:

- Identification of various risks across all lines of business and functions, including processes and policies.
- Assessment of these risks by assigning probabilities and impact levels to each risk, prioritizing the importance of mitigation and controls.
- Mitigation of risks through regular reviews of control adequacy and checks to ensure optimal results.
- Measurement and monitoring of risks through the establishment of key risk indicators with defined thresholds for all critical risks.
- Adequate review mechanisms in place to continually monitor and control risks.

Our overall risk governance is structured around three lines of defenses, ensuring the effectiveness of our risk management framework and structure. The first line of defense involves the business line management and the finance function, who are responsible for identifying and managing the risks inherent in the products, services and activities undertaken by the Company on a day-to-day basis. The second line of defense involves the risk management team and the compliance team where they design, measure, implement, co-ordinate, report and facilitate effective risk management on a company-wide basis. Our third and last line of defense involves independent internal audit function and the vigilance function where they review the appropriateness of the risk management policies and procedures, and their effective implementation as per the stipulated regulatory guidelines. By adhering to this risk governance structure, we ensure that we effectively manage risks, maintains transparency and enhances stakeholder confidence in our risk management practices.

Furthermore, our customer due diligence procedures encompass multiple levels of checks and controls designed to assess the quality of customers and confirm that they meet our selection criteria. These checks and controls include a comprehensive evaluation of repayment capacity as well as group training sessions and knowledge testing. We also utilize credit bureau data to verify customer details and obtain information on past credit behavior. Furthermore, we periodically evaluate portfolio risk levels and rigorously monitor and analyze cash disbursements and collections, and customer retention at both branch and head office levels, which helps in minimizing the incidence of bad debts.

We have identified the following as key risk areas:

Credit Risk

Credit risk is the inherent risk that a customer or counterparty's inability or unwillingness of a customer to meet their commitments, resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables. For a microfinance institution like us, this carries more significance since the lending that we carry out is not backed by any collateral. Other potential sources of credit risk may originate from adverse selection of members during the group formation, adverse selection of groups undertaking the lending activity, gaps in creditworthiness assessment and undue influence, among others. In recognition to these potential pitfalls, we have a robust risk assessment framework to address these risks, such as robust criteria on selection of client base, adequate due diligence process of customers, adequate training and knowledge of the SHGs or JLGs operations, and regular follow-ups with the SHGs or JLGs. We use technology across our business processes, including sourcing, underwriting, disbursement and collections, in order to ensure accuracy and authenticity of information. We also continue to monitor loans at a homogenous pool basis on a regular basis as a part of interactions with the customers at the customers service meetings and any deterioration in the performance of the pool are immediately pointed out to the senior management team and detailed analysis will be carried out to identify the cause. Any feedbacks related to delinquencies are implemented and updated in our credit underwriting policies. We have four level of checks, namely AGT, credit bureau check, group verification process ("**GVP**") and centralised operations centre ("**COC**"), with final validations and sanctions at the head office level. We have a detailed Board-approved credit policy to mitigate and address the credit risk. We have also implemented real-time collections monitoring, which help ensure that delays in collections are highlighted and addressed.

For further details, please see, "*Risk Factors – Microfinance borrowers in India generally do not have access to other forms of organised lending and 99.93% of our gross loan portfolio are unsecured as of December 31, 2023. As a result, we may experience increased levels of NPA (for which our as of December 31, 2023 is at 1.88%) and related provisions and write-offs that may adversely affect our business, financial condition and results of operations*" on page 30.

Liquidity Risk

Liquidity risk is the risk related to mismatch in maturity patterns of assets and liabilities of the Company. We assess our liquidity risk by considering the present and anticipated asset quality, present and future earnings capacity, historical funding requirements, current liquidity position, anticipated future funding needs and sources of funds. We maintain a portfolio of marketable assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company also enters into direct assignment of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short-term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions and issue of debentures are also considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings. As of December 31, 2023 and March 31, 2023, our liquidity coverage ratio was 253.00% and 333.00%, respectively, which was above the minimum liquidity coverage ratio required for NBFCs in India.

For further details, please see, "*Risk Factors – Changes in the tenure of our loan products could result in asset liability mismatches and expose us to interest rate and liquidity risks, which may adversely affect our business, financial condition, results of operations and cash flows*" on page 35.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market factors. We believe that the key market factors that present market risk to us are as follows:

- Interest rate risk. We are subject to interest rate risk (i.e., the risk that future cash flows of a financial instrument will fluctuate because change in the market's interest rates) because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Furthermore, our Asset Liability Management Committee evaluates asset liability management and ensures that all significant mismatches, if any, are being managed appropriately.

- Price risk. We are exposed to price risk primarily on account of our investment of temporary treasury surpluses in highly liquid debt funds for short durations. The Company has a Board-approved policy of investing its surplus funds in securities issued by the central government including treasury bills, state governments, financial institutions, term deposits with banks, mutual funds, security receipts in which our Company acts as a collection agent, etc.

- Currency risk. We may be subject to currency risk primarily on account of our foreign currency borrowings. Our exposure is managed in accordance to our foreign exchange risk management policy that has been approved by our Board. However, we had no foreign currency borrowings as of December 31, 2023.

- Prepayment risk. We are subject to prepayment risk whereby we may incur a financial loss as a result of our customers and counterparties repay or request for an earlier or later repayment.

For further details, please see "*Risk Factors – Changes in the tenure of our loan products could result in asset liability mismatches and expose us to interest rate and liquidity risks, which may adversely affect our business, financial condition, results of operations and cash flows*" on page 35.

Concentration Risk

We seek to mitigate concentration risk in both our loan portfolio and borrowings through well-defined geographic diversification strategies. We understand and analyse the risks involved based on our current geographic concentration. We regularly perform in-depth analysis every quarter, which we share with the Risk Management Committee, on the breakdown of asset under management based on districts, to monitor and keep track of relevant trends in a timely fashion. While a significant portion of our gross loan portfolio is attributable from Tamil Nadu, we have expanded our business operations outside the region in recent years.

For details, please see "*Risk Factors – As of December 31, 2023, 48.46% of our gross loan portfolio is derived from loans originating from Tamil Nadu, and any adverse developments in this region may have an adverse effect on our business, results of operations, financial condition and cash flows*" on page 34.

Information Security Risk

Our independent information security team is responsible for information-related risk management and compliance. Our Information Technology Strategy Committee, as instituted in accordance with RBI's directions and guidelines, is responsible for approving the IT strategy and policy documents and ensuring effective strategic planning process.

For further details, please see, "*Risk Factors – We face the threat of cyber-fraud and cyber-attacks, such as hacking, phishing and theft of sensitive internal data or customer information. We also face the threat of a system breakdown, network outage and system failure. These may damage our reputation and adversely affect our business and results of operations*" on page 41.

Operational Risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk. We have a Board-approved operational risk management policy and integrated risk management policy, which is implemented by our Risk Management Committee. The business units and support functions are also accountable for operational risks and controls in their respective areas, which they manage under the policies, standards, processes, procedures and operational risk management framework laid down by the independent operational risk management function. We have a comprehensive framework for approval of new products and processes along with detailed operating guidelines for risk management. This includes conducting markets surveys prior to establishing new branches, conducting due diligence on existing and potential customers, and processes relating to employee verification. We have an internal framework for reporting and capturing operational risk incidents. Significant incidents reported are investigated to assess weaknesses in controls and identify areas for improvement. Disaster recovery centres and business continuity plans have been established to ensure continuity of operations and minimal disruption to customer services. These plans are periodically tested and reviewed to ensure their effectiveness.

For further details, please see, "*Risk Factors – We face various risks associated with our large number of rural and semi-urban branches and widespread network of operations, which may adversely affect our business, financial condition and results of operations*" and "*Risk Factors – For the nine-month period ended December 31, 2023, 67.88% of our collections from customers is in cash, exposing us to operational risks. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our business*" on page 36.

Fraud Risk

Our large cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. We have a whistle-blower policy for employees to confidentially raise concerns on any fraud, malpractice or any other untoward activity or event.

For further details, please see "*Risk Factors – For the nine-month period ended December 31, 2023, 67.88% of our collections from customers is in cash, exposing us to operational risks. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our business*" on page 36.

Political Risk

We recognize political risk as one of the major risks facing the microfinance industry. Political risk can be mitigated through responsible lending and fair practice by:

- conducting risk analysis, in particular by evaluating and analysing local political climate, recent history and market reports before expanding our branch network;
- engaging with customers and society at large on matters relating to financial literacy; and
- studying market survey reports published by self-regulatory organizations, such as microfinance institutions network, in order to monitor and keep track of current market data.

For further details, please see "*Risk Factors – Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve*" on page 64.

Grading and Credit Ratings

We have obtained the grading and credit ratings below:

Grading / Credit Rating	Organization	Date of Rating	Instrument
CRISIL AA/Stable	CRISIL	February 9, 2024	Long Term Bank Facilities
CRISIL AA/Stable	CRISIL	February 9, 2024	Non-Convertible Debenture
CARE AA-/Stable	CARE	August 8, 2023	Subordinated Debt
CRISIL AA/Stable	CRISIL	February 9, 2024	Subordinated Debt
CRISIL PPMLD AA/Stable	CRISIL	February 9, 2024	Principal Protected Market Linked Debenture
CARE M1C1	CARE	May 1, 2023	Code of Conduct Assessment
MFR 1	CARE	March 1, 2023	MFI Grading
Gold	MFR	January 2022 (valid for 36 months)	Client Protection

See "*Risk Factors – Any downgrade of our credit ratings may constrain our access to equity and debt markets and, as a result, may adversely affect our cost of borrowings and our results of operations*" on page 46.

Competition

We face our most significant competition from other MFIs, SFBs, commercial banks and state-sponsored programs in India. Furthermore, many of our potential customers do not have access to any form of organized institutional lending and thus, rely on loans from informal sources (such as moneylenders, landlord, loan sharks, at much higher rates). See "*Risk Factors – Competition from other microfinance institutions, banks (including small finance banks) and financial institutions, as well as state-sponsored social programs, may adversely affect our profitability and position in the Indian microcredit lending industry*" on page 61.

Awards and Certifications

We have received the following notable awards and certifications in recent years:

Calendar Year	Particulars
2016	Award for Micro Finance Organisation of the Year Among the small and medium MFIs, by ACCESS Development Services and HSBC India at the Inclusive Microfinance India Summit 2016
	Skoch Order of Merit for qualifying amongst top 100 projects in India for insurance service to Belstar customers
2021	Certificate of Appreciation in the SME-Women Entrepreneur of the year category at the Empowering India Awards 2021
2022	Excellence Award at the Microfinance and NBFCs Exhibition cum Conference.
2023	Certified as a "Great Place to Work" by Great Place to Work® Institute, India.
2024	Certified as Top 50 India's Best Workplaces in BFSI 2024 by Great Place to Work® Institute, India.

Employees

As of December 31, 2023, we had 10,169 full-time employees. The table below provides a breakdown of our employees by their functions as of December 31, 2023:

Department	Number of people
Business/Operations	9,697
Risk team	18
Audit team	123
HR and Administrative	66
Head Office Finance & Accounts and Central Accounts	46
IT	58
Head Office senior and top management	67
Other supporting staff	94
Total	**10,169**

We have a systematic selection process for all levels of employees. The selection criteria and process for hiring employees includes several stages and checks to ensure that qualified personnel are selected. The pre-screening process reviews the applicant's credentials and qualifications, including but not limited to, educational background, employment history, expected remuneration, etc. Candidates will go through personal interviews and the required documents for such interview includes resume, residence proof, address proof, educational history and employment records, among others. Upon the completion of the interview process, we conduct a pre-offer documentation process, which includes KYC proofs and past compensation documents.

Our centralised talent acquisition team will then verify the pre-offer documents and would perform various assessments, such as Equifax check, Belstar Customer Loan check and CIBIL check. With the Equifax check, the Company shares the potential candidate's data to Equifax who has a repository of data of employees who has previously quitted their employment at MFIs, and this helps us to check whether the potential candidate has any bad history during their past employments in other MFIs. With the Belstar Customer Loan check, we analyze whether any potential candidate has taken any loan from us as a reference point. This process ensures that candidates are thoroughly evaluated before an offer letter is released, which helps in hiring highly-qualified personnel and mitigating risks such as fraud and misconduct.

We endeavour to hire highly qualified personnel and 50% of our employees have college graduation as their minimum academic qualification, as of December 31, 2023.

We conduct periodical reviews of our employees' performance and determine salaries and discretionary bonuses based upon those reviews and general market conditions. We endeavour to maintain good working relationships with our employees and have not experienced any significant employee disputes or strikes. Our employees are not subject to any collective bargaining agreements or represented by labour unions.

We also prioritize training and development of our staff at various levels and roles as a crucial part of their professional growth and success. For new joiners, we implemented a structured onboarding process consisting of a two-day Common Induction program and a one-day Role-based Induction program. These initiatives ensure that new employees are equipped with the necessary knowledge and understanding of our organization. We also provide continuing education to all employees via refresher trainings on products and processes, focusing on cybersecurity, prevention of sexual harassment and Credit Information Bureau Limited trainings. For regional managers, we have a three-day regional managers' leadership training program, which aims to equip participants with the necessary skills and knowledge to effectively lead their teams in the field. For branch managers, we provide a branch managers' leadership training program that focuses on branch management, team management and customer handling.

Furthermore, to streamline and enhance our learning initiatives, we introduced 'BML Shiksha', our official learning management system, through which employees can complete certifications to help ensure a comprehensive understanding of the Company and its products and processes.

Insurance

We generally maintain insurance policies customary for companies operating in our industry. We also maintain insurance policies covering our fixed assets, machinery and equipment, portable equipment and third-party products, which protects us in the event of certain natural disasters or third-party injury, fidelity guarantee insurance policy, burglary insurance policy, public liability – offices and residential premises policy, fire insurance policy, money insurance policy and group life insurance for employees and directors.

Furthermore, we provide all clients and their spouses with life insurance coverage to protect them from financial risks arising from death of income earners within the household. The life insurance covers the entire loan exposure and repayment duration. We have collaborated with various insurance service providers, such as Kotak Life Insurance and Pramerica Life Insurance to establish these life insurance for our clients that comes along with each of the loan products we are offering. See "*Risk Factors – Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition and results of operations*" on page 48.

Corporate Social Responsibility ("CSR")

We have adopted a CSR policy in compliance with the Companies Act. During Fiscals 2021, 2022 and 2023, our expenses on corporate social responsibility amounted to ₹17.57 million, ₹20.51 million and ₹16.43 million, respectively. We have established a Corporate Social Responsibility Committee of the Board which is responsible for monitoring and executing our CSR policy. For further details, see "*Our Management – Corporate Social Responsibility Committee*" on page 284.

We, in collaboration with HIH India, are taking significant steps to promote women entrepreneurship, financial inclusion and better health services within the community. As a part of our CSR initiatives, we are actively engaged in empowering women across multiple states in India. With a particular focus on certain states in India, namely Madhya Pradesh, Maharashtra, Rajasthan, Karnataka, Kerala and Tamil Nadu, our joint initiative aims to empower over 15,000 women. Moreover, HIH India, with the support of our CSR funding, is also facilitating the provision of quality healthcare services to underprivileged individuals. Help desks have been established at government hospitals in Tamil Nadu, Rajasthan and Madhya Pradesh, ensuring that vulnerable members of society have access to the healthcare they need.

Through a structured process that encompasses social mobilization, integrated training, skill development, financial inclusion and credit support, we are creating an enabling environment for women to establish and grow their enterprises. As of December 31, 2023, 100.00% of our borrowers were women and 89.26% came from rural areas. We firmly believe in the power of social responsibility and actively support initiatives that address crucial social issues.

Intellectual Property

As of the date of this Draft Red Herring Prospectus, we have no registered intellectual property. We are currently using the same logo as HIH India, the ultimate owner of its trademark, for which we are a licensee that is granted the right to use such logo in relation to our business. For further details, see, "*Risk Factors – We depend on the recognition of the "Belstar" brand and the logo associated with our brand. Any failure to use, maintain and enhance awareness of the brand would adversely affect our ability to retain and expand our base of customers*" on page 49.

Properties

Our registered office is located in New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu – 600083. Our corporate office is located M V Square, No. 4/14 Soundara Pandian Street, Ashok Nagar, Chennai – 600 083. Our registered office, corporate office and all our branches are utilized by us on lease basis. See "*Risk Factors – We do not own all the real estate properties on which our business operates, which exposes us to certain operational risks*" on page 40. All of our 1,009 branches in India, as of December 31, 2023, are utilized by us on lease basis.

RECENT DEVELOPMENTS

Rights Issue to Muthoot Finance Limited

In March 2024, we allotted a further 6,000,000 Equity Shares to our Listed Corporate Promoter, Muthoot Finance Limited, at a price of ₹500 per share, aggregating to a total consideration of ₹ 3,000 million. As of the date of this Draft Red Herring Prospectus, Muthoot Finance Limited holds 36,267,608 Equity Shares, totalling to a 66.13% equity interest in our Company.

KEY REGULATIONS AND POLICIES

Given below is an indicative summary of certain sector-specific and relevant laws, regulations, and policies in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The description of the applicable regulations as given below is only intended to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be treated as a substitute for professional legal advice. The indicative summaries are based on the current provisions of applicable law in India, which are subject to change or modification, or amendment by subsequent legislative, regulatory, administrative, or judicial decisions.

The RBI had granted a certificate of registration to our Company dated December 12, 2013 pursuant to conversion to NBFC-MFI (with effect from December 11, 2013) bearing certificate of registration number B-07.00792 and a certificate of registration dated January 23, 2020, bearing registration number B-07.00792 to carry on the business of a non-banking financial institution without accepting public deposits, subject to the conditions mentioned therein.For details of material regulatory approvals obtained by us, see "*Government and Other Approvals*" on page 446.

1. Key regulations applicable to our Company

The Reserve Bank of India Act, 1934 ("RBI Act")

The RBI is entrusted with the responsibility of regulating and supervising NBFCs by virtue of powers vested in Chapter IIIB of 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 would be categorized as an NBFC if it has net owned fund of ₹ 2,500,000 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 a non-banking financial institution.

Pursuant to section 45-IC of the RBI Act, 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 by such company. Further, 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 shall be reported to the RBI within 21 days from the date of such withdrawal.

Based on the type of liabilities incurred, NBFCs are categorized into, deposit accepting NBFCs ("**NBFCs-D**"), and non-deposit taking NBFCs ("**NBFCs–ND**"). Additionally, based on the size, activity, and perceived riskiness, NBFCs are also categorized into, NBFC - Base Layer ("**NBFC-BL**"), NBFC - Middle Layer ("**NBFC-ML**"), NBFC - Upper Layer ("**NBFC-UL**"), and NBFC - Top Layer ("**NBFC-TL**").

(i) **NBFC-BL**: This category is to consist of (a) non-deposit taking NBFCs below the asset size of ₹ 10 billion and (b) NBFCs undertaking the following activities - (i) NBFC-Peer to Peer Lending Platform ("**NBFC-P2P**"), (ii) NBFC-Account Aggregator ("**NBFC-AA**"), (iii) Non-Operative Financial Holding Company ("**NOFHC**"), and (iv) NBFCs not availing public funds and not having any customer interface.

(ii) **NBFC-ML**: This category is to consist of (a) all deposit taking NBFCs, irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹ 10 billion and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers ("**SPDs**"), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies ("**IDF-NBFCs**"), (iii) Core Investment Companies ("**CICs**"), (iv) Housing Finance Companies ("**HFCs**") and (v) Infrastructure Finance Companies ("**NBFC-IFCs**").

(iii) **NBFC-UL**: This category to consist of only those NBFCs which are specifically identified as systemically significant among NBFCs, based on specified parameters. The top 15 NBFCs by asset size would be included in this layer, and the applicable threshold for classification would be determined pursuant to parametric analysis.

(iv) **NBFC-TL**: This category is to consist of NBFCs judged to be extreme in supervisory risk perception by the RBI. NBFCs in this layer will be subject to higher capital charge, including enhanced and more intensive supervisory engagement with such NBFCs.

The NBFC-UL and NBFC-ML were required to have an independent Compliance Function and a Chief Compliance Officer (CCO) latest by April 1, 2023, and October 1, 2023, respectively. The Board/Audit Committee (Board committee) shall ensure that an appropriate Compliance Policy is put in place and implemented. The Senior Management shall carry out an exercise, at least once a year, to identify and assess the major compliance risk facing the NBFC and formulate plans to manage it.

Within this broad categorization the different types of NBFCs are (a) asset finance companies, (b) investment companies, (c) loan companies, (d) infrastructure finance companies, (e) systemically important core investment companies, (f) infrastructure debt funds, (g) NBFC - micro finance institutions, (h) NBFC - factors, (i) mortgage guarantee companies, (j) NBFC - non-operative financial holding companies, and (k) NBFC – housing finance companies. Our Company is a non-deposit accepting NBFC and has been classified as a NBFC – Middle Layer, in terms of the guidelines issued by the RBI.

Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (the "NBFC SBR Master Directions")

The RBI had issued the master directions dated October 19, 2023, as amended, which apply to the following categories of NBFCs ("**Applicable NBFCs**"):

(i) deposit taking NBFC registered with the RBI under the provisions of the RBI Act;

(ii) every NBFC-ICC registered with the Reserve Bank under the provisions of the RBI Act, 1934;–NBFC - factor registered with the RBI registered under section 3 of the Factoring Regulation Act, 2011, as amended from time to time and every NBFC-ICC registered with the Reserve Bank under section 3 of the Factoring Regulation Act, 2011;

(iii) every infrastructure debt fund NBFC registered with the RBI under the provisions of the RBI Act;

(iv) every–NBFC - Micro Finance Institutions ("**NBFC-MFIs**") registered with the RBI under the provisions of the RBI Act; and

(v) every–NBFC - Infrastructure Finance Company registered with the RBI under the provisions of the RBI Act.

An NBFC-MFI means a non-deposit taking NBFC (other than a company formed and registered under section 25 of the Companies Act, 1956) which has a minimum of 75 percent of its total assets deployed towards "microfinance loans" as defined under Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.As per the NBFC SBR Master Directions, the NBFC-MFIs shall be subject to a minimum net owned fund requirement of ₹100 million from October 01, 2022. Existing MFIs holding a certificate of registration as on October 22, 2021 issued by the RBI and having net owned fund of less than ₹100 million are required to achieve the net owned fund of ₹100 million by March 31, 2027 in accordance with the following glide path:

NBFCs	Current Requirement	By March 31, 2025	By March 31, 2027
NBFC-MFI	₹50 million	₹70 million	₹100 million
NBFC-MFI in North Eastern Region of the country	₹20 million	₹50 million	₹100 million

Corporate Governance

Constitution of committees: All Applicable NBFCs are required to constitute the following committees:

(i) *Audit Committee*: NBFCs 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 as required under section

177 of the Companies Act is the audit committee for the purposes of the NBFC SBR Master Directions as well. 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 applicable NBFCs;

(ii) *Nomination and Remuneration Committee*: NBFCs are required to constitute a nomination and remuneration committee to ensure 'fit and proper' status of proposed or existing directors, having the same powers and functions as the nomination and remuneration committee required to be constituted under section 178 of the Companies Act;

(iii) *Risk Management Committee*: NBFCs are required to constitute a risk management committee either at the Board or executive level, which shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk and shall report to the Board; and

(iv) *Asset-Liability Management Committee*: NBFCs are required to constitute an asset liability management committee consisting of the NBFC's top management. The role of asset liability management committee with respect to liquidity risk should include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches. The asset liability management committee is required to be headed by the chief executive officer/managing director or the executive director of such NBFC.

<u>Fit and proper criteria:</u> Applicable NBFCs are required to (a) maintain a policy approved by the board of directors for the approval 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 NBFC SBR Master Directions; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the NBFC SBR Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the NBFC SBR Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the Applicable NBFCs 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 Non-Banking Supervision of the RBI where the Applicable NBFC 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. <u>Disclosures and Transparency</u>: Applicable NBFCs are required to place before the board of directors, at regular intervals, as may be prescribed by the board 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 concerned NBFC.

(ii) conformity with corporate governance standards including composition of committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.

Applicable NBFCs are required to *inter alia* 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 as also securitization/ assignment transactions and other disclosures, as prescribed under the NBFC SBR Master Directions.

Applicable NBFCs shall rotate the partners of the chartered accountant firm conducting the audit, every three years so that the same partner shall not conduct audit of such NBFC continuously for more than three years. Further, such

NBFCs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on their respective websites.

Acquisition or Transfer of Control

Applicable NBFCs are required to obtain prior written permission of the 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% or more of the paid-up equity capital (no prior approval is required if the shareholding going beyond 26% is due to buyback 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 Applicable NBFCs, which results in change in more than 30% of the directors, excluding independent directors, provided that no prior approval shall be required in case of directors who get re-elected on retirement by rotation.

Prudential Norms:

Capital Adequacy: All NBFC-MFIs shall maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregated risk weighted assets. The total of Tier II Capital at any point of time, shall not exceed 100% of Tier I capital.

Liquidity Risk Management Framework and Liquidity Coverage Ratio

Liquidity Risk Management Framework

Applicable non-deposit taking NBFCs are required to adhere to the liquidity risk management guidelines prescribed under the NBFC SBR Master Directions. The guidelines, inter alia, require the board of directors of the Applicable NBFC to formulate a liquidity risk management framework which ensures that the NBFC maintains sufficient liquidity. Such framework shall detail entity-level liquidity risk tolerance, funding strategies, prudential limits, system for measuring, assessing, and reporting/reviewing liquidity framework for stress testing, liquidity planning under alternative scenarios, 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. The liquidity coverage ratio requirement is binding on NBFCs in accordance with the timeline 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 timeline given 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

All NBFC-MFIs shall adopt the following norms:

(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; and

(ii) A "non-performing asset" means an asset for which interest or principal payment has remained overdue for a period of 90 days or more.

For non-performing assets related to microfinance loans of NBFC MFIs, meeting, provisioning norms are set forth below:

(i) the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of (a) 1% of the outstanding loan portfolio; or (b) 50% of the aggregate loan instalments overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments overdue for 180 days or more.

(ii) if the advance covered by credit risk guarantee fund trust for low-income housing guarantee becomes non-performing, no provision need be made towards the guaranteed portion. The amount outstanding in excess of the guaranteed portion shall be provided for as per provisioning norms mentioned in the NBFC SBR Master Directions.

NBFC-MFIs are also required to comply with other asset classification and provisioning norms applicable to other Applicable NBFCs to the extent such norms are not contradictory to the norms disclosed hereinabove.

Standard Asset Provisioning

All Applicable NBFCs 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 Applicable NBFCs.

<u>Balance Sheet Disclosures</u>

(i) Applicable NBFCs are required to separately disclose in their balance sheets the provisions made, as prescribed under the NBFC SBR 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 Applicable NBFC.

(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, Applicable NBFCs 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.

Ensuring compliance with conditionalities

All NBFC-MFIs are required to become member of at least one self-regulatory organization ("**SRO**") which is recognized by the RBI and will also have to comply with the Code of Conduct prescribed by the SRO. The responsibility for compliance to all regulations prescribed for MFIs lies primarily with the NBFC-MFIs themselves. The industry associations/ SROs also play a key role in ensuring compliance with the regulatory framework. In addition, banks lending to NBFC-MFIs also ensure that systems, practices, and lending policies in NBFC-MFIs are aligned to the regulatory framework.

Regulation of excessive interest charged by NBFCs

(i) The board of directors of each Applicable NBFC 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 and 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 Applicable NBFCs or published in the relevant newspapers. The information published on 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 NBFCs are not regulated by the RBI, rates of interest beyond a certain level may be seen to be excessive. The board of directors of Applicable NBFCs are required to layout appropriate internal principles and procedures in determining interest rates and processing and other charges.

Accounting Standards

Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India are required to be followed by Applicable NBFCs insofar as they are not inconsistent with any of the provisions of the NBFC SBR Master Directions.

Loans and advances to Directors

Unless sanctioned by the Board of Directors/Committee of Directors, NBFCs shall not grant loans and advances aggregating ₹ 50 million and above to: (a) their directors (including the Chairman/ Managing Director) or relatives of directors, (b) any firm in which any of their directors or their relatives is interested as a partner, manager, employee or guarantor, and (c) any company in which any of their directors, or their relatives is interested as a major shareholder, director, manager, employee or guarantor. The NBFC SBR Master Directions also provides guidelines in relation to (i) loans and advances to senior officers of the NBFCs and (ii) loans and advances to the real estate sector. Further, all the NBFC are required to have a policy approved by board of directors on grant of loans to directors, senior officers, and relatives of directors and to entities where directors or their relatives have major shareholding.

Outsourcing of Financial Services by NBFCs

The NBFC SBR Master Directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. It mandates the regulatory and supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities. The terms and conditions governing the contract between the NBFC and the service provider should be in compliance with the guidelines provided in the NBFC SBR Master Directions. Further, an NBFC intending to outsource any of the permitted activities under the NBFC SBR Master is required to formulate an outsourcing policy which is to be approved by its board of directors.

Fair Practices Code

The NBFC SBR Master Directions read with Microfinance Loans Directions (defined hereinafter) provide that, all Applicable NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the NBFC-SBR Master Directions. The NBFC-SBR 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, and disbursement of loans and changes in terms and conditions of loans. The NBFC SBR Master Directions also prescribe general conditions to be observed by Applicable NBFCs in respect of loans. The board of directors of the Applicable NBFCs is required to lay down a grievance redressal mechanism. Such fair practices code should be issued in vernacular language or language understood by borrowers of the Applicable NBFCs. Further, all Applicable NBFCs have the freedom to draft the fair practices code, enhancing the scope of the guidelines without sacrificing the underlying spirit of the guidelines stipulated in the NBFC

SBR Master Directions. The fair practice code framed are required to be published on the NBFC's website for the information of various stakeholders. For recovery of loans, NBFCs should not resort to undue harassment. NBFCs shall also ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

Appointment of Chief Risk Officer

With the increasing role of NBFCs in direct credit intermediation, the RBI has mandated that NBFCs in categories - Investment and Credit Companies, Infrastructure Finance Companies, Micro Finance Institutions, Factors and Infrastructure Debt Funds with asset size of more than ₹ 50 billion shall appoint a Chief Risk Officer ("**CRO**") with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management. Detailed instructions regarding the CRO's appointment, tenure, independence, and functioning have been specified and are to be strictly followed by such NBFCs, such as, the CRO should possess adequate professional qualifications and experience in risk management, be appointed for a fixed term with board approval, and have direct reporting lines to the MD & CEO/risk management committee of the board. The CRO will be responsible for identifying, measuring, and mitigating risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO's role in deciding credit proposals shall be limited to being an advisor. In NBFCs that follow committee approach in credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, they shall have voting power and all members shall be individually and severally liable for all the aspects, including risk perspective related to the credit proposal.

Compensation Guidelines applicable to KMPs

All NBFCs (except 'Base Layer' and Government owned NBFC's) are mandated to formulate and put in place a board-approved compensation policy. The Compensation Guidelines requires the board of the NBFC to constitute a nomination and remuneration committee of all applicable NBFCs which will in turn oversee the framing, review, and implementation of the compensation policy. Moreover, the Compensation Guidelines, outline the principles of compensation for *inter alia* (i) fixed pay; (ii) variable pay; (iii) deferral of variable pay. The guidelines also restrict payment of guaranteed bonus to key managerial personnel and senior management.

Declaration of Dividends by NBFCs

The Board of Directors shall, while considering the proposals for dividend, take into account the following aspects: (a) Supervisory findings of the Reserve Bank on divergence in classification and provisioning for Non-Performing Assets (NPAs), (b) Qualifications in the Auditors' Report to the financial statements; and (c) Long term growth plans of the NBFC. The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in these guidelines.

The guidelines provide that NBFCs must comply with certain minimum criteria to be eligible to declare dividend. The minimum criteria is based on three following parameters:

(i) Capital Adequacy: NBFCs shall have met the minimum capital requirements (including leverage ratio wherever applicable) prescribed under these Directions in each of the last three financial years including the financial year for which the dividend is proposed

(ii) Net NPA: The net NPA ratio shall be less than 6% in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.

(iii) Other criteria: NBFCs shall comply with the provisions of section 45 IC of the RBI Act. NBFCs shall also be compliant with the prevailing regulations/guidelines issued by the RBI. The RBI shall not have placed any explicit restrictions on declaration of dividend.

NBFCs that are eligible to declare dividend may pay dividend on the basis of the Dividend Payout Ratio which is defined as the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.

Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, dated March 14, 2022 (the "Microfinance Loans Directions")

The RBI issued the Microfinance Loans Directions in order to provide a uniform lending framework for all entities engaged in microfinance lending. The Microfinance Loans Directions come into effect from April 01, 2022, subject to certain exceptions as provided under the Microfinance Loans Directions.

The Microfinance Loans Directions are applicable to the following entities ("**REs**"):

(i) All commercial banks (including small finance banks, local area banks, and regional rural banks) excluding payment banks;

(ii) All primary (urban) co-operative banks /state co-operative banks/district central co-operative banks; and

(iii) All non-banking financial companies (including microfinance institutions and housing finance companies).

Definition of Microfinance Loans

The directions define microfinance loan as a collateral-free loan given to a household having annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. Further, all collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low-income households, i.e., households having annual income up to ₹ 3,00,000, shall be considered as microfinance loans.

Assessment of Household income

As per the Microfinance Loans Directions, each entity shall put in place a board-approved policy for assessment of household income. Further, it prescribes that the SROs and other associations/ agencies may also develop a common framework based on the indicative methodology and the REs may adopt/ modify this framework suitably as per their requirements with approval of their boards. Each RE shall also mandatorily submit information regarding household income to the Credit Information Companies (CICs).

Limit on Loan Repayment Obligations of a Household

The Directions provide that each entity shall have a board-approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income, which shall be subject to a limit of maximum 50% of the monthly household income. With respect to existing loans or which outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income exceed the limit of 50%, shall be allowed to mature.

However, in such cases, no new loans shall be provided to these households till the prescribed limit of 50% is complied with.

Pricing of Loans

Each entity regulated under the directions is required to have a board approved policy regarding pricing of microfinance loans which shall, inter alia, cover the following: (i) a well-documented interest rate model/ approach for arriving at the all-inclusive interest rate; (ii) delineation of the components of the interest rate such as cost of funds, risk premium and margin, etc. in terms of the quantum of each component based on objective parameters; (iii) the range of spread of each component for a given category of borrowers; and (iv) a ceiling on the interest rate and all other charges applicable to the microfinance loans. Further, each regulated entity is required to disclose such pricing related information to the prospective borrower in a standardized factsheet in the manner provided under the Microfinance Loans Directions and the borrower shall not be charged any amount which is not explicitly mentioned in the factsheet. Interest rates and other charges/ fees on microfinance loans should not be usurious and be subjected to supervisory scrutiny by the RBI. In this regard, the regulated entities shall also prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in the literature (information booklets/ pamphlets) issued by it and details on its website. This information shall also be included in the supervisory returns and be subjected to supervisory scrutiny.

It is also provided that there shall be no pre-payment penalty on microfinance loans and penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount. Further, any change in interest rate or any other charge shall be informed to the borrower well in advance and these changes shall be effective only prospectively.

Guidelines on Conduct towards Microfinance Borrowers

The directions prescribe certain guidelines for the entities which among other things, include, that putting up a fair practices code by the RE, a standard form of loan agreement for microfinance loan in the language understood by the borrower, issuance of non-credit products with full consent of borrowers, guidelines on training of staff, responsibilities for outsourced activities, guidelines related to recovery of loans and engagement of recovery agents.

Qualifying Asset Criteria

Under the Microfinance Loans Directions, the definition of 'qualifying assets' of NBFC-MFIs has now been aligned with the definition of 'microfinance loans' given above. The minimum requirement of microfinance loans for NBFC-MFIs is also revised to 75% of the total assets. Further, the maximum limit on microfinance loans for NBFCs other than the NBFC-MFIs has been revised to 25% of the total assets.

Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021

The RBI notification requires the appointment of internal ombudsman by NBFCs fulfilling the following criteria as on the date of the circular: (a) Deposit-taking NBFCs (NBFCs-D) with 10 or more branches. (b) Non-Deposit taking NBFCs (NBFCs-ND) with asset size of ₹50 billion and above and having public customer interface. NBFCs are required to formulate a standard operating procedure approved by its Board and establish a system of auto-escalation of all complaints that are partly or wholly rejected by the NBFC's internal grievance redress mechanism to the internal ombudsman for a final decision. The NBFC shall internally escalate all such complaint within a period of three weeks from the date of receipt of the complaint. Thereafter, the internal ombudsman and the NBFC are required to ensure that the final decision is communicated to the complainant within 30 days from the date of receipt of the complaint by the NBFC. In case any complaint is fully or partly rejected even after examination by the internal ombudsman, the NBFC is necessitated to advise to the complainant as part of the reply of the customer's option to approach the RBI Ombudsman for redress (if the complaint falls under the RBI Ombudsman mechanism) along with complete details.

The Reserve Bank – Integrated Ombudsman Scheme, 2021 (the "Ombudsman Scheme") dated November 12, 2021

The RBI through its 'Statement on Developmental and Regulatory Policies' dated February 5, 2021, proposed the integration of the Ombudsman Scheme for Non-Banking Financial Companies, 2018, the Banking Ombudsman Scheme, 2006 and the Ombudsman Scheme for Digital Transactions, 2019, and adoption of 'One Nation One Ombudsman' approach for grievance redressal and has done the same through the Ombudsman Scheme effective from November 12, 2021. This is intended to make the process of redressal of grievances easier by enabling the customers of the banks, NBFCs and non-bank issuers of prepaid payment instruments to register their complaints under the integrated scheme, with one centralized reference point.

The Ombudsman Scheme was introduced by the RBI with the object of enabling resolution of complaints in respect of services rendered by certain categories of NBFCs, to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. Further, the RBI through its notification on Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021, has established the office of Internal Ombudsman for NBFCs along with its roles and responsibilities.

The Ombudsman Scheme, *inter alia*, establishes the office of the ombudsman, specifies the procedure for the redressal of grievances and the mechanism for appeals against the awards passed by the ombudsman.

Master Direction - Know Your Customer (KYC) Direction, 2016 (updated as on October 17, 2023) as amended ("RBI KYC Directions")

The RBI had issued the Master Directions Know Your Customer Directions dated February 25, 2016 (amended as on May 10, 2021) requiring regulated entities to follow certain customer identification procedure in accordance with provisions of KYC Directions including video-based customer identification process (V-CIP) while undertaking a transaction. The RBI KYC Directions are applicable to every entity regulated by the RBI specifically, 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. In terms of the RBI KYC Directions, every entity regulated thereunder shall duly adopt a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. All NBFCs are required to ensure compliance with the KYC policy through specification of who constitutes 'senior management' for the purpose of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of the compliance of KYC and anti-money laundering policies and procedures; concurrent/internal audit system to verify the compliance with KYC and anti-money policies and procedures; and submission of quarterly audit and compliance to the audit committee.

The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by NBFCs, amongst others. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards and ensure compliance with requirements/obligations as per applicable provisions of the Unlawful Activities Prevention ("**UAPA**") Act, 1867. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were further amended to (i) enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002, and the rules made thereunder; (ii) accommodate authentication as per the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016; and (iii) use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further updated with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video-based customer identification process as a consent based alternate method of establishing the customer's identity, for customer onboarding.

The RBI KYC Directions have been updated pursuant to the notification dated April 28, 2023 to require regulated entities to undertake enhanced due diligence measures for non-face-to-face onboarding of customers, without meeting the customer physically or through V-CIP, through use of digital channels such as CKYCR, DigiLocker, equivalent e-document, etc., and non-digital modes such as obtaining copy of officially valid documents certified by additional certifying authorities as allowed for NRIs and PIOs. Additionally, the amendments incorporate instructions on ensuring meticulous compliance with Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005. The amendments also incorporate the recent amendments to the PMLA and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. The RBI KYC Directions were further amended pursuant to notification dated May 4, 2023, to update the instructions in relation to wire transfers (including (i) information requirements for wire transfers, and (ii) responsibilities of regulated entities effecting wire transfers), and to align the guidelines contained in the RBI KYC Directions with the relevant recommendations by the Financial Action Task Force.

The RBI KYC Directions have been updated pursuant to the notification dated October 17, 2023 to include following requirements/ amendments to the RBI KYC Directions: (i) where applicable laws and regulations prohibit implementation of the RBI KYC Directions, the regulated entity bring to the notice of the Reserve Bank of India, (ii) the criteria for determination of the beneficial owner for partnership firms has now been lowered to 10% (from the erstwhile threshold of 15%). In addition, it has been clarified that the term 'control' shall also include the right to control the management or policy decision, (iii) management level officer should only be appointed/ nominated by the RE as the 'principal officer' for furnishing information to the RBI in relation to compliance with the RBI KYC Directions, (iv) to manage the growing adoption of the digital payment systems and banking networks, certain supplementary measures have been introduced for regulated entites in connection with customer due diligence process, (v) while the RBI KYC Directions permitted regulated entities to rely on customer due diligence data from third-parties or Central KYC Records Registry, the REs may now only rely on the customer due diligence data obtained 'immediately'. (vi) regulated entities are required adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under customer due diligence is kept up-to-date and relevant, particularly where there is high-risk, (vii) regulated entities are required to undertake enhanced due diligence and provide appropriate risk management system in relation to account of politically exposed person, and (viii) every regulated entity which is part of a group will be required to implement group level policies and programmes for ensuring compliance with the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016, as amended ("Monitoring of Frauds - Master Directions")

The Monitoring of Frauds - Master Directions is applicable to all deposit taking NBFCs, NBFC-Ml, and NBFC-ULand requires them to put in place a reporting system for recording of frauds. All frauds are required to be reported to the Frauds Monitoring Cell or Regional Offices of the department of Non-Banking Supervision of the RBI in the manner prescribed under Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. Fraud reports are required to be submitted in all cases of fraud of ₹ 1 lakh and above perpetrated through misrepresentation, breach of trust, manipulation of books of account, fraudulent encashment of FDRs, unauthorised handling of securities charged to the applicable NBFC, misfeasance, embezzlement, misappropriation of funds, conversion of property, cheating, shortages, irregularities, etc. Fraud reports are also required to be submitted in cases where central investigating agencies have initiated criminal proceedings *suo moto* and/or where the RBI has directed that they be reported as frauds. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI within three weeks from the date of detection of the fraud in case amount of fraud ₹ 10 million and above. In cases where the amount of fraud is less than ₹ 10 million, reports shall be sent to the regional office of the Department of Non-Banking Supervision of the RBI, under whose jurisdiction the registered office of the related entity falls within three weeks from the date of detection of the fraud. The amounts involved in frauds reported by the entity shall be disclosed in its balance sheet for the year of such reporting. All NBFCs covered under the Monitoring of Frauds – Master Directions are also required to submit a copy of quarterly reports on frauds outstanding to the regional office of the RBI within 15 days of the end of each quarter to which it relates, in the format prescribed provided under the Monitoring of Frauds - Master Directions.

Master Direction – Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016, as amended

The direction lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose, and the requirement of filing such returns by various categories of NBFCs, including an NBFCML and NBFC-UL as updated on May 2, 2022.

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) compliance with requirement to obtain certificate of registration from the RBI; (ii) the validity of such NBFC's certificate of registration and whether the NBFC is entitled to continue to hold such certificate of registration in terms of its principal business criteria as of March 31 of the applicable year; and (iii) compliance with net owned fund requirements as laid down in the Master Directions.

Additionally, every auditor of a non-banking financial company not accepting public deposits is required include a statement in accounts of the NBFC on following matters: (i) whether the board has passed a resolution for non-acceptance of any public deposits; (ii) whether the NBFC has accepted any public deposits during the relevant period/year; (iii) whether the NBFC has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the NBFC SBR Master Directions; (iv) in case of NBFC SBR: (a) whether the capital adequacy ratio as disclosed in the return submitted to the RBI by the NBFC, has been correctly arrived at and whether such ratio is in compliance with the minimum Capital to Risk (Weighted) Assets Ratio prescribed by the RBI; (b) whether the NBFC has furnished to the RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio within the stipulated period; and (v) whether the non-banking financial company has been correctly classified as NBFC-MFI as defined in the NBFCSBR Master Directions.

Guidelines on Risk-based Internal Audit ("RBIA") System for Select NBFCs and Urban Co-operative Banks dated February 3, 2021, as amended (the "RBIA Guidelines")

In terms of the RBIA Guidelines, the non-deposit taking NBFCs with an asset size of ₹ 50 billion and above are required to implement the RBIA framework in accordance with RBIA Guidelines. 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 the Applicable NBFCs. Under the RBIA Guidelines, the board of directors of the 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 Applicable NBFCs should be conducted at least on an annual basis.

Implementation of 'Core Financial Services Solution' (CFSS) by Non-Banking Financial Companies (NBFCs) dated February 23, 2022, as amended

Pursuant to this circular, an NBFC-ML with 10 and more 'fixed point service delivery units' is mandated to adopt 'Core Financial Services Solution' ("**CFSS**"), akin to the Core Banking Solution adopted by banks on or before September 30, 2025. The CFSS shall provide for (i) seamless customer interface in digital offerings and transactions relating to products and services with anywhere / anytime facility, (ii) enable integration of NBFCs' functions, (iii) provide centralised database and accounting records, and be able to generate suitable MIS, both for internal purposes and regulatory reporting. It also requires the relevant NBFCs to furnish a quarterly progress report on implementation of the Core Financial Services Solution, along with various milestones as approved by the board of directors/committee of the board of directors, to the Senior Supervisory Manager Office of the RBI starting from quarter ending March 31, 2023.

RBI Clarifications - Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances dated November 12, 2021, and February 15, 2022

Specification of due date/repayment date

The exact due dates for repayment of loan, frequency of repayment, breakup between principal and interest, examples of SMA/NPA classification dates, etc. shall be clearly specified in the loan agreement and the borrower shall be apprised of the same at the time of loan sanction and at the time of subsequent changes, if any, to the sanction terms/loan agreement till full repayment of the loan. In cases of loan facilities with moratorium on payment of principal and/or interest, the exact date of commencement of repayment shall also be specified in the loan agreements.

Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

The borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date, irrespective of the time of running processes. Similarly, classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In case of borrowers having more than one credit facility from a lending institution, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.

NPA classification in case of interest payments

In case of interest payments in respect of term loans, an account will be classified as NPA if the interest applied at specified rests remains overdue for more than 90 days.

Upgradation of accounts classified as NPAs

Loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower. With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations, etc., the instructions as specified for such cases shall continue to be applicable.

Notification on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents, dated June 24, 2014, issued by the RBI

By virtue of its notification dated June 24, 2014, the RBI permitted NBFCs-ND to act as business correspondents of banks, with the aim of accelerating financial inclusion. Prior to this notification, NBFCs could not be appointed as business correspondents. The following conditions need to be satisfied in order for the banks to engage NBFCs-ND as business correspondents:

(i) It should be ensured that there is no comingling of bank funds and those of the NBFC-ND appointed as business correspondent;

(ii) There should be specific contractual arrangement between the bank and the NBFC-ND to ensure that possible conflicts of interest are adequately taken care of; and

(iii) Banks should ensure that the NBFC-ND does not adopt any restrictive practice such as offering savings or remittance functions only to its own customers and the forced bundling of services offered by the NBFC-ND and the bank does not take place.

Statement on Development and Regulatory Policies dated August 6, 2020 ("Statement on DRP Policies")

The Statement on DRP Policies facilitated revival of real sector activities and mitigate the impact on the ultimate borrowers, provided a window under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 ("**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. Moreover, in order to ameliorate the stress being faced by smaller non-bank finance companies (NBFCs) and micro-finance institutions (MFIs) in obtaining access to liquidity, the RBI decided to provide an additional special liquidity facility (ASLF) of ₹ 50 billion to NABARD for a period of one year at the RBI's policy repo rate for refinancing NBFC-MFIs and other smaller NBFCs of asset size of ₹ 5000 million and less to support agriculture and allied activities and the rural non-farm sector.

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

The RBI had issued the guidelines which are applicable to all Commercial Banks (excluding RRBs), Primary (Urban) Co-operative Banks (UCBs), and Non-Banking Finance Companies (NBFCs) (including Housing Finance Companies but excluding non-deposit taking NBFCs with asset size below ₹ 10 billion). Pursuant to these RBI guidelines, there are certain eligibility criteria and procedures to be adhered by the aforementioned entities for appointment/reappointment of Statutory Central Auditors/Statutory Auditors. Further, NBFCs do not have to take prior approval of RBI for appointment of Statutory Central Auditors/Statutory Auditors, but all NBFCs need to inform the RBI about the appointment or removal of Statutory Central Auditors/Statutory Auditors for each year, within one month of such appointment and/or decision taken in relation of removal, as the case may be.

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 Directions – Information Technology Framework for the NBFC Sector, dated June 8, 2017 ("IT Framework Directions")

The IT Framework Directions have been notified with the view of benchmarking the information technology/information security framework, business continuity planning, disaster recovery management, information technology ("IT") audit and other processes to best practices for the NBFC sector. The IT Framework Directions require all NBFcs-ML, NBFC-ULs to undertake IT governance *inter alia* through formation of an IT strategy committee and formulation of a board approved IT policy. They also require systemically important NBFCs to conduct an information system audit at least once in a year.

In addition to the above IT Framework Directions, we are also required to comply with the Information Technology Act, 2000, as amended, and the rules framed thereunder.

The RBI has also issued Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023 which shall come into effect from April 01, 2024 and shall supersede the IT Framework Directions to the extent applicable to NBFC-TL, NBFC-UL, and NBFC-ML. The directions, among other things, require (i) the regulated entities to put in place a robust IT Governance Framework based on the aforementioned focus areas that inter alia: (a) specifies the governance structure and processes necessary to meet the RE's business/ strategic objectives; (b) specifies the roles (including authority) and responsibilities of the Board of Directors (Board) / Board level Committee and Senior Management; and (c) includes adequate oversight mechanisms to ensure accountability and mitigation of IT and cyber/ information security risks, (ii) the board of directors of the regulated entities to approve strategies and policies related to IT, Information Assets, Business Continuity, Information Security, Cyber Security (including Incident Response and Recovery Management/ Cyber Crisis Management), (iii) regulated entities to establish a Board-level IT Strategy Committee, IT Steering Committee, and Information Security Committee (ISC) and specifies the constitution and responsibilities of these committees, (iv) regulated entities to appoint a sufficiently senior level, technically competent and experienced official in IT related aspects as Head of IT Function and designate a senior level executive (preferably in the rank of a General Manager or an equivalent position) as the Chief Information Security Officer (v) regulated entities to put in place (a) change and patch management, (b) data migration policy specifying a systematic process for data migration, (c) Information Security Policy, (d) cyber incident response and recovery management policy, (d) business Continuity Plan (BCP) and Disaster Recovery (DR) policy, (e) Information Systems Audit policy.

Master Direction – Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 dated April 10, 2023 ("IT Outsourcing Directions")

The master direction by the RBI provides guidelines for outsourcing information technology services by financial institutions, including banks, NBFCs, and payment system operators. The directions recognise the extensive usage of information technology and information technology enabled services to support the business models, products and services offered by regulated entities to their customers. The aim of the IT Outsourcing Directions is to ensure that outsourcing arrangements neither diminish REs ability to fulfil its obligations to customers nor impede effective supervision by the RBI. Per the directions, a regulated entity shall take steps to ensure that the service provider employs the same high standard of care in performing the services as would have been employed by the regulated entity itself, had the same activity not been outsourced. The regulated entities need to ask their service providers to develop and establish a robust framework for documenting, maintaining, and testing business continuity plan and disaster recovery plan.

A regulated entity can also outsource any IT activity/IT enabled service within its business group/conglomerate, subject to conditions specified in the directions. Regulated entities intending to outsource any of its IT activities are required put in place a comprehensive Board approved IT outsourcing policy which shall incorporate, *inter alia*, the roles and responsibilities of the Board, committees of the Board (if any) and Senior Management, IT function, business function as well as oversight and assurance functions in respect of outsourcing of IT services. The IT Outsourcing Directions also require regulated entities to immediately notify the RBI in the event of breach of security and leakage of confidential customer related information. The RBI has the power to impose penalties for violations of the directions. These directions came into effect from October 1, 2023.

Prompt Corrective Action (PCA) framework for NBFCs

The RBI vide its circular dated December 14, 2021 provided for the Prompt Corrective Action (PCA) framework for banks, which is effective from October 01, 2022. The PCA framework sets out certain 'risk thresholds', the breach of which would mandate the relevant bank to implement certain mandatory and discretionary actions. The 'risk thresholds' take into consideration the capital adequacy ratio, and net non-performing advances ratio of the relevant NBFC.

Guidelines on digital lending issued by RBI on September 2, 2022 ("Guidelines on Digital Lending")

The guidelines issued by RBI on September 2, 2022 are applicable to digital lending extended by (a) all commercial banks, (b) primary (urban) co-operative banks, state co-operative banks, district central co-operative banks, and (c) non – banking financial companies (including house finance companies).

The Guidelines on Digital Lending require, among other things: (a) all loan disbursals and repayments to be executed only between the bank accounts of the borrower and the regulated entity without any pass-through/ pool account of the loan service provider or any third party; (b) all-inclusive costs of digital loans to be disclosed to the borrower; (c) a cooling-off period to be provided to borrowers, during which the borrowers can exit digital loans by paying the principal and the proportionate costs without any penalty; (d) the appointment of a nodal grievance redressal officer by loan service providers; and (e) reporting of loans to credit information companies. Additionally, the Recommendations have noted some issues for further examination by the RBI, which may be incorporated into the Guidelines on Digital Lending in the future.

As regards the industry practice of offering financial products involving contractual agreements such as First Loss Default Guarantee (FLDG) in which a third party guarantees to compensate up to a certain percentage of default in a loan portfolio of the regulated entities, regulated entities are required to adhere to the provisions of the Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021, especially, synthetic securitisation contained in paragraph (6)(c).

In the Guidelines on Digital Lending, the RBI provided that regulated entities engaged in credit delivery through digital lending had time until November 30, 2022 to comply with the lending norms for repeat and top up loans to existing digital lending customers.

Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021

Securitisation involves transactions where credit risk in assets are redistributed by repackaging them into tradeable securities with different risk profiles which may give investors of various classes access to exposures which they otherwise might be unable to access directly. Keeping in view that complicated and opaque securitisation structures could be undesirable from the point of view of financial stability, prudentially structured securitisation transactions can be an important facilitator in a well-functioning financial market in that it improves risk distribution and liquidity of lenders in originating fresh loan exposures, the RBI issued the RBI (Securitisation of Standard Assets) Directions, 2021 vide its circular dated September 24, 2021, which are applicable to all the scheduled commercial banks in India. In December 2022, the Reserve Bank, disallowed securitisation of loans with residual maturity of less than 365 days. Furthermore, it was clarified that the minimum holding period (MHP) for commercial or residential real estate mortgages shall be counted from the date of full disbursement of the loan, or registration of security interest with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), whichever is later. For the purpose of these directions, the said amendment has further explained that the minimum ticket size for issuance of securitisation notes refers to the size of investment by a single investor and shall be Rs 1 crore.

Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021

Loan transfers are resorted to by lending institutions for multitude of reasons ranging from liquidity management, rebalancing their exposures or strategic sales. A robust secondary market in loans can be an important mechanism for the management of credit exposures by lending institutions and also create additional avenues for raising liquidity. Thus, RBI vide its circular dated September 24, 2021, notified RBI (Transfer of Loan Exposures) Directions, 2021 which is a comprehensive set of regulatory guidelines governing the transfer of loan exposures, which are applicable to all the scheduled commercial banks in India. Master Direction on Transfer of Loan Exposure was amended to inter alia permit overseas branches of specified lenders to (a) acquire only 'not in default' loan exposures from a financial entity operating and regulated as a bank in the host jurisdiction; (b) transfer exposures 'in default' as well as 'not in default' pertaining to resident entities to a financial entity operating and regulated as a bank in the host jurisdiction; and (c) transfer exposures 'in default' as well as 'not in default' pertaining to non-residents, to any entity regulated by a financial sector regulator in the host jurisdiction. Amendments have also been made in certain provisions related to minimum holding period (MHP), valuation of security receipts (SRs), transfer of stressed loans to ARCs, and credit/ investment exposure of lenders. Additionally, the term 'Economic Interest' has now been explicitly defined as 'the risks and rewards that may arise out of loan exposure through the life of the loan exposure'.

Aadhaar (Targeted Delivery of Financial and other Subsidies, Benefits and Services) Act (the "Aadhaar Act"), 2016 and the rules and regulations made thereunder, and the rules and regulations made thereunder

The Aadhaar Act aims to provide for, as good governance, efficient, transparent and targeted delivery of subsidies, benefits and services, the expenditure for which is incurred from the Consolidated Fund of India or the Consolidated Fund to the State to individuals residing in India, through assigning of unique identity numbers to such individuals and for matters connected therewith or incidental thereto. The Aadhar Act establishes Unique Identification Authority of India ("**UIDAI**"), which is responsible for authentication and enrolment of individuals under the Aadhaar programme. The Aadhar Act also provides for the appointment of Enrolling Agency, which would be responsible for the enrolment of individuals. The Aadhar Act, to authenticate the Aadhar Numbers, appoints a requesting entity, that would submit the Aadhar Number along with demographic information or biometric information to the Central Identities Data Repository. Lastly, the Aadhar Act also provides for the protection and confidentiality of identity information and authentication records of individuals.

The Digital Personal Data Protection Act, 2023 (the "DPDP Act")

The Parliament passed the DPDP Act on August 9, 2023. The DPDP Act received the assent of the President and was notified on August 11, 2023. The Parliament passed the DPDP Acton August 9, 2023. The DPDP Act seeks to balance the rights of individuals to protect their personal data with the need to process personal data for lawful and other incidental purposes. All data fiduciaries, determining the purpose and means of processing personal data, are mandated to provide an itemised notice to data principals in plain and clear language containing a description of the personal data sought to be collected along with the purpose of processing such data. The DPDP Act further provides that personal data may be processed only for a lawful purpose after obtaining the consent of the individual. A notice must be given before seeking consent. The notice should contain details about the personal data to be collected and the purpose of processing. Consent may be withdrawn at any point in time. An individual whose data is being processed (data principal), will have the right to: (i) obtain information about processing, (ii) seek correction and erasure of personal data, (iii) nominate another person to exercise rights in the event of death or incapacity, and (iv) grievance redressal. Data principals will have certain duties. They must not: (i) register a false or frivolous complaint, and (ii) furnish any false particulars or impersonate another person in specified cases. Violation of duties will be punishable with a penalty of up to ₹10,000. It further imposes certain obligations on data fiduciaries including (i) make reasonable efforts to ensure the accuracy and completeness of data, (ii) build reasonable security safeguards to prevent a data breach, (iii) inform the Data Protection Board of India (the "**DPB**") and affected persons in the event of a breach, and (iv) erase personal data as soon as the purpose has been met and retention is not necessary for legal purposes (storage limitation). In case of government entities, storage limitation and the right of the data principal to erasure will not apply. The Central Government will establish the DPB. Key functions of the DPB include: (i) monitoring compliance and imposing penalties, (ii) directing data fiduciaries to take necessary measures in the event of a data breach, and (iii) hearing grievances made by affected persons. The DPB members will be appointed for two years and will be eligible for re-appointment. The Central Government will prescribe details such as the number of members of the DPB and the selection process. The Act introduces the concept of 'deemed consent' in instances where the data principal provides personal data (i) to the data fiduciary voluntarily and for a legitimate purpose, (ii) for performance of function under any law, or service or benefit to the data principal, (iii) in compliance with a judgment or order, (iv) responding to medical emergency involving threat to life or immediate threat to health of the data principal, (v) for provision of medical treatment or health services during an epidemic, outbreak of diseases or any other public threat to public health, (vi) for taking measures to ensure safety during any disaster or any breakdown of public order, (vii) for purposes related to employment including prevention of corporate espionage, maintenance of confidentiality of trade secrets, intellectual property, classified information, recruitment, termination of employee. The data can only be processed for the specific purpose for which it is deemed to be given and must be necessary for fulfilling the purpose for which it has been provided. It further imposes certain obligations on data fiduciaries including (i) in implementation of technical and organisational measures to ensure compliance, (ii) adopting reasonable security safeguards to prevent personal data breach, (iii) ensuring that personal data processed is accurate and complete, (iv) informing the Data Protection Board of India (the "**Data Protection Board**") regarding any personal data breach, (v) deleting or removing personal data no longer in use or necessary for legal or business purposes with exemption given to only start-ups registered with Ministry of Commerce and Industry, (vi) publishing the business contact information of the data protection officer, (vii) implementing a grievance redressal mechanism to redress grievances of data principals, and (viii) processing of data to another data fiduciary under a valid contract.

3. Foreign Exchange Laws

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999, as amended, along with the rules, regulations and notifications made by the RBI thereunder, and the consolidated FDI Policy Circular of 2020 (No. 5(2)/2020) dated October 15, 2020, as amended, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.

As per the sector specific guidelines of the Government of India, up to 100% foreign investment is allowed under the automatic route in certain NBFC activities subject to compliance with guidelines under the Foreign Exchange Management Act, 1999 and applicable rules and regulations in this regard.

4. Laws Relating to Taxation

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that may be applicable to the operations of our Company include:

(i) Central Goods and Service Tax Act, 2017 and various state-wise legislations in relation to goods and services tax;

(ii) Integrated Goods and Services Tax Act, 2017;

(iii) Income Tax Act 1961, as amended by the Finance Act in respective years; and

(iv) State-wise legislations in relation to professional tax.

5. Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, FEMA, the RBI guidelines on securitisation of standard assets, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as 'Belstar Investment and Finance Private Limited' under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 11, 1988, issued by the Registrar of Companies, Karnataka at Bangalore. Our Company subsequently shifted its registered office from Karnataka to Tamil Nadu, pursuant to which a certificate of registration dated August 25, 2011 under the Companies Act, 1956 was issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands. Subsequently, pursuant to a resolution of our Shareholders dated September 23, 2019, the name of our Company was changed from 'Belstar Investment and Finance Private Limited' to 'Belstar Microfinance Private Limited' to reflect the nature of business of our Company which is microfinance lending and not investment activities, and a certificate of incorporation pursuant to change of name under the Companies Act was issued by the RoC on October 3, 2019. Subsequently, our Company was converted from a private company to a public company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on December 5, 2019, and a certificate of incorporation consequent upon conversion to public limited company was issued by the RoC on January 10, 2020.

The registered office of our Company is located at New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu, 600083, India.

Changes in our Registered Office

Date of change	Details of Change	Reason(s) for change
December 30, 2008	The registered office of our Company was changed from No. 196, KBH Colony, Koramangala, Bangalore, Karnataka, 560095, India to No. 77, Prema Kunja, Gokula First Stage, Mathikera Main Road, Yeswantpure, Bangalore, Karnataka, 560054, India.	Operational and administrative convenience
July 5, 2011	The registered office of our Company was changed from No. 77, Prema Kunja, Gokula First Stage, Mathikera Main Road, Yeswantpure, Bangalore, Karnataka, 560054, India to Mahabubani Towers II Floor, No. 48 North Boag Road, T.Nagar, Chennai, Tamil Nadu, 600017, India.	Company shifted from Karnataka to Tamil Nadu
June 28, 2012	The registered office of our Company was changed from Mahabubani Towers II Floor, No. 48 North Boag Road, T.Nagar, Chennai, Tamil Nadu, 600017, India to No.11C, Rathinammal Street, Rangarajapuram, Kodambakkam, Chennai, Tamil Nadu, 600024, India.	Operational convenience.
May 1, 2015	The registered office of our Company was changed from No.11C, Rathinammal Street, Rangarajapuram, Kodambakkam, Chennai, Tamil Nadu, 600024, India to New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu,600083, India.	Operational and administrative convenience.

Main objects of our Company

The main objects contained in the Memorandum of Association are as mentioned below:

Clause	Particulars
III(A)	1. To carry on the business of Micro-Finance to Self Help Groups (SHGs), Joint Liability Groups (JLGs), Activity Based Groups (ABGs), to the members of SHGs/JLGs/ABGs, individuals, association of persons, companies or other entities and undertake business of other Investment and Finance and to underwrite, sub-under-write, to invest in, and acquire and hold, sell, buy, or otherwise deal in shares, debentures, bonds, units, obligations, mortgages, and securities issued for guarantee by Indian or Foreign Government, States, Dominions, Sovereigns. Municipalities or Public Authorities or bodies and shares, stocks, debentures, bonds, obligations, mortgages, and securities issued and guaranteed by any company, corporation, firm or person whether incorporated or established In India or elsewhere. 2. To carry on business, profession or vocation of acting as Consultants, Advisors, Managers, Trustees, Attorneys and Agents for all matters and problems arising out of, relating to or touching upon the field of finance and investments in real estate, import export, commencement and expansion of trade, commerce and Industries, including construction of plants and buildings, purchasing, techniques and production and rendering of such services to individuals, firms, bodies corporate, Institutions, concerns and associations (whether incorporated or not, and departments of the Government) and all public and local authorities

Clause	Particulars
	(whether Indian or Foreign). 3. To receive money on deposit at interest or otherwise for fixed periods, and to lend money on any terms that may be thought fit and particularly to customers or other persons or corporations having dealings with the company. The Company shall not carry on any business of banking as defined by the Banking Regulations Act, 1949, or any statutory modification thereof, subject to provisions of Section 58A and directives of Reserve Bank of India.

The main objects, as contained in our MoA, enable our Company to carry on the businesses presently being carried out by it.

Amendments to our Memorandum of Association since its incorporation

The following changes have been made to our Memorandum of Association in the last ten years:

Date of Shareholders' resolution	Particulars
June 29, 2018	Clause V of our Memorandum of Association was amended to reflect the re-classification of the authorised share capital of our Company from ₹ 250,000,000 divided into 25,000,000 Equity Shares of ₹ 10 each to ₹ 1,000,000,000 divided into 50,000,000 Equity Shares of ₹ 10 each and 50,000,000 Preference Shares of ₹ 10 each.
September 23, 2019	Clause I of our Memorandum of Association was amended to reflect the change in name of our Company from Belstar Investment and Finance Limited to Belstar Microfinance Private Limited.
December 5, 2019	Clause I of our Memorandum of Association was amended to reflect the change in name of the Company from Belstar Microfinance Private Limited to Belstar Microfinance Limited pursuant to the conversion of our Company into a public limited.
March 14, 2020	Clause V of our Memorandum of Association was amended to reflect the re-classification of the authorised share capital of our Company from ₹ 1,000,000,000 divided into 50,000,000 Equity Shares of ₹ 10 each and 50,000,000 Preference Shares of ₹ 10 each to ₹ 1,000,000,000 divided into 100,000,000 Equity Shares of ₹ 10 each.

Major events and milestones

The table below sets forth some of the major events and milestones in our history:

Calendar year	Major events and milestones
2010	Equity Investment into the Company by *i.e.,* International Finance Corporation, Norwegian Microfinance Initiative Frontier Fund Ks, Swedfund International Fund AB, Aavishkaar Goodwell India Microfinance Development Company.
2011	Reclassified as NBFC-MFI by the RBI.
2016	Investment by Muthoot Finance Limited in our Company.
2018	Investment by MAJ Invest Financial Inclusion Fund II K/S in our Company.
2020	Conversion of our Company to a public limited company.
2022	Investment by Arum Holding Limited and Augusta Investments Zero Pte Ltd, in our Company.

Key awards, accreditations or recognitions

The table below sets forth some of the awards, accreditations or recognitions received by us:

Calendar Year	Particulars
2016	Received the award for Micro Finance Organisation of the Year Among the small and medium MFIs, by ACCESS Development Services and HSBC India at the Inclusive Microfinance India Summit 2016
	Received Skoch Order of Merit for qualifying amongst top 100 projects in India for insurance service to Belstar customers
2021	Received a Certificate of Appreciation in the SME-Women Entrepreneur of the year category at the

Calendar Year	Particulars
	Empowering India Awards 2021
2022	Received an Excellence Award at the Microfinance and NBFCs Exhibition cum Conference.
2023	Certified as a "Great Place to Work" by Great Place to Work® Institute, India.
2024	Certified as Top 50 India's Best Workplaces in BFSI 2024 by Great Place to Work® Institute, India.

Our holding company

As on the date of this Draft Red Herring Prospectus, Muthoot Finance Limited ("**MFL**") is our holding company. For details with respect to MFL, see "*Our Promoter and Promoter Group*" on page 293.

Our subsidiaries and joint ventures

We do not have any subsidiary and joint ventures as of the date of this Draft Red Herring Prospectus.

Time or cost overrun in setting up projects by our Company

Our Company has not experienced any time or cost overrun in setting up any projects.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

Except as stated in *"Risk Factor - COVID-19 has had an adverse effect on our business, results of operations And financial performance."* on page 39, there have been no defaults or rescheduling/restructuring of borrowings with financial institutions/ banks in respect of our Company's borrowings.

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, location of our manufacturing facility, see "*Our Business*" on page 214.

Financial and/or strategic partners

Our Company does not have any significant financial or strategic partners as on the date of this Draft Red Herring Prospectus.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets in the last ten years

Our Company has not made any material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Details of shareholders' agreements

Except as disclosed below, our Company does not have any other subsisting shareholders' agreements among our Shareholders *vis-a-vis* our Company.

Amended and Restated Shareholder's Agreement dated August 24, 2021 and as amended on February 25, 2022 ("First Amendment"), on May 30, 2022 ("Second Amendment") (Amended and Restated Shareholder's Agreement dated August 24, 2021, the First Amendment and the Second Amendment, hereinafter collectively referred to as the "SHA") amongst our Company, Dr. Kalpanaa Sankar, C.V. Sankar, Bindu Dandapani, Hand In Hand Consulting Services Private Limited, Sarvam Financial Inclusion Trust (collectively, the "SHA Promoters"), Muthoot Finance Limited, MAJ Invest Financial Inclusion Fund II K/S ("MAJ"), Augusta Investments IV Pte Ltd, Arum Holdings Limited and Augusta Investments Zero Pte Ltd (Augusta Investments IV Pte Ltd, Arum

Holdings Limited and Augusta Investments Zero Pte Ltd collectively referred to as "Affirma") read with the Waiver cum Amendment Agreement dated May 3, 2024 ("WCA") to the SHA amongst our Company, KS Group (i.e., Dr. Kalpanaa Sankar, C.V. Sankar and Sarvam Financial Inclusion Trust), Muthoot Finance Limited, MAJ, Arum Holdings Limited and Augusta Investments Zero Pte Ltd. (for the purposes of the WCA, the Affirma entities mean Arum Holdings Limited and Augusta Investments Zero Pte Ltd.)

The SHA sets out, amongst others, the following matters: (a) right of the Parties, subject to them holding minimum specified shareholding in the Company, to nominate directors on the Board of Directors of the Company; (b) right of Muthoot Finance Limited, MAJ and Affirma to appoint observers to the meetings of the Board of Directors of the Company; (c) right of Muthoot Finance Limited, SHA Promoters, MAJ and Affirma to appoint / nominate their nominee directors / representative on the Audit Committee, Risk Management Committee, IPO Committee, capital raise committee of the Company; (d) right of Muthoot Finance Limited, SHA Promoters and Affirma to appoint their nominee directors on the Nomination and Renumeration Committee, (e) constitution of valid quorum for board meetings; (f) certain reserved matters in relation to our Company and our Subsidiaries, such as, *inter alia*, authorising reduction of capital, changing nature of business of our Company, removing or replacing the auditors, changing the financial year of our Company, which require affirmative vote / prior written consent of Muthoot Finance Limited, SHA Promoters, MAJ and Affirma; (f) pre-emptive right of shareholders of our Company; (g) tag along right of Muthoot Finance Limited, SHA Promoters, MAJ and Affirma; (h) right of first refusal of Muthoot Finance Limited and SHA Promoters; (i) right of first offer of Muthoot Finance Limited, and conditional right of first offer of MAJ and Affirma in the event of transfer by the SHA Promoters where the right of first offer is not exercised by Muthoot Finance Limited; and (j) exit rights of MAJ and Affirma.

The WCA to the SHA sets out (i) certain amendments to the terms of the SHA, (ii) waives certain rights and provide consents to certain matters under the SHA from the Execution Date (i.e., May 3, 2024) until the expiry of the Term (*defined hereinafter*), and (iii) terminate the SHA, in the manner set out in the WCA, on and from the date of receipt of final listing and trading approvals from the Stock Exchanges. The WCA sets out certain waivers and provides consents, *inter alia*, for the following matters: (i) waivers and consents required in relation to the board composition to ensure compliance with the corporate governance provisions as set out under the Companies Act and the SEBI Listing Regulations, (ii) waivers under the tag along rights, right of first refusal, right of first offer and transferability of shares (except to the extent of the Offer for Sale component of the Offer). The WCA also sets out certain amendments, *inter alia*, pertaining to the right of the Parties to appoint / nominate directors, amendment to the Articles of Association of our Company etc. The WCA shall be terminated upon earlier of any of the following events: (i) consummation of the Offer, (ii) mutual written agreement of the Parties, (iii) termination of the SHA, (iv) consummation of the Offer not being completed on prior to the Exit Date (i.e., earlier of (a) expiry of a period of nine months from the date of filing of this Draft Red Herring Prospectus with the SEBI or such other extended date as mutually agreed to amongst the Parties in writing, or (b) the date when our Board decides to withdraw the Offer) or (v) date on which our Board decides not to undertake the Offer or withdraw the draft offer document and, or the offer documents filed with the SEBI ("**Term**").

Other agreements

Except as disclosed below, our Company has not entered into any other subsisting material agreement, other than in the ordinary course of business:

Share Subscription Agreements dated August 24, 2021, entered into between our Company, Dr. Kalpanaa Sankar, C.V. Sankar, Bindu Dandapani, Hand In Hand Consulting Services Private Limited, Sarvam Financial Inclusion Trust (collectively, the "SHA Promoters") and (i) Muthoot Finance Limited ("Muthoot SSA"); (ii) MAJ Invest Financial Inclusion Fund II K/S ("MAJ SSA"); and (iii) Augusta Investments IV Pte Ltd and Arum Holdings Limited ("Affirma SSA") (Muthoot SSA, MAJ SSA and Affirma SSA, hereinafter collectively referred to as the "2021 SSAs") and the Share Subscription Agreement dated May 30, 2022, entered into between our Company, SHA Promoters, Augusta Investments IV Pte Ltd, Augusta Investments Zero Pte Ltd and Arum Holdings Limited (such agreement hereinafter referred to as the "Combined SSA")

Pursuant to the 2021 SSAs, Muthoot Finance Limited had proposed to subscribe to 823,530 Equity Shares for a consideration of ₹ 280 million (*approximately*), MAJ Invest Financial Inclusion Fund II K/S had proposed to subscribe to 647,059 Equity Shares for a consideration of ₹ 220 million (*approximately*), and Augusta Investments IV Pte Ltd had proposed to subscribe to 2,205,883 Equity Shares for a consideration of ₹ 750 million (*approximately*), and Arum Holdings Limited had proposed to subscribe to 6,617,647 Equity Shares for a cash consideration of ₹ 2,250 million (*approximately*). However, the transaction of subscription of the shares of the Company by Augusta Investments IV Pte Ltd under the terms of the Affirma SSA was not consummated. Subsequently, pursuant to the Combined SSA, Augusta Investments Zero Pte Ltd subscribed to an aggregate of 2,205,883 Equity Shares for a consideration of ₹ 750 million (approximately) and Arun Holdings Limited subscribed to an aggregate of 1,029,412 Equity Shares for a consideration of ₹ 350 million (approximately).

Trade Marks Licensing Agreement dated March 20, 2024, executed between Hand in Hand India and our Company.

Our Company has entered into a Trade Marks Licensing Agreement dated March 20, 2024 (“**License Agreement**”) with Hand in Hand India (the “**Licensor**”) for the licence and use of the trademark “ ” (“**HIH Trademark**”) in relation to our Company’s business, subject to the terms of the License Agreement. The License Agreement is valid until terminated by the Licensor at their option, by written notice to the Company or by either party (Company or the Licensor) by giving a written notice of 30 days to the other party. The License Agreement permits non-exclusive, non-transferable, non-assignable, non-sublicensable, royalty-free use of the HIH Trademark(i) for our business, (ii) as part of our corporate name, (iii) as part of a domain name extension and (iv) on our corporate material, strictly in accordance with the License Agreement . Any assignment, pledge, or hypothecation of the License Agreement or its performance, without the prior consent of the Licensor, is prohibited. Our Company has further agreed that any goodwill or reputation created or acquired through the use of the Trademarks by our Company shall accrue and inure benefit to the Licensor. For further information, see “*Risk Factors – We depend on the recognition of the “Belstar” brand and the logo associated with our brand. Any failure to use, maintain and enhance awareness of the brand would adversely affect our ability to retain and expand our base of customers* ” on page 49.

Except as disclosed in “-*Details of shareholders’ agreements*”, as on the date of this Draft Red Herring Prospectus, our Company, Promoters and shareholders do not have any inter-se agreements/ arrangements and clauses / covenants which are material in nature and that there are no clauses / covenants which are adverse / pre-judicial to the interest of the minority / public shareholders.

Details of guarantees given to third parties by the Promoter Selling Shareholder

None of our Promoters are offering shares in the proposed offer for sale.

Other confirmations

As on the date of this Draft Red Herring Prospectus, none of the Key Management Personnel, Senior Management, Directors or any other employee of our Company have entered into an agreement, 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 the dealings of the securities of our Company.

OUR MANAGEMENT

Board of Directors

The Articles of Association require that our Board shall comprise not more than 11 Directors. As on the date of filing this Draft Red Herring Prospectus, we have 11 Directors on our Board, of whom, one Managing Director, one Whole-time Director, five are Non-Executive Directors, and four are Independent Directors (including one woman director). Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to the composition of our Board and constitution of committees thereof.

The following table sets forth the details of our Board as on the date of this Draft Red Herring Prospectus:

Name, designation, date of birth, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
Dr. Kalpanaa Sankar *Designation*: Managing Director *Date of birth*: March 7, 1964 *Address*: No. 2/226, 2nd Street, Karpagambal Nagar, Kottivakkam, Kancheepuram, Thiruvanmiyur – 600 041, Tamil Nadu, India *Occupation*: Chairman and Managing Trustee, Hand in Hand India *Current term*: For a period of five months with effect from April 1, 2024 *Period of directorship*: Director since February 11, 2009 *DIN*: 01926545	60	*Indian Companies:* *Private limited companies* 1. Hand In Hand Consulting Services Private Limited.
Balasubramanian Balakumaran *Designation*: Whole-time Director *Date of birth*: August 17, 1962 *Address*: 3/1135 G2, JKB Sri Arul Flats, Madha Nagar, 2nd Main Road, Madhananthapuraam, Mugalivakkam, Kancheepuram – 600 125, Tamil Nadu, India *Occupation*: Consultant *Current term*: For a period of three years with effect from December 1, 2021, not liable to retire by rotation *Period of directorship*: Director since April 29, 2021 *DIN*: 09099182	61	Nil
Vadakkakara Antony George *Designation*: Independent Director *Date of birth*: September 15, 1949 *Address*: Flat T-3, Shireen No. 2, Karpagam Avenue, R A Puram, Chennai – 600 028, Tamil Nadu, India *Occupation*: Service	74	*Indian Companies:* *Public limited companies* 1. Muthoot Finance Limited; and 2. Thejo Engineering Limited.

Name, designation, date of birth, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
Current term: For a period of five years with effect from August 18, 2023 *Period of directorship*: Director since August 18, 2018 *DIN*: 01493737		
Krishnamoorthy Venkataraman *Designation*: Independent Director and Chairman *Date of birth*: May 23, 1953 *Address*: Flat No B – 123, First Floor, S I S Acropole, Edamalaipatti Puthur, No 90, Madurai Main Road, Mekkudi, Tiruchirapalli – 620 012, Tamil Nadu, India *Occupation*: Retired banking professional *Current term*: For a period of five years with effect from September 23, 2019, not liable to retire by rotation *Period of directorship*: Director since September 23, 2019 *DIN*: 02443410	70	*Indian Companies:* *Public limited company* 1. Coastal Local Area Bank Limited.
Chinnasamy Ganesan *Designation*: Independent Director *Date of birth*: May 25, 1963 *Address*: Flat No. 1, SPA Mount, 99 LDG Road, Little Mount Saidapet, Chennai – 600 015, Tamil Nadu, India *Occupation*: Practising chartered accountant *Current term*: For a period of five years with effect from March 14, 2020, not liable to retire by rotation *Period of directorship*: Director since March 14, 2020 *DIN*: 07615862	60	*Indian Companies:* *Public limited companies* 1. The Karur Vysya Bank Limited
Rajeswari Karthigeyan *Designation*: Independent Director *Date of birth*: November 24, 1970 *Address*: G406, Casagrand Bellissimo, Kanna Colony, Alandur, Chennai – 600 016, Tamil Nadu, India *Occupation*: Consulting *Current term*: For a period of three years with effect from December 19, 2023, not liable to retire by rotation *Period of directorship*: Director since December 19, 2023 *DIN*: 10051618	53	*Indian Companies:* *Public limited companies* 1. Craftsman Automation Limited; and 2. Happy Forgings Limited.

Name, designation, date of birth, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
Kuttikattu Rajappan Bijimon*** *Designation*: Non-Executive Director *Date of birth*: May 25, 1970 *Address*: Kuttikattu, Thekkekkara, Kunnonny P.O., Kottayam, - 686 582, Kerala, India *Occupation*: Professional *Current term*: Liable to retire by rotation *Period of directorship*: Director since June 27, 2016 *DIN*: 00023071	53	*Indian Companies:* *Public limited companies* 1. Muthoot Money Limited; 2. Muthoot Homefin (India) Limited 3. Muthoot Securities Limited; 4. Muthoot Commodities Limited; and 5. Muthoot Forex Limited *Private limited company* 1. Backdrop Advertising Private Limited; 2. Emgee Board and Paper Mills (P) Limited; 3. Emsyne Technologies Private Limited; 4. MJBR Marketing and Financial Services Private Limited; and 5. Muthoot Royalex Forex Services Private Limited;
George Alexander*** *Designation*: Non-Executive Director *Date of birth*: June 30, 1983 *Address*: Muthoot, G-343, Panampillynagar, Ernakulam – 682 036, Kerala, India *Occupation*: Business *Current term*: Liable to retire by rotation *Period of directorship*: Director since March 29, 2017 *DIN*: 00018384	40	*Indian Companies:* *Public limited company* 1. Muthoot Finance Limited; 2. Muthoot Securities Limited; and 3. Venus Diagnostics Limited *Private limited company* 1. Amboli Rubber & Plantations Private Limited; 2. Emsyne Technologies Private Limited; 3. Maneri Rubber & Plantations Private Limited; 4. Muthoot Infopark Private Limited; 5. Muthoot Insurance Brokers Private Limited; 6. Muthoot Royalex Forex Services Private Limited; 7. Nuevo Cap Fintech Private Limited; 8. Pangrad Plantations Private Limited; 9. Rangana Rubber & Plantations Private Limited; 10. Sawanthavadi Rubber and Plantation Private Limited; 11. Unix Properties Private Limited; 12. Vagade Plantations Private Limited; 13. Vaghotam Plantations Private Limited; 14. Varavade Plantations Private Limited; and 15. Xandari Heritage Resorts Private Limited. *Foreign Companies:*

Name, designation, date of birth, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
		1. Asia Asset Finance PLC; and 2. Muthoot Finserv USA INC.
George Muthoot Jacob*** *Designation*: Non-Executive Director *Date of birth*: August 16, 1983 *Address*: Muthoot House, H No: Tc 4/2515, Marappalam, Pattom Palace P.O., Trivandrum – 695 004, Kerala, India *Occupation*: Business *Current term*: Liable to retire by rotation *Period of directorship*: Director since March 29, 2017 *DIN*: 00018955	40	*Indian Companies:* *Public limited company* 1. Emgee Muthoot Nidhi Limited; 2. Muthoot Finance Limited; 3. Muthoot Money Limited; 4. Muthoot Securities Limited; 5. Muthoot Vehicle & Asset Finance Limited; 6. Venus Diagnostics Limited; and 7. V Guard Industries Limited *Private limited company* 1. Emsyne Technologies Private Limited; 2. Geobros Properties and Realtors Private Limited; 3. Green Guardians Organic Farms and Exports Private Limited; 4. Halaval Rubber & Plantations Private Limited; 5. Kasal Rubber & Plantations Private Limited; 6. MMG Credit Marketing Services Private Limited; 7. Muthoot Aurum Private Limited; 8. Muthoot Broadcasting Private Limited; 9. Udeli Rubber and Plantations Private Limited; 10. Vatul Plantations Private Limited; and 11. Xandari Hospitality Services Private Limited. *Foreign Companies:* 1. Muthoot Finance UK Limited; and 2. Muthoot Global UK Limited

Name, designation, date of birth, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
Vijay Nallan Chakravarthi *Designation*: Non-Executive Director* *Date of birth*: September 10, 1975 *Address*: 3001, Tower 4, Planet Godrej, K.K. Marg, Mahalaxmi, Mumbai – 400 011, Maharashtra, India *Occupation*: Service *Current term*: Liable to retire by rotation *Period of directorship*: Director since March 29, 2022 *DIN*: 08020248	48	*Indian Companies:* *Public limited companies* 1. Northern Arc Capital Limited. *Private limited company* 1. Affirma Capital Investment Adviser India Private Limited; and 2. Pragati Finserv Private Limited.
Siva Chidambaram Vadivel Alagan *Designation*: Non-Executive Director** *Date of birth*: April 16, 1992 *Address*: HIG 1685, T N H B Layout, Avadi, Tiruvallur, - 600 054, Tamil Nadu, India *Occupation*: Investment Principal *Current term*: Liable to retire by rotation *Period of directorship*: Director since May 9, 2023 *DIN*: 08242283	32	*Indian Companies:* *Public limited companies* 1. Berar Finance Limited. *Private limited company* 1. Save Financial Services Private Limited; 2. Save Microfinance Private Limited; and 3. Save Solutions Private Limited.

** Vijay Nallan Chakravarthi is appointed as a Non-Executive Director representing to M/s Arum Holdings Limited and Augusta Investments Zero Pte Ltd.*

*** Siva Chidambaram Vadivel Alagan is appointed as a Non-Executive Director representing MAJ Invest Financial Inclusion Fund II K/S on the Board.*

**** Kuttikattu Rajappan Bijimon, George Alexander and George Muthoot Jacob are the nominee Directors of Muthoot Finance Limited.*

Brief profiles of our Directors

Dr. Kalpanaa Sankar is a Managing Director on the Board of our Company. She holds a master's of business administration degree from TRIUM and a degree in doctor of philosophy from Mother Teresa Women's University, Kodaikanal. She is also the co-founder and managing trustee of Hand in Hand India. She is the recipient of the 'Princess Sabeeka Bint Ibrahim AI- Khalifa Global Award for Women Empowerment under the Individuals Champions category', and the 'Nari Shakti Puraskar-2016' award.

Balasubramanian Balakumaran is a Whole-time Director on the Board of our Company. He holds a bachelor of science degree in agriculture from Andhra Pradesh Agricultural University, Hyderabad. Prior to joining our Company, he was previously associated with Indian Bank.

Vadakkakara Antony George is an Independent Director on the Board of our Company. He holds a bachelor's degree in mechanical engineering from Faculty of Engineering, University of Kerala, Thiruvananthapuram. He is an associate member of The Indian Institute of Bankers and Indian Institute of Banking & Finance and a fellow member of All India Management Association. Prior to joining our Company, he was previously associated with Equipment Leasing Association of India. He is currently the executive chairman of Thejo Engineering Limited.

Krishnamoorthy Venkataraman is an Independent Director and Chairman on the Board of our Company. He holds a master's degree in science (agriculture) from Tamil Nadu Agricultural University, Coimbatore. Prior to joining our Company, he was previously associated with Karur Vysya Bank and SBI Global Factors Limited. He is currently the part-time non-executive Chairman of Coastal Local Area Bank.

Chinnasamy Ganesan is an Independent Director on the Board of our Company. He holds a bachelor's degree in commerce from Annamalai University, Annamalai Nagar. He is a fellow member of The Institute of Chartered Accountants of India. Prior to joining our Company, he was previously associated with KPMG, Lovelock & Lewes and B S R and Associates.

Rajeswari Karthigeyan is an Independent Director on the Board of our Company. She holds a bachelor's degree in commerce from the Faculty of Commerce, University of Madras, Chennai and a diploma in systems management from National Institute of Information Technology, Madras. Prior to joining our Company, she was previously associated with CRISIL Ratings Limited.

Kuttikattu Rajappan Bijimon is a Non-Executive Director on the Board of our Company. He holds a bachelor's degree in law from Faculty of Law, Mahatma Gandhi University, Kottayam and a bachelor's degree in science from Faculty of Science, Mahatma Gandhi University, Kottayam. He is a fellow member of Institute of Chartered Accountants. He is currently a director in Muthoot Homefin (India) Limited, Muthoot Securities Limited, Muthoot Commodities Limited and Muthoot Forex Limited.

George Alexander is a Non-Executive Director on the Board of our Company. He holds a bachelor's degree in mechanical engineering from Faculty of Engineering and Technology, University of Kerala, Thiruvananthapuram and a master's degree in business administration from University of North Carolina, Chapel Hill. He has experience in the field of management.

George Muthoot Jacob is a Non-Executive Director on the Board of our Company. He holds a bachelor of arts and bachelor of law (honours) degree from National University of Advanced Legal Studies, Kochi, a master's degree in international economic law from University of Warwick and a master's degree in management with a specialisation in internal auditing from Sir John Cass Business School, The City University, London. He has experience in the field of management.

Vijay Nallan Chakravarthi is a Non-Executive Director representing M/s Arum Holdings Limited and Augusta Investments Zero Pte Ltd on the Board of our Company. He holds a bachelor's degree in mechanical engineering from Faculty of Engineering, University of Madras, Chennai and a master's degree in business administration from J. L. Kellogg School of Management, Northwestern University and a master's degree in science from The Ohio State University. He is currently a managing director at Affirma Capital Investment Adviser India Private Limited ("**Affirma**") and formerly was an executive director, private equity at Standard Chartered Bank. He is involved with Affirma's investments in certain portfolio companies.

Siva Chidambaram Vadivel Alagan is a Non-Executive Director representing MAJ Invest Financial Inclusion Fund II K/S on the Board of our Company. He holds a bachelor's degree in economics from the University of Delhi, Delhi and has completed The HBS – Accion Program on Strategic Leadership in Inclusive Finance from Harvard Business School, Boston, Massachusetts. He is currently designated as director[*]at Maj Invest India (MJIC Consultancy Private Limited). Prior to joining our Company, he was previously associated with Triple Jump BV, Incofin South Asia Advisory and Deloitte & Touche Assurance and Enterprise Risk Services India Pvt. Ltd.
[*] *Director is a title designation. He is not on the board of directors of MJIC Consultancy Private Limited.*

Details of directorship in companies suspended or delisted

None of our Directors is or was a director of any listed company, whose shares have been or were suspended from being traded on any stock exchanges, in the last five years prior to the date of this Draft Red Herring Prospectus, during the term of their directorship in such company.

Further, 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.

Relationships amongst our Directors and our Directors and Key Managerial Personnel or Senior Management

None of our Directors are related to each other (as defined in the Companies Act, 2013), nor are any of our Directors related to any of our Key Managerial Personnel or Senior Management.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except for (i) Siva Chidambaram Vadivel Alagan who is a nominee of MAJ Invest Financial Inclusion Fund II K/S, (ii)Vijay Nallan Chakravarthi, who is a nominee of M/s Arum Holdings Limited and Augusta Investments Zero Pte Ltd, and (iii) Kuttikattu Rajappan Bijimon, George Alexander and George Muthoot Jacob, who are the nominees of Muthoot Finance Limited, pursuant to the Amended and Restated Shareholder's Agreement dated August 24, 2021, as amended, none of our Directors have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others. For further details, see "*History and Certain Corporate Matters – Details of shareholders' agreements*" on page 266.

Service contracts with Directors

Our Company has not entered into any service contracts with our Directors which provide for benefits upon the termination of their employment.

Borrowing Powers

In accordance with our Articles of Association and the applicable provisions of the Companies Act, and pursuant to a special resolution of our Shareholders dated August 3, 2023, our Board is authorised to borrow for the purpose of the business of our Company as and when required, including without limitation, from any bank(s) and/or other financial institution(s) and/or foreign lender and/or anybody corporate/entity/entities and/or authority/authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, or by issuing debentures/ bonds, commercial papers, fixed/ floating rate notes or other instruments as may be deemed appropriate by the Board, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from temporary loans obtained and/or to be obtained from our Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up share capital, free reserves and securities premium of our Company, provided that the total amount outstanding at any point of time shall not exceed ₹ 120,000 million.

Terms of appointment of our Directors

a) **Terms of employment of our Executive Directors**

i) Dr. Kalpanaa Sankar, Managing Director

Dr. Kalpanaa Sankar was appointed as the Managing Director of our Company pursuant to a resolution passed by our Board on June 29, 2018 and a resolution passed by our shareholders on August 18, 2018, for a period of five years with effect from April 1, 2019. Further, she has been re-appointed for a further period of five months pursuant to a resolution passed by our Board on April 8, 2023 (with effect from April 1, 2024) and a resolution passed by our Shareholders on August 3, 2023. She is entitled to remuneration from our Company in accordance with the resolution passed by our Board on April 8, 2023 and our Shareholders on August 3, 2023. The details of the remuneration that she is presently entitled to, and the other terms of her employment are enumerated below:

Basic salary	₹ 0.87 million per month
Other special allowance	₹ 0.87 million per month
Other benefits and payments	Any other allowances, benefits, and perquisites as per the rules applicable to the senior executives of our Company and a lump sum amount as may be decided by the Board.

ii) Balasubramanian Balakumaran, Whole-time Director

Balasubramanian Balakumaran was appointed as the Whole-time Director of our Company pursuant to a resolution passed by our Board on December 11, 2021 and a resolution passed by our Shareholders on December 29, 2021, for a period of three years with effect from December 1, 2021. He is eligible for remuneration from our Company in accordance with the Board resolution dated December 11, 2021, the resolution of Shareholders dated September 9, 2022 and the resolution of our Board dated August 4, 2023, with a ceiling of 15% per annum of original basic salary. The details of the remuneration that he is presently entitled to, and the other terms of his employment are enumerated below:

Basic salary	₹ 0.16 million per month
Other special allowances	₹ 0.16 million per month
Other benefits and payments	Any other allowances, benefits, and perquisites as per the rules applicable to the senior executives of our Company.

b) **Sitting fees to Non-Executive Directors and Independent Directors**

Pursuant to a resolution of our Board dated August 2, 2022, our Non-Executive Directors are entitled to receive sitting fees of ₹ 0.10 million for attending each meeting of our Board and the Audit Committee constituted of the Board, and ₹ 0.05 million for attending each meeting of the Corporate Social Responsibility Committee, Risk Management Committee, Nomination and Remuneration Committee, IT Strategy Committee and Fund Raise Committee.

Our Company has not entered into any contract appointing or fixing the remuneration of a Director, Whole-time Director, or manager in the two years preceding the date of this Draft Red Herring Prospectus.

Payments or benefits to our Directors

a) **Executive Directors**

The table below sets forth the details of the remuneration (including salaries and perquisites) paid to our Executive Directors for Fiscal 2024:

Sr. No.	Name of the Executive Director	Remuneration for Fiscal 2024 (in ₹ million)
1.	Dr. Kalpanaa Sankar	24.25
2.	Balasubramanian Balakumaran	4.15

b) **Non-Executive Directors and Independent Directors**

The table below sets forth the details of the remuneration (including sitting fees) paid to our Non-Executive Directors and our Independent Directors for the Fiscal 2024:

Sr. No.	Name of the Director	Remuneration for Fiscal 2024 (in ₹ million)
1.	Vadakkakara Antony George	1.10
2.	Krishnamoorthy Venkataraman	1.40
3.	Chinnasamy Ganesan	1.45
4.	Kuttikattu Rajappan Bijimon	1.30
5.	George Alexander	0.70
6.	George Muthoot Jacob	0.95
7.	Vijay Nallan Chakravarthi	1.05
8.	Siva Chidambaram Vadivel Alagan	-
9.	Rajeswari Karthigeyan	0.20

Contingent and deferred compensation payable to the Directors

As on the date of this Draft Red Herring Prospectus, there is no contingent or deferred compensation payable to the Directors, which does not form part of their remuneration.

Remuneration paid or payable to the Directors from subsidiary or associate company

As on the date of this Draft Red herring Prospectus, our Company does not have a subsidiary or associate company.

Bonus or profit-sharing plan for our Directors

Our Company does not have any performance linked bonus or a profit-sharing plan in which our Directors have participated.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares.

The table below sets forth details of Equity Shares held by the Directors as on date of this Draft Red Herring Prospectus:

Name	No. of Equity Shares	Percentage of the pre-Offer paid up share capital (%)	Percentage of the post-Offer paid up share capital (%)*
Dr. Kalpanaa Sankar	9,066	0.02	[●]

** Subject to finalisation of Basis of Allotment.*

Interest of Directors

Certain of our Directors may be deemed to be interested to the extent of sitting fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remunerations, commission and reimbursement of expense, if any, payable to them by our Company. Siva Chidambaram Vadivel Alagan may be deemed to be interested in our Company to the extent of sitting fees which may be payable to him for attending meetings of our Board.

Our Directors may also be regarded as interested to the extent of the Equity Shares, if any, held by them and to the extent of any dividend payable to them and other distributions in respect of these Equity Shares. For details regarding the shareholding of our Directors, see "– *Shareholding of Directors in our Company*" on page 277.

Except Dr. Kalpanaa Sankar, none of our Directors are interested in the promotion of our Company.

There is no material existing or anticipated transaction whereby Directors will receive any portion of the proceeds from the Offer.

Our Directors do not have any interest in any property acquired or proposed to be acquired by our Company.

Our Directors do not have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery during the three years preceding the date of this Draft Red Herring Prospectus.

Except in the ordinary course of business and as disclosed in "*Related Party Transactions*" at page 392, our Directors do not have any other business interest in our Company.

Other confirmations

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help any of them qualify as a Director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Changes to our Board in the last three years

Except as mentioned below, there have been no changes in our Directors in the last three years:

Name	Designation (at the time of appointment / change in designation / cessation)	Date of appointment / change in designation / cessation	Reason
Krishnamoorthy Venkataraman	Independent Director and Chairman	May 2, 2024	Re-designated as Independent Director and Chairman
Krishnamoorthy Venkataraman	Independent Director and Part-time Chairman	February 2, 2024	Re-designated as Independent Director and Part-Time Chairman
Rajeswari Karthigeyan	Independent Director	December 19, 2023	Appointment as an Independent Director
Subramanian Ananthanarayanan	Independent Director and Non-Executive Chairman	December 19, 2023	Cessation as an Independent Director
Siva Chidambaram Vadivel Alagan	Non-Executive Director	May 9, 2023	Appointment as a Non-Executive Director
David Arturo Paradiso	Investor Nominee Director	May 9, 2023	Cessation as an Investor Nominee Director
Vijay Nallan Chakravarthi	Non-Executive Director	March 29, 2022	Appointment as a Non-Executive Director
Balasubramanian Balakumaran	Whole-time Director	December 1, 2021	Appointment as a Whole-time Director
Sitaram Chandrasekar	Whole-time Director	March 31, 2021	Cessation as a Whole-time Director

Note: *This table does not include details of regularisations of additional Directors.*

Corporate Governance

The provisions of the Companies Act, 2013 along with the SEBI Listing Regulations, with respect to corporate governance, will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable requirements for corporate governance in accordance with the SEBI Listing Regulations, and the Companies Act, 2013, including those pertaining to the constitution of the Board and committees thereof.

As on the date of filing this Draft Red Herring Prospectus, we have 11 Directors on our Board, of whom four are Independent Directors.

Committees of our Board

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board committees:

(a) Audit Committee;
(b) Nomination, Remuneration and Compensation Committee;
(c) Stakeholders' Relationship Committee;
(d) Corporate Social Responsibility Committee; and
(e) Risk Management Committee.

For purposes of the Offer, our Board has also constituted an IPO Committee.

(a) Audit Committee

The Audit Committee was constituted by a resolution of our Board dated October 11, 2010 and was re-constituted by our Board at their meeting held on February 2, 2024. It is in compliance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The current constitution of the Audit committee is as follows:

Name of Director	Position in the Committee	Designation
Chinnasamy Ganesan	Chairperson	Independent Director
Vadakkakara Antony George	Member	Independent Director
Krishnamoorthy Venkataraman	Member	Independent Director and Chairman
Rajeswari Karthigeyan	Member	Independent Director
Kuttikattu Rajappan Bijimon	Member	Non-Executive Director
Balasubramanian Balakumaran	Member	Whole-time Director

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. Its terms of reference are as follows:

(i) The Audit Committee shall have powers, which should include the following:

(a) To investigate any activity within its terms of reference;
(b) To seek information from any employee of the Company;
(c) To obtain outside legal or other professional advice;
(d) To secure attendance of outsiders with relevant expertise if it considers necessary; and
(e) Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

(ii) The role of the Audit Committee shall include the following:

(a) Oversight of the Company's financial reporting process, examination of the financial statements and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(b) Recommendation to the board of directors for appointment, re-appointment and replacement, removal, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, or any other external auditor, of the Company and the fixation of audit fees and approval for payment for any other services;

(c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;

(d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause I of sub-section 3 of section 134 of the Companies Act;
(ii) Changes, if any, in accounting policies and practices and reasons for the same;
(iii) Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
(iv) Significant adjustments made in the financial statements arising out of audit findings;
(v) Compliance with listing and other legal requirements relating to financial statements;
(vi) Disclosure of any related party transactions; and
(vii) Qualifications / modified opinion(s) in the draft audit report.

(e) Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the board for approval;

(f) 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 utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter;

(g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

(i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

(j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

(k) Scrutiny of inter-corporate loans and investments;

(l) Valuation of undertakings or assets of the company, wherever it is necessary;

(m) Evaluation of internal financial controls and risk management systems;

(n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(o) 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;

(p) Discussion with internal auditors of any significant findings and follow up there on;

(q) 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;

(r) 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;

(s) 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;

(t) Reviewing the functioning of the whistle blower mechanism;

(u) Approval of the appointment of the Chief Financial Officer of the Company ("**CFO**") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function and who will be designated as the CFO of the Company) after assessing the qualifications, experience and background, etc., of the candidate;

(v) Carrying out any other functions as provided under or required to be performed by the audit committee under the provisions of the Companies Act, the SEBI Listing Regulations and other applicable laws;

(w) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

(x) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

(y) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

(z) Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per the SEBI Listing Regulations;

(aa) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation *etc.*, on the listed entity and its shareholders; and

(bb) Such roles as may be prescribed under the Companies Act and SEBI Listing Regulations.

(iii) The Audit Committee shall mandatorily review the following information:

(a) Management discussion and analysis of financial condition and results of operations;

(b) Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;

(c) Internal audit reports relating to internal control weaknesses;

(d) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

(e) Statement of deviations:

i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
ii. annual statement of funds utilised for purposes other than those stated in the issue document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations; and

(f) Review the financial statements, in particular, the investments made by any unlisted subsidiary.

The Company Secretary of our Company shall serve as the secretary of the Audit Committee.

The Audit Committee is required to meet at least four times in a year under Regulation 18(2)(a) of the SEBI Listing Regulations. The quorum for a meeting of the Audit Committee shall be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

(b) Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation Committee was constituted by a resolution of our Board dated September 18, 2014 and was re-constituted by our Board at their meeting held on February 2, 2024. The Nomination, Remuneration and Compensation Committee is in compliance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The current constitution of the Nomination, Remuneration and Compensation Committee is as follows:

Name of Director	Position in the Committee	Designation
Vadakkakara Antony George	Chairperson	Independent Director
George Muthoot Jacob	Member	Non-Executive Director
Krishnamoorthy Venkataraman	Member	Independent Director and Chairman

The scope and function of the Nomination, Remuneration and Compensation Committee is in accordance with Section 178 of the Companies Act, 2013, read with Regulation 19 of the SEBI Listing Regulations. Its terms of reference are as follows:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

(i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
(iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

(b) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

(i) use the services of any external agencies, if required;
(ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
(iii) consider the time commitments of the candidates.

(c) Formulation of criteria for evaluation of performance of independent directors and the Board;

(d) Devising a policy on Board diversity;

(e) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(f) Analysing, monitoring and reviewing various human resource and compensation matters;

(g) Determining the Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(h) Recommending to the Board the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);

(i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(j) 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;

(k) Perform 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;

(l) Construing and interpreting the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("**ESOP Scheme**") and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;

(m) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, as amended,

by the Company and its employees, as applicable;

(n) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

(o) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Nomination, Remuneration and Compensation Committee is required to meet at least once in a year under Regulation 19(3A) of the SEBI Listing Regulations.

The quorum for a meeting of the Nomination, Remuneration and Compensation shall be two members or one third of the members of the committee, whichever is greater, including at least one independent director.

(c) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated January 28, 2020 and was re-constituted by our Board at their meeting held on February 2, 2024. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The current constitution of the Stakeholders' Relationship Committee is as follows:

Name of Director	Position in the Committee	Designation
Kuttikattu Rajappan Bijimon	Chairperson	Non-Executive Director
Vijay Nallan Chakravarthi	Member	Non-Executive Director
Chinnasamy Ganesan	Member	Independent Director
Dr. Kalpanaa Sankar	Member	Managing Director

The scope and function of the Stakeholders' Relationship Committee is in accordance with Regulation 20 of the SEBI Listing Regulations. Its terms of reference are as follows:

(a) Redressal of all security holders' and investors' grievances including complaints related to transfer/transmission of shares, non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of declared dividends, non-receipt of annual reports, issue of new/duplicate certificates, etc., and assisting with quarterly reporting of such complaints;

(b) Reviewing of measures taken for effective exercise of voting rights by shareholders;

(c) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(d) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;

(e) Reviewing the 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;

(f) Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services; and

(g) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

The Stakeholders' Relationship Committee is required to meet at least once in a year under Regulation 20(3A) of the SEBI Listing Regulations.

(d) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted by a resolution of our Board dated June 27, 2016 and was re-constituted by our Board at their meeting held on February 2, 2024. The current constitution of the Corporate Social Responsibility Committee is as follows:

Name of Director	Position in the Committee	Designation
Balasubramanian Balakumaran	Chairperson	Whole-time Director
Rajeswari Karthigeyan	Member	Independent Director
Kuttikattu Rajappan Bijimon	Member	Non-Executive Director
Vijay Nallan Chakravarthi	Member	Non-Executive Director

The scope and function of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013. Its terms of reference are as follows:

(a) To formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;

(b) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

(c) To recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

(d) To formulate the annual action plan of the Company;

(e) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(f) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

(g) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, as amended.

(e) Risk Management Committee

The Risk Management Committee (earlier named as Asset Liability Management Committee) was renamed as such by a resolution of our Board dated June 26, 2015 and was re-constituted by our Board at their meeting held on February 2, 2024. The Risk Management Committee is in compliance with Regulation 21 of the SEBI Listing Regulations. The current constitution of the Risk Management Committee is as follows:

Name of Director	Position in the Committee	Designation
Krishnamoorthy Venkataraman	Chairperson	Independent Director and Chairman
Chinnasamy Ganesan	Member	Independent Director
Dr. Kalpanaa Sankar	Member	Managing Director
Balasubramanian Balakumaran	Member	Whole-time Director
George Alexander	Member	Non-Executive Director
Vijay Nallan Chakravarthi	Member	Non-Executive Director

The scope and function of the Risk Management Committee is in accordance with Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee shall be responsible for, among other things, the following:

(a) To formulate a detailed risk management policy, which shall include:

i. A framework for identification of internal and external risks specifically faced by the listed entity, 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 Committee;

ii. Measures for risk mitigation including systems and processes for internal control of identified risks; and

iii. Business continuity plan.

(b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee is required to meet at least twice in a year under Regulation 21(3A) of the SEBI Listing Regulations.

The quorum for a meeting of the Risk Management Committee shall be two members or one third of the members of the committee, whichever is higher, including at least one member of the Board in attendance.

(f) IPO Committee

The IPO Committee was constituted by a resolution of our Board dated April 26, 2024. The current constitution of the IPO Committee is as follows:

Name of Director	Position in the Committee	Designation
Vadakkakara Antony George	Member	Independent Director
Chinnasamy Ganesan	Member	Independent Director
Rajeswari Karthigeyan	Member	Independent Director
Kalpanaa Sankar	Member	Managing Director
Kuttikattu Rajappan Bijimon	Member	Non-Executive Director
Vijay Nallan Chakravarthi	Member	Non-Executive Director
Siva Chidambaram Vadivel Alagan	Member	Non-Executive Director

The terms of reference of the IPO Committee are as follows:

(i) To decide, negotiate and finalize, in consultation with the book running lead managers appointed in relation to the Offer (the "**BRLMs**"), all matters regarding the Pre-IPO Placement, if any, including entering into discussions and execution of all relevant documents with Investors;

(ii) To make applications to seek clarifications and obtain approvals and seek emptions from, where necessary, the stock exchanges, the SEBI, the relevant Registrar of Companies, the Reserve Bank of India and any other governmental or statutory/regulatory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and wherever necessary, incorporate such modifications / amendments / alterations / corrections as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus;

(iii) To invite the existing shareholders of the Company to participate in the Offer by offering for sale the Equity Shares held by them at the same price as in the Offer;

(iv) All actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the Price Band, allow revision of the Offer portion in case the Selling Shareholder decides to revise it, in accordance with the Applicable Laws;

(v) To appoint and enter into arrangements with the BRLMs and other parties and in consultation with the BRLMs, appoint and enter into agreements with other intermediaries, including, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, advisors to the Offer, bankers to the Offer, escrow collection bank(s) to the Offer, registrars to the Offer, sponsor bank, refund bank(s) to the Offer, share escrow agent, public issue account bank(s) to the Offer, the monitoring agency, advertising agencies, legal counsel, chartered engineer and any other agencies or persons or intermediaries (including any replacements) to the Offer and to negotiate and finalise and amend the terms of their appointment, including but not limited to execution of the BRLMs' mandate letter, negotiation, finalisation, execution and, if required, amendment of the Offer agreement with the BRLMs and the Selling Shareholder and the underwriting agreement with the underwriters;

(vi) To negotiate, finalise, settle, execute and deliver or arrange the delivery of Offer agreement, registrar agreement, syndicate agreement, underwriting agreement, cash escrow and sponsor bank agreement, share escrow agreement, monitoring agency agreement and all other documents, deeds, agreements, memorandum of understanding, and any notices, supplements and corrigenda thereto, as may be required or desirable and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, Stock Exchanges, BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforestated documents;

(vii) To decide in consultation with the BRLMs on the size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band, bid period, Offer price, and all the terms and conditions of the Offer and transfer of the Equity Shares pursuant to the Offer, including without limitation the number of the Equity Shares to be issued or offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of any oversubscription), price and any discount as allowed under applicable laws that may be fixed, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, any rounding off in the event of any oversubscription, to permit existing shareholders to sell any Equity Shares held by them, determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto and to accept any amendments, modifications, variations or alterations thereto;

(viii) To finalise, approve, adopt, deliver and arrange for, in consultation with the BRLMs, submission of the draft red herring prospectus ("**DRHP**"), the red herring prospectus ("**RHP**") and the prospectus (including amending, varying or modifying the same, as may be considered desirable or expedient), the abridged prospectus, the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto for the issue of Equity Shares including incorporating such alterations/corrections/modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities or in accordance with all Applicable Laws;

(ix) To approve the relevant restated financial statements to be issued in connection with the Offer;

(x) To seek, if required, the consent of the lenders of the Company, its subsidiaries and other consolidated entities, industry data providers, parties with whom the Company has entered into various commercial and other agreements, including without limitation customers, suppliers, strategic partners of the Company, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;

(xi) To open and operate bank account(s) of the Company in terms of the cash escrow and sponsor bank agreement, as applicable and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(xii) To authorise and approve, in consultation with the BRLMs, incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

(xiii) To approve code of conduct as may be considered necessary or as required under Applicable Laws for the Board, officers of the Company and other employees of the Company;

(xiv) To authorise any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Offer;

(xv) To approve suitable policies in relation to the Offer as may be required under Applicable Laws;

(xvi) To approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws or the listing agreement to be entered into by the Company with the relevant stock exchanges, in connection with the Offer;

(xvii) To take all actions as may be necessary and authorised in connection with the offer for sale and to approve and take on record the approval of the selling shareholder(s) for offering their Equity Shares in the offer for sale and the transfer of Equity Shares in the offer for sale;

(xviii) To authorise and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

(xix) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Actor as may be required by the regulations issued by SEBI and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(xx) To determine and finalise the bid opening and bid closing dates (including bid opening and closing dates for anchor investors), floor price/price band for the Offer, the Offer price for anchor investors, approve the basis for allocation/allotment and confirm allocation/allotment of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the prospectus, in consultation with the BRLMs;

(xxi) To issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on the Stock Exchanges, with power to authorise one or more officers of the Company to sign all or any of the aforestated documents;

(xxii) To withdraw the DRHP or the RHP or not to proceed with the Offer at any stage, if considered necessary and expedient, in accordance with Applicable Laws;

(xxiii) To make applications for listing of Equity Shares on the Stock Exchanges and to execute and to deliver or arrange the delivery of necessary documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements;

(xxiv) To do all such deeds and acts as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the afore-stated documents;

(xxv) To do all such acts, deeds, matters and things and execute all such other documents, etc., as it may, in its absolute discretion, deem necessary or desirable for the Offer, in consultation with the BRLMs, including without limitation, determining the anchor investor portion and allocation to anchor investors, finalising the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees in accordance with Applicable Laws;

(xxvi) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment of the Equity Shares as aforesaid in consultation with the BRLMs and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under Applicable Laws to the officials of the Company;

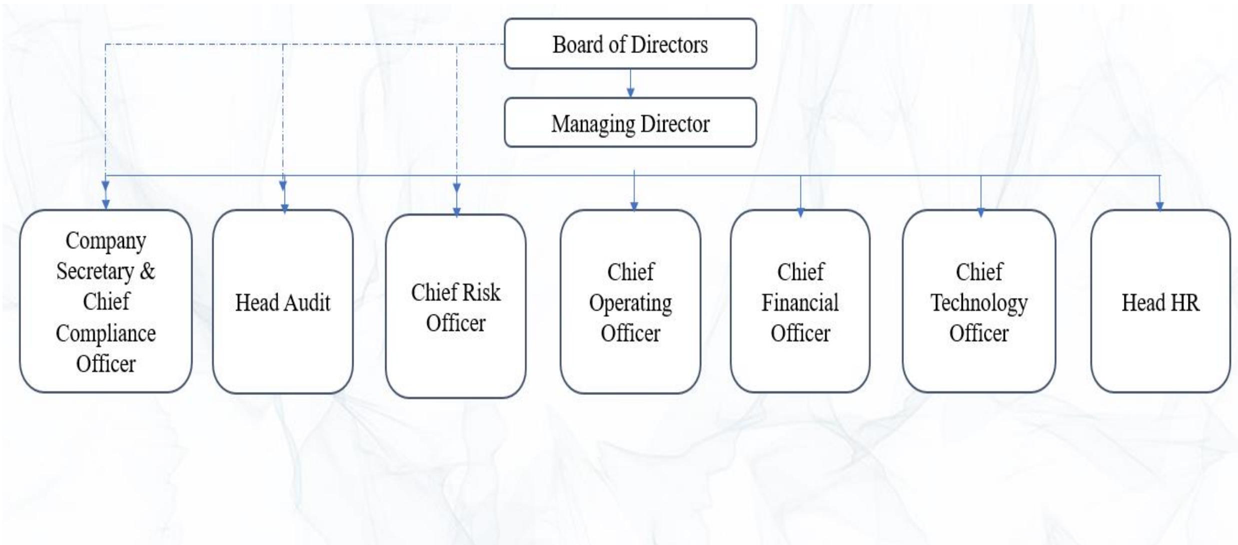
(xxvii) To take such action, give such directions, as may be necessary or desirable as regards the Offer and to do all such acts, matters, deeds and things, including but not limited to the allotment of Equity Shares against the valid applications received in the Offer, as are in the best interests of the Company;

(xxviii) To approve the expenditure in relation to the Offer;

(xxix) To negotiate, finalise, settle, execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing; and

(xxx) To submit undertaking/certificates or provide clarifications to the Securities and Exchange Board of India and the Stock Exchanges where the Equity Shares of the Company are proposed to be listed.

Management organization chart



Key Managerial Personnel

In addition to Dr. Kalpanaa Sankar, the Managing Director, and Balasubramanian Balakumaran, the Whole-time Director, whose details are set out in "– *Brief profiles of our Directors*" on page 273 above, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are as set forth below:

Muralidharan L is the Chief Financial Officer of our Company. He has been associated with our Company since February 4, 2017. He has passed the bachelor's degree course in commerce (honours) from University of Delhi. He is a member of The Institute of Chartered Accountants of India. Prior to joining our Company, he was associated with Reliance Industries Limited, Hand in Hand Tamil Nadu, WaterAid India and IFMR Trust. In Fiscal 2024, the remuneration paid to him was ₹ 8.47 million.

Sunil Kumar Sahu is the Company Secretary and Chief Compliance Officer of our Company. He has been associated with our Company since September 23, 2015. He holds a bachelor's degree in commerce from Berhampur University. He is a member of the Institute of Company Secretaries of India. Prior to joining our Company, he was associated with R.R. Industries Ltd. In Fiscal 2024, the remuneration paid to him was ₹ 2.66 million.

Senior Management

In addition to the Muralidharan L, the Chief Financial Officer and Sunil Kumar Sahu, Company Secretary and Chief Compliance Officer of our Company, whose details are provided in "– *Key Managerial Personnel*" on page 290, the details of our other Senior Management as on the date of this Draft Red Herring Prospectus are as set forth below:

Ashish Misra is the 'Chief Operating Officer' of our Company. He has been associated with our Company since November 30, 2023. He holds a bachelor's degree in commerce (honours) from University of Delhi, Delhi and post graduate diploma in business administration from K.J. Somaiya Institute of Management Studies and Research, Mumbai. Prior to joining our Company, he was associated with Fincare Small Finance Bank as the COO – retail banking in leadership team. He was also previously associated with IndusInd Bank Limited, ICICI Bank Limited and The Royal Bank of Scotland N.V. In Fiscal 2024, the remuneration paid to him was ₹ 8.49 million.

Ravindran P S is the 'Head – Human Resources' of our Company. He has been associated with our Company since June 18, 2018. He has passed the bachelor's degree course in science (agriculture) from Gujarat Agricultural University, Sardar Krushinagar and a master's degree in business administration from Faculty of Management, Bharathidasan University, Tiruchirappalli. Prior to joining our Company, he was associated with Equitas Small Finance Bank, HDFC Bank Limited, ICICI Bank Limited, Tractors and Farm Equipment Limited and Flamingo Flower Bulbs Private Limited. In Fiscal 2024, the remuneration paid to him was ₹ 5.71 million.

Parthasarathy G is the 'Chief Risk Officer' of our Company. He has been associated with our Company since February 1, 2018. He holds a bachelor's degree in law from Sri Venkateshwara University, Tirupati, bachelor's of science degree in mathematics from Faculty of Science, University of Madras and a master's degree in business administration from Faculty of Management Sciences, University of Madras. Prior to joining our Company, he was associated with Tata AIG Life Insurance Company Ltd, ICICI Bank Limited, GE Countrywide Consumer Financial Services Ltd, GE Money Financial Services Limited, Centurion Bank of Punjab Limited, HDFC Bank Limited, Muthoot Fincorp Limited, BEBB India Pvt. Ltd., and Madura Micro Finance Limited. In Fiscal 2024, the remuneration paid to him was ₹ 5.11 million.

Dhanasekaran S is the 'Chief Technology Officer' of our Company. He has been associated with our Company since July 14, 2021. He holds a bachelor's degree in engineering in computer science from Faculty of Arts, University of Madras and an executive master's degree in business administration from School of Economics, Aalto University, Singapore. Prior to joining our Company, he was associated with Optimum Solutions (Singapore) Pte Ltd, HCL Technologies Ltd. (IOMC) and Samunnati Financial Intermediation & Services Private Limited. In Fiscal 2024, the remuneration paid to him was ₹ 5.75 million.

Chandramouleeswaran S is the 'Head - Audit' of our Company. He has been associated with our Company since December 18, 2021. He holds a bachelor's degree in corporate secretaryship from Faculty of Arts, University of Madras, Chennai. He is an associate member of the Institute of Chartered Accountants of India. Prior to joining our

Company, he was associated with DataTracks Services Private Limited, ICICI Bank Limited, Standard Chartered Bank, PPN Power Generating Company Private Limited, Amara Raja Power Systems Limited, Refex Industries Ltd. and IL&FS Tamil Nadu Power Company Limited. In Fiscal 2024, the remuneration paid to him was ₹ 4.95 million.

Relationships among our Key Managerial Personnel and Senior Management

None of our Key Managerial Personnel and/or Senior Management are related to each other.

Arrangements or understanding with major Shareholders, customers, suppliers or others

None of our Key Managerial Personnel or Senior Management have been selected pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

Changes in the Key Managerial Personnel or Senior Management in last three years

Except as mentioned below, there have been no changes in the Key Managerial Personnel or Senior Management in the last three years:

Name	Date of change	Reason
Ashish Misra	November 30, 2023	Appointment as Chief Operating Officer
Sunil Kumar Sahu	October 1, 2023	Appointment as Chief Compliance Officer
Chandramouleeswaran S	December 18, 2021	Appointment as Head - Audit
T.A. Vinoth	October 20, 2021	Cessation as Chief Audit Officer
Dhanasekaran S	July 14, 2021	Appointment as Chief Technology Officer

The rate of attrition of our Key Managerial Personnel and Senior Management is not high in comparison to the industry in which we operate.

Status of Key Managerial Personnel and Senior Management

As on the date of this Draft Red Herring Prospectus, all our Key Managerial Personnel and Senior Management are permanent employees of our Company.

Retirement and termination benefits

Our Key Managerial Personnel or Senior Management have not entered into any service contracts with our Company which include termination or retirement benefits. Except statutory benefits upon termination of their employment in our Company or superannuation, none of the Key Managerial Personnel or Senior Management is entitled to any benefit upon termination of employment or superannuation.

Shareholding of the Key Managerial Personnel and Senior Management

Except as disclosed under "– *Shareholding of Directors in our Company*" on page 277, none of our other Key Managerial Personnel and Senior Management hold any Equity Shares in our Company.

Contingent and deferred compensation payable to Key Managerial Personnel and Senior Management

As on the date of this Draft Red Herring Prospectus, there is no contingent or deferred compensation which accrued to our Key Managerial Personnel and Senior Management for Fiscal 2024, which does not form part of their remuneration for such period.

Bonus or profit-sharing plan of the Key Managerial Personnel and Senior Management

Our Company does not have a profit-sharing plan for our Key Managerial Personnel and Senior Management.

Interest of Key Managerial Personnel and Senior Management

Our Key Managerial Personnel and Senior Management are interested in our Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service.

Our Key Managerial Personnel and Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in our Company.

Employee stock option and employee stock purchase schemes

As on the date of this Draft Red Herring Prospectus, our Company does not have any employee stock options scheme or any employee stock purchase scheme.

Payment or Benefit to officers of our Company (non-salary related)

No non-salary related amount or benefit has been paid or given within the two years preceding the date of the Draft Red Herring Prospectus or is intended to be paid or given to any officer of our Company, including our Directors, Key Managerial Personnel and Senior Management.

OUR PROMOTERS AND PROMOTER GROUP

Muthoot Finance Limited, Sarvam Financial Inclusion Trust and Dr. Kalpanaa Sankar are the Promoters of our Company.

As on the date of this Draft Red Herring Prospectus, our Promoters hold 40,197,753 Equity Shares in our Company, representing 73.30% of the issued, subscribed and paid-up equity share capital of our Company. For further details, see "*Capital Structure - History of the Share Capital held by our Promoters - Build-up of the Equity shareholding of our Promoters in our Company*" on page 95.

Details of our Promoters

A. Our Individual Promoter

Dr. Kalpanaa Sankar, born on March 7, 1964, aged 60 years, is one of our Promoters and the Managing Director our Company.

For a complete profile of Dr. Kalpanaa Sankar, along with details of her residential address, educational qualifications, professional experience, posts held in the past, directorships held, other ventures, business and other financial activities see "*Our Management – Brief Biographies of Directors*" on page 273.

Her Permanent Account Number is ABCPS6041E.

B. Our Corporate Promoters

Muthoot Finance Limited

Corporate Information

Muthoot Finance Limited was incorporated on March 14, 1997, at Kochi, Kerala as a private limited company under the Companies Act, 1956, with the name "The Muthoot Finance Private Limited". Subsequently, its name was changed to "Muthoot Finance Private Limited" pursuant to a fresh certificate of incorporation dated May 16, 2007. Thereafter, Muthoot Finance Private Limited was converted into a public limited company with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent to change in name on December 2, 2008, from the Registrar of Companies, Kerala, and Lakshadweep. The registered office of Muthoot Finance Limited is 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Kochi, 682018, India.

The corporate identification number of Muthoot Finance Limited is L65910KL1997PLC011300.

Nature of Business

Muthoot Finance Limited is a non-banking financial company which is engaged in the business of providing personal loans and business loans secured by gold jewelry, or gold loans, primarily to individuals who possess gold jewelry but are not able to access formal credit within a reasonable time, or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. There has been no change in business activities of Muthoot Finance Limited.

Board of Directors

The board of directors of Muthoot Finance Limited, as on the date of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of the Director	Designation
1.	George Jacob Muthoot	Chairman and Whole-time Director
2.	George Alexander Muthoot	Managing Director
3.	George Thomas Muthoot	Whole-time Director
4.	Alexander George	Whole-time Director
5.	George Muthoot George	Whole-time Director
6.	George Alexander (Jr.)	Whole-time Director
7.	George Muthoot Jacob	Whole-time Director
8.	Abraham Chacko	Independent Director
9.	Jose Mathew	Independent Director
10.	Ravindra Pisharody	Independent Director
11.	Usha Sunny	Independent Director
12.	Vadakkakara Antony George	Independent Director
13.	Chamacheril Abraham Mohan	Independent Director
14.	Joseph Korah	Independent Director

Shareholding Pattern of Muthoot Finance Limited

Muthoot Finance Limited is a listed company having its (i) equity shares listed on BSE with effect from May 6, 2011 and NSE with effect from May 6, 2011 and (ii) debt securities listed on BSE and NSE.

The shareholding pattern of the equity shares of face value of ₹ 10 each of Muthoot Finance Limited as on March 31, 2024, is as follows:

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form	Sub-categorization of shares (XV)		
								Shareholding (No. of shares) under		
								Sub-Category_I	Sub-Category_II	Sub-Category_III
(A) Promoter & Promoter Group	12	29,44,63,872	29,44,63,872	73.35	29,44,63,872	73.35	29,44,63,872	--	--	--
(B) Public	1,94,939	10,69,97,804	10,69,97,804	26.65	10,69,97,804	26.65	10,69,97,714			
(C1) Shares underlying DRs				0.00		0.00		--	--	--
(C2) Shares held by Employee Trust				0.00		0.00		--	--	--
(C) Non Promoter – Non Public				0.00		0.00		--	--	--
Grand Total	1,94,951	40,14,61,676	40,14,61,676	100.00	40,14,61,676	100.00	40,14,61,586			

Details of change in control of Muthoot Finance Limited in the last three years

There has been no change in the control of Muthoot Finance Limited in the last three years preceding the date of this Draft Red Herring Prospectus.

Promoters of Muthoot Finance Limited

The promoters of Muthoot Finance Limited are George Alexander Muthoot, George Jacob Muthoot and George Thomas Muthoot.

Sarvam Financial Inclusion Trust ("Trust")

Trust information and history

Sarvam Financial Inclusion Trust was settled pursuant to a deed of trust dated June 12, 2009. The office of Sarvam Financial Inclusion Trust is situated at 90A, Nasarethpettai Village, Opp Pachiayappas Men's College, Chinna Kanchipuram, Kanchipuram, Tamil Nadu - 631503. The trust deed was subsequently amended by way of amendment deeds dated April 17, 2012, March 28, 2013, March 31, 2016 and February 27, 2023.

Board of trustees

The trustees of Sarvam Financial Inclusion Trust consist of: (A) Dr. Kalpanaa Sankar - Chairperson and Managing Trustee; and (B) Capt P K Ayre - Trustee (C) Kannan Gopalan - Trustee (D) C Meenakshisundaram- Trustee and (E) L Muralidharan- Trustee.

Beneficiaries of the trust

The beneficiaries of the Sarvam Financial Inclusion Trust are mutual benefit trust, self-help groups, joint liability group and activity based groups, people at the bottom of the pyramid, especially women, farmers, children and youths, Hand in Hand India, SEED Trust of Hand in Hand India group, Hand in Hand Academy for Social Entrepreneurship, Mahatma Gandhi Educational Trust.

Objects and purpose

The objects and purpose of Sarvam Financial Inclusion Trust include the following:

(a) To enable the mutual benefit trusts / self-help trusts, self-help groups, joint liability groups, activity-based groups or any other federations or producer organizations benefit from livelihood options and opportunities, such as micro, small and medium enterprises, to be started and operated individually or collectively as family enterprises, or group enterprise for the benefit of the members and their families.

(b) To secure funds as loans / grants / soft loans / revolving funds from a funding source from India and or abroad (subject to prevalent regulations) as approved and decided by the Board of Trustees and as permitted under applicable laws; and provide the same as loans with or without interest, and on such terms to any persons or institutions as decided by the Board of Trust in accordance with applicable laws.

(c) To assist the mutual benefit trusts / self-help trusts, in accessing other financial services such as insurance, remittance and pension etc., for their families.

(d) To arrange managerial, technical and expert services to the mutual benefit trusts / self-help trusts, self-help groups, joint liability groups, activity-based groups, or any other federations or producer organizations and either with its own resources or to engage experts, from institution such as Hand in Hand India and / or other associates entities in the Hand in Hand group or individuals for this purpose.

(e) To conduct programmes to develop and train the mutual benefit trusts / self-help trusts in management of their affairs.

Details of change in control of Sarvam Financial Inclusion Trust in the last three years

Except as disclosed below, there has been no change in the Trustees and Beneficiaries of Sarvam Financial Inclusion Trust in the last three years preceding the date of this Draft Red Herring Prospectus.

As on March 31, 2022	Designation	As on March 31, 2023	Designation	As on March 31, 2024	Designation
P K Ayre	Managing Trustee	Dr. Kalpanaa Sankar	Managing Trustee	Dr. Kalpanaa Sankar	Chairperson and Managing Trustee
S Padmanabhan	Jt Managing Trustee	Resigned	-	Resigned	-
Dr. Kalpanaa Sankar	Trustee	P K Ayre	Trustee	P K Ayre	Trustee
C Meenakshisundaram	Trustee	C Meenakshisundaram	Trustee	C Meenakshisundaram	Trustee
L Muralidharan	Trustee	L Muralidharan	Trustee	L Muralidharan	Trustee
		Kannan Gopalan	Trustee	Kannan Gopalan	Trustee

Our Company confirms that the permanent account numbers, bank account numbers of each of our Promoters, passport numbers, Aadhaar card number and driving license number of Dr. Kalpanaa Sankar and company registration number of Muthoot Finance Limited along with the address of the registrar of companies where Muthoot Finance Limited is registered will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Change in the control of our Company

While there has been no change in control of our Company in the last five years preceding the date of this Draft Red Herring Prospectus, Muthoot Finance Limited, Dr. Kalpanaa Sankar and Sarvam Financial Inclusion Trust, pursuant to the resolution passed on April 26, 2024 by our Board of Directors, have been identified as promoters of our Company. Further, Muthoot Finance Limited, Dr. Kalpanaa Sankar and Sarvam Financial Inclusion Trust have acquired Equity Shares of our Company, *inter alia,* on July 26, 2016, November 13, 2009 and November 13, 2009, respectively, and accordingly are not the original Promoters. For further details regarding the build-up of the Equity shareholding of our Promoters in our Company since incorporation, see "*Capital Structure - History of the Share Capital held by our Promoters*" on page 95.

Interests of our Promoters and common pursuits

Our Promoters are interested in our Company to the extent that (i) they are the Promoter of our Company; (ii) related party transactions as disclosed in the "*Restated Financial Information – Note 48 - Related Party Transactions"* on page 365, and (iii) to the extent of their direct shareholding in our Company; including the dividend payable, if any, and any other distributions in respect of the Equity Shares held by them in our Company, from time to time. For details of the shareholding of our Promoters in our Company, see "*Capital Structure*", on page 91.

Our Promoters are not interested in the properties acquired or proposed to be acquired by our Company in the three years preceding the date of filing of the Draft Red Herring Prospectus. Our Promoters are not interested in any transaction in acquisition of land, construction of building or supply of machinery.

Our Promoters are not interested as a member of a firm or a company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by any of Promoters or by such firm or company in connection with the promotion or formation of our Company.

Payment or benefits to our Promoters or Promoter Group

Except as stated in "*Restated Financial Information – Note 48 - Related Party Transactions*" on page 365, there has been no payment of any amount or benefit given to our Promoters or the members of the Promoter Group during the two years preceding the date of filing of the Draft Red Herring Prospectus nor is there any intention to pay any amount or give any benefit to our Promoters or the members of the Promoter Group as on the date of filing of this Draft Red Herring Prospectus.

Additionally, one of our Promoters, Dr. Kalpanaa Sankar is interested in Sarvam Financial Inclusion Trust and Hand in Hand Consulting Services Private Limited, with which the Company has related party transactions. Accordingly, our Promoters may be interested in transactions entered into by our Company with the members of Promoter Group, or other entities (i) in which our Promoters hold shares, or (ii) which are controlled by our

Promoters. For further details, see "*Restated Financial Information – Note 48 - Related Party Transactions*" on page 365.

Material guarantees given by our Promoters to third parties with respect to Equity Shares of our Company

Our Promoters have not given any material guarantee to any third party with respect to the Equity Shares as on the date of this Draft Red Herring Prospectus.

Companies and firms with which our Promoters have disassociated in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus:

Name of the Promoter	Name of the company/firm	Reasons for and circumstances leading to disassociation	Date of disassociation
Muthoot Finance Limited	United Finance Limited, Nepal	United Finance Limited was acquired by Nabil Bank Limited as per a share swap ratio of 1:0.35 in favour of Nabil Bank Limited. Consequently, Muthoot Finance Limited has ceased to be a shareholder in United Finance Limited.	July 11, 2021

Promoter Group

Details of the members of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations (excluding our Promoters) are provided below:

Natural persons forming part of the Promoter Group

Set out below, are the natural persons forming part of the Promoter Group:

Sr. No.	Name of the Promoter	Name	Relationship
1.	Dr. Kalpanaa Sankar	C V Sankar	Spouse
		Sahaana Sankar	Daughter
		Bindhu Dandapani	Sister
		Kamini Dandapani	Sister

Entities forming part of the Promoter Group

Set out below, are the entities forming part of the Promoter Group:

1. Asia Asset Finance PLC
2. Hand In Hand Consulting Services Private Limited
3. Muthoot Asset Management Private Limited
4. Muthoot Homefin (India) Limited
5. Muthoot Insurance Brokers Private Limited
6. Muthoot Money Limited
7. Muthoot Trustee Private Limited
8. Saha Sankha Advisory and Consulting Services Private Limited
9. Varashakti Housing Finance Private Limited
10. Hand In Hand Inclusive Development and Services

OUR GROUP COMPANIES

As per the SEBI ICDR Regulations, the term "group companies", for the purpose of disclosure in the Offer Documents, shall include (i) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions in accordance with Ind AS 24, during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above, all such companies with which there were related party transactions during the periods covered in the Restated Financial Information, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

Further, pursuant to the Materiality Policy adopted by way of a resolution dated April 26, 2024 passed by our Board, other than the companies categorized under (i) above, a company shall be considered "material" and will be disclosed as a "group company" if such company forms part of the Promoter Group and with which there were transactions in the most recent financial year, which individually or in the aggregate, exceed 10 % of the net worth of our Company, as per the Restated Financial Information for that period.

Accordingly, on the basis of the above, the following companies have been identified as our Group Companies ("**Group Companies**"):

1. Hand in Hand Consulting Services Private Limited;
2. Muthoot Securities Limited;
3. Geem Marketing Services Private Limited (*formerly known as Muthoot Marketing Services Private Limited*);
4. Muthoot Vehicle & Asset Finance Limited;
5. Muthoot Homefin (India) Limited;
6. Muthoot Insurance Brokers Private Limited;
7. Arum Holdings Limited; and
8. Augusta Investments Zero Pte Ltd

In accordance with the SEBI ICDR Regulations, the following financial information in relation to our Group Companies for the previous three financial years, extracted from their respective audited financial statements (as applicable) are available at the respective websites of the respective Group Companies or our Company:

a) reserves (excluding revaluation reserve);
b) sales;
c) profit after tax;
d) earnings per share;
e) diluted earnings per share; and
f) net asset value.

Our Company is providing links to such websites solely to comply with the requirements specified under the SEBI ICDR Regulations.

A. Details of our Group Companies

Top 5 Group Companies

1. Muthoot Homefin (India) Limited

Registered office address

The registered office of Muthoot Homefin (India) Limited is situated at Muthoot Chambers, Kurians Tower, Banerji Road, Ernakulam North, Kochi - 682 018, Kerala, India.

Financial Performance

The financial information derived from the audited financial statements of Muthoot Homefin (India) Limited for the Fiscals 2023, 2022 and 2021 are available at https://www.muthoothomefin.com/.

2. Muthoot Insurance Brokers Private Limited

Registered office address

The registered office of Muthoot Insurance Brokers Private Limited is situated at 3rd Floor, Muthoot Chambers, Banerji Road, Ernakulam, Kerala, India, 682018.

Financial Performance

The financial information derived from the audited financial statements of Muthoot Insurance Brokers Private Limited for the Fiscals 2023, 2022 and 2021 are available at https://belstar.in/offerdocumentrelatedfilings.

3. Muthoot Vehicle & Asset Finance Limited

Registered office address

The registered office of Muthoot Vehicle & Asset Finance Limited is situated at Muthoot Chambers, Opposite Saritha Theatre, Banerji Road, Cochin, Ernakulam, Kerala, India, 682018.

Financial Performance

The financial information derived from the audited financial statements of Muthoot Vehicle & Asset Finance Limited for the Fiscals 2023, 2022 and 2021 are available at https://www.mvafl.com/.

4. Muthoot Securities Limited

Registered office address

The registered office of Muthoot Securities Limited is situated at 41/4108, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam, Kerala, India, 682018.

Financial Performance

The financial information derived from the audited financial statements of Muthoot Securities Limited for the Fiscals 2023, 2022 and 2021 are available at https://belstar.in/offerdocumentrelatedfilings.

5. Arum Holdings Limited

Registered office address

The registered office of Arum Holdings Limited is situated at 17th Fl., SCFB HQ building, 47 Jong-ro, Jongno-gu, Seoul, 03160, Republic of Korea.

Financial Performance

The financial information derived from the audited financial statements of Arum Holdings Limited for the Fiscals 2023, 2022 and 2021 are available at https://belstar.in/offerdocumentrelatedfilings.

Other Group Companies

1. Hand in Hand Consulting Services Private Limited

Registered office address

The registered office of Hand in Hand Consulting Services Private Limited is situated at 90A, Nasarathpettai Village, Opp Pachayappa's Clg Little Kancheepuram, Kancheepuram, Tamil Nadu, India, 631503.

2. Augusta Investments Zero Pte Ltd

Registered office address

The registered office of Augusta Investments Zero Pte Ltd is situated at 152 Beach Road, #06-03/04, Singapore - 189721

3. Geem Marketing Services Private Limited (*formerly known as Muthoot Marketing Services Private Limited*)

Registered office address

The registered office of Geem Marketing Services Private Limited is situated at II Floor Kurian Towers, Door No 58/1091, Opp Saritha Theatre Complex, Ernakulam, Kerela – 682018, India.

B. Litigation

There are no pending litigations involving our Group Companies which may have a material impact on our Company.

C. Common pursuits among the Group Companies and our Company

None of our Group Companies are involved in the same line of business as our Company and accordingly none of our Group Companies have any common pursuits with our Company as on date of this Draft Red Herring Prospectus.

D. Related business transactions within our Group Companies and significance on the financial performance of our Company

Other than the transactions disclosed in "*Offer Document Summary – Summary of Related Party Transactions*" on page 18, as on the date of this Draft Red Herring Prospectus, there are no other related business transactions between our Group Companies and our Company which are significant to the financial performance of our Company.

E. Business Interest of our Group Companies

Except in the ordinary course of business and as disclosed in "*Offer Document Summary – Summary of Related Party Transactions*" on page 18, our Group Companies have no business interests in our Company.

F. Nature and extent of interest of our Group Companies

a. *In the promotion of our Company*

Our Group Companies do not have any interest in the promotion of our Company.

b. *In the properties acquired by us in the preceding three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company*

None of our Group Companies are interested, directly or indirectly, in the properties acquired by our Company in the preceding three years or proposed to be acquired by our Company.

c. *In transactions for acquisition of land, construction of building and supply of machinery*

None of our Group Companies are interested, directly or indirectly, in any transactions for acquisition of land, construction of building, supply of machinery, with our Company.

G. Other Confirmations:

(i) The equity shares of our Group Companies are not listed on any stock exchange in India or abroad. Further, except for Muthoot Homefin (India) Limited and Muthoot Vehicle & Asset Finance Limited, none of our Group Companies have debt securities which are listed on any stock exchange in India or abroad. Set out below are the details of the listed debt securities of our Group Companies:

Name	ISIN	Stock Exchange	Scrip code
Muthoot Homefin (India) Limited	INE652X07035	BSE Limited	936642
Muthoot Homefin (India) Limited	INE652X07068	BSE Limited	936648
Muthoot Homefin (India) Limited	INE652X07092	BSE Limited	936654
Muthoot Homefin (India) Limited	INE652X07100	BSE Limited	936656
Muthoot Homefin (India) Limited	INE652X07126	BSE Limited	974207
Muthoot Homefin (India) Limited	INE652X07134	BSE Limited	974873
Muthoot Vehicle & Asset Finance Limited	INE00XE07119	BSE Limited	937155
Muthoot Vehicle & Asset Finance Limited	INE00XE07143	BSE Limited	937161
Muthoot Vehicle & Asset Finance Limited	INE00XE07176	BSE Limited	937167

(ii) Our Group Companies have not made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Draft Red Herring Prospectus. For further details, *"Other Regulatory and Statutory Disclosures - Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years*" on page 456.

(iii) None of the securities of our Group Companies have been refused listing by any stock exchange in India or abroad during the last ten years, nor have our Group Companies failed to meet the listing requirements of any stock exchange in India our abroad.

DIVIDEND POLICY

Our Board at its meeting held on May 13, 2017 has adopted a Dividend Distribution Policy ("**Dividend Policy**") and subsequently reviewed the Dividend Policy on May 9, 2023. The declaration and payment of dividends, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act.

In terms of our Dividend Policy, the quantum of dividend, if any, and our ability to pay dividends will depend on several factors, including but not limited to (i) internal factors, such as the operating cash flow of our Company, profits earned during the year and available for distribution, earnings per share, working capital requirements, capital expenditure requirements, regulatory and growth requirement of capital adequacy, business expansion or growth, acquisition of brands and businesses, past dividend or pay-out ratios / trends, extra-ordinary or abnormal gains made by our Company; and (ii) external factors such as economic environment, capital markets, statutory provisions or guidelines, industry outlook or any other factor as deemed fit by our Board.

Except as disclosed below, our Company has not declared and paid any dividend during the nine months period ended December 31, 2023, the Fiscals 2023, 2022 and 2021 and from January 1, 2024 until the date of this Draft Red Herring Prospectus:

Particulars	January 1, 2024 till the date of this Draft Red Herring Prospectus	December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
No. of Equity Shares	5,48,44,055	4,88,44,055	4,56,08,760	3,75,20,524	3,75,20,524
Face value per Equity Share (in ₹)	10.00	10.00	10.00	10.00	10.00
Aggregate Dividend (in ₹ million)	Nil	29.31	13.68	11.26	22.51
Dividend per Equity Share (in ₹)	Nil	0.60	0.30	0.30	0.60
Rate of dividend (%)	Nil	6.00%	3.00%	3.00%	6.00%
Dividend Distribution Tax (in ₹)	Nil	Nil	Nil	Nil	Nil
Mode of Payment of Dividend	NA	Electronic Transfer	Electronic Transfer	Electronic Transfer	Electronic Transfer

As certified by our Statutory Auditor, Varma & Varma, Chartered Accountants, pursuant to their certificate dated May 3, 2024.

The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares issued in the Offer. There is no guarantee that any dividends will be declared or paid in the future.

SELECTED STATISTICAL INFORMATION

This section should be read together with the Restated Financial Information, including the notes thereto, in "*Financial Information*" on page 307 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 393.

Our fiscal year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from our Restated Financial Information included in this Draft Red Herring Prospectus.

The following information is included for analytical purposes. 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 Draft Red Herring Prospectus. 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 financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other 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 measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Average Balance Sheet, Interest Earned/Expended and Yield/Cost

The tables below present the average balances for interest-earning assets and interest-bearing liabilities of our Company together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for each period. The average yield on average assets is the ratio of interest income to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

	As at and for the														
	Nine months ended December 31,						**Year ended March 31,**								
	2023			**2022**			**2023**			**2022**			**2021**		
	Average Balance [A]	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**	**Average Balance [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C =B/A]**	**Average Balance [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**	**Average Balance [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**	**Average Balance [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**
(₹ in million, except percentages)															
Interest-earning assets:															
Advances	59,028.92	11,368.75	19.26%	38,723.28	6,131.52	15.83%	40,233.69	8,530.09	21.20%	30,873.52	6,604.76	21.39%	23,545.57	5,065.30	21.51%
Investments	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Interbank placements	6,707.92	224.40	3.35%	6,396.69	204.58	3.20%	7,544.96	286.68	3.80%	4,336.22	163.05	3.76%	3,720.01	163.26	4.39%
Others	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total interest-earning assets	**65,736.84**	**11,593.15**	**17.64%**	**45,119.97**	**6,336.10**	**14.04%**	**47,778.66**	**8,816.77**	**18.45%**	**35,209.74**	**6,767.81**	**19.22%**	**27,265.58**	**5,228.56**	**19.18%**
Non-interest-earning assets:															
Fixed assets	149.81	-	0.00%	156.61	-	0.00%	157.33	-	0.00%	130.46	-	0.00%	136.84	-	0.00%
Other assets	3,413.38	-	0.00%	2,552.98	-	0.00%	2,781.46	-	0.00%	1,868.51	-	0.00%	2,325.04	-	0.00%
Total non-interest-	**3,563.19**	**-**	0.00%	**2,709.59**	**-**	0.00%	**2,938.78**	**-**	0.00%	**1,998.97**	**-**	0.00%	**2,461.88**	**-**	0.00%

	As at and for the														
	Nine months ended December 31,						Year ended March 31,								
	2023			2022			2023			2022			2021		
	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C =B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]
earning assets															
Total assets	***69,300.03***	***11,593.15***	***16.73%***	***47,829.56***	***6,336.10***	***13.25%***	***50,717.44***	***8,816.77***	***17.38%***	***37,208.71***	***6,767.81***	***18.19%***	***29,727.46***	***5,228.56***	***17.59%***
Interest-bearing liabilities:															
CASA	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Term Deposits	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total Deposits	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Borrowings	54,099.76	4,069.93	7.52%	36,505.00	2,596.17	7.11%	38,856.97	3,633.06	9.35%	29,960.88	2,896.09	9.67%	23,370.22	2,327.59	9.96%
Total interest-bearing liabilities	**54,099.76**	**4,069.93**	**7.52%**	**36,505.00**	**2,596.17**	**7.11%**	**38,856.97**	**3,633.06**	**9.35%**	**29,960.88**	**2,896.09**	**9.67%**	**23,370.22**	**2,327.59**	**9.96%**
Non-interest-bearing liabilities:															
Capital and reserves	11,960.27	-	0.00%	9,606.37	-	0.00%	9,869.70	-	0.00%	6,081.08	-	0.00%	5,212.50	-	0.00%
Other liabilities	3,240.01	-	0.00%	1,718.19	-	0.00%	1,990.77	-	0.00%	1,166.75	-	0.00%	1,144.73	-	0.00%
Total non-interest-bearing liabilities	**15,200.27**	**-**	**0.00%**	**11,324.56**	**-**	**0.00%**	**11,860.47**	**-**	0.00%	**7,247.83**	**-**	0.00%	**6,357.23**	**-**	0.00%
Total liabilities	***69,300.03***	***4,069.93***	***5.87%***	***47,829.56***	***2,596.17***	***5.43%***	***50,717.44***	***3,633.06***	***7.16%***	***37,208.71***	***2,896.09***	***7.78%***	***29,727.46***	***2,327.59***	***7.83%***

Notes:

(1) *Average balances of all interest earning assets and interest bearing liabilities represent average of quarter-end outstanding balances.*

(2) *Average for non-interest earning assets and non-interest bearing liabilities represent average of quarter-end outstanding balances for the given period.*

(3) *Interest earned on advances includes interest on advances net of NPAs interest reversals. Interest earned on interbank placements include interest on fixed deposits placed with banks.*

(4) *Interest expended comprises interest expended on borrowings.*

(5) *Yield/Cost is calculated as interest earned/expended divided by the average balance.*

(6) *Borrowings include borrowing from the other banks & institutions and Tier II debt instruments.*

(7) *Other assets include cash in hand, balances with banks in current accounts and other non-interest earning assets.*

(8) *Other liabilities include bills payable, interest accrued on deposits, provision on NPAs and standard assets and other non-interest bearing liabilities.*

Analysis of Changes in Interest Earned and Interest Expended by Volume and Rate

The following tables set forth the analysis of the changes in our Company's interest earned and interest expended between average volume and changes in rates.

	Year ended March 31, 2023 vs		
	Year ended March 31, 2022		
	Net Changes in Interest	**Change in Average Volume**	**Change in Average Rate**
	(₹ in million, except percentages)		
Interest earned:			
Advances	1,925.33	1,984.48	-59.16

	Year ended March 31, 2023 vs Year ended March 31, 2022		
	Net Changes in Interest	**Change in Average Volume**	**Change in Average Rate**
Investments	-	-	-
Inter bank placements	123.63	121.92	1.71
Others	-	-	-
Total interest earned [A]	**2,048.96**	**2,106.40**	**-57.45**
Interest expended:			
Deposits	-	-	-
Borrowings	736.97	831.77	-94.80
Total interest expended [B]	**736.97**	**831.77**	**-94.80**
Net Interest Income [A-B]	**1,311.98**	**1,274.63**	**37.35**

	Year ended March 31, 2022 vs Year ended March 31, 2021		
	Net Changes in Interest	**Change in Average Volume**	**Change in Average Rate**
	(₹ in million, except percentages)		
Interest earned:			
Advances	1,539.46	1,567.67	-28.20
Investments	-	-	-
Inter bank placements	-0.21	23.17	-23.38
Others	-	-	-
Total interest earned [A]	**1,539.26**	**1.590.84**	**-51.58**
Interest expended:			
Deposits	-	-	-
Borrowings	568.50	637.07	-68.57
Total interest expended [B]	**568.50**	**637.07**	**-68.57**
Net Interest Income [A-B]	**970.75**	**953.77**	**16.99**

Notes:

(1) The changes in interest earned, interest expended and Net Interest Income between the periods have been reflected as attributed either to volume or rate changes. For purposes of this table, changes that are due to both volume and rates have been allocated solely to changes in rate.
(2) Change in average volume is computed as the increase in average balances for the year multiplied by yield/cost for Fiscal 2023 and Fiscal 2022, as the case may be.
(3) Change in average rate represents the average balance for Fiscal 2022 and Fiscal 2021, as the case may be, multiplied by change in rates during the respective year during the relevant year.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

S. No.	Financial Statements
1.	Restated Financial Information

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

To,

The Board of Directors
Belstar Microfinance Limited ("**Company**")
New No.33, Old No.14,
48th Street, 9th Avenue,
Ashok Nagar, Chennai- 600083,
Tamil Nadu - India

Dear Sirs / Madam ,

1. We, Varma & Varma, Chartered Accountants, the Statutory Auditors of the Company, have examined the attached Restated Financial Information (as defined hereinafter) of Belstar Microfinance Limited (the "**Company**" or the "**Issuer**") comprising the Restated Statement of Assets and Liabilities as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity and the Restated Statement of Cash Flows for the nine months ended December 31, 2023 and the financial years ended as on March 31, 2023, March 31, 2022 and March 31, 2021 and the Summary Statement of Significant Accounting Policies, and other explanatory notes (collectively, the "**Restated Financial Information**"), as approved by the Board of Directors of the Company in their meeting held on April, 26, 2024 for the purpose of inclusion in the Draft Red Herring Prospectus ("**DRHP**") prepared by the Company in connection with the proposed Initial Public Offer of equity shares of face value of Rs. 10 of the Company ("**IPO**") prepared in terms of the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "**Act**")
    b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("**ICDR Regulations**"); and
    c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**ICAI**"), as amended from time to time (the "**ICAI Guidance Note**").

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India ("**SEBI**") and BSE Limited and National Stock Exchange of India Limited where the equity shares of the Company are proposed to be listed ("**Stock Exchanges**"), in connection with the IPO. The Restated Financial Information have been prepared by the management of the Company on the "Basis of Preparation" stated in Note No. 2.1 to the Restated Financial Information. The Board of Directors of the Company's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the ICAI Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:

    a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated October 27, 2023, in connection with the proposed IPO.

    b. The ICAI Guidance Note. The ICAI 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 Financial Information in accordance with the ICAI Guidance Note; and

d. The requirements of Section 26 of the Act and 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 ICAI Guidance Note in connection with the proposed IPO.

4. These Restated Financial Information have been compiled by the management of the Company from

a. the audited special purpose financial statements of the Company as of and for the nine months ended December 31, 2023 (the "**Audited Special Purpose Financial Statements**") prepared in accordance with Indian Accounting Standards (Ind AS), specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors in their meeting held on April 26, 2024.

b. the audited statutory financial statements of the Company as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with Indian Accounting Standard (Ind AS), specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors in their meeting held on May 9, 2023, April 29, 2022 and April 29, 2021 respectively.

5. For the purpose of our examination, we have relied on:

a) Auditors' report issued by us dated April 26, 2024 on the Audited Special Purpose Financial Statements of the Company as at and for the nine months ended December 31, 2023 as referred in Paragraph 4 above;
b) Auditors' report issued by us dated May 9, 2023 on the statutory financial statements of the Company as at and for the year ended March 31, 2023 as referred in Paragraph 4 above;
c) Auditors' report issued by us dated April 29, 2022 on the statutory financial statements of the Company as at and for the year ended March 31, 2022 as referred in Paragraph 4 above; and
d) Auditors' Report issued by N. Sankaran & Co., Chartered Accountants ("**Previous Auditors**") dated April 29, 2021 on the statutory financial statements of the Company as at and for the year ended March 31, 2021, as referred in Paragraph 4 above.

The audited financial statements for the years ended March 31, 2021 and the independent auditors' report thereon issued by the Previous Auditor have been furnished to us by the Company. Upon specific request by the Company, we have examined and reported on the restated financial information for the year ended March 31, 2021. The adjustments in so far as it relates to the amounts, disclosures, material errors, regroupings, reclassifications etc., included in respect of the year ended March 31, 2021 is restricted to and based solely on the audited financial statements and auditor's report issued by the Previous Auditor for such year. We have not performed any additional procedures other than those stated herein.

6.

a. Our Report on the Audited Special Purpose Financial Statements of the Company as at and for the nine months ended December 31, 2023 included the following emphasis of matter paragraphs and other matter paragraphs;

<u>Emphasis of Matter</u>

We draw attention to Note No. 2.1 to the Special Purpose Financial Statements, which describes the basis of preparation. As stated thereunder, the comparative financial information has not been included in these financial statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of the company's state of affairs, profit, changes in equity and cash flows.

Our opinion is not modified in respect of the above matter.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to these Special Purpose Financial Statements, which describes the basis of preparation. The financial statements are prepared solely to assist the Company to meet the requirements of preparation of the Restated Financial Information for the nine months ended December 31, 2023 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 as required under the SEBI ICDR Regulations. As a result, the Special Purpose Financial Statements may not be suitable for any other purpose. Our report is intended solely for the Company for use in connection with the above purpose and should not be distributed to or used by parties without our prior written consent.

b. Our Report on the statutory financial statements of the Company as of and for the year ended March 31, 2022 included the following emphasis of matter paragraphs and other matter paragraphs :

Emphasis of Matter
We draw attention to Note No. 2.3 to the standalone financial statements which describes that the potential impact of the continuing COVID-19 pandemic on the Company's operations and financial results are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Other Matters
The standalone financial statements of the Company for the year ended March 31, 2021 were audited by the predecessor auditor who has expressed an unmodified opinion thereon vide report dated April 29, 2021, which has been furnished to us and relied upon by us for the purpose of our Audit.

Our opinion is not modified in respect of the above matter.

7. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information:

    a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/ reclassifications retrospectively in the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months ended December 31, 2023.

    b. There are no modifications in the auditors' reports on the Audited Special Purpose Financial Statements of the Company or in the auditors' reports on the audited statutory financial statements of the Company as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 which requires any adjustment to the Restated Financial Information. Further the matter(s) giving rise to emphasis of matter paragraph and other matter paragraph mentioned in Para 6 above does not require any adjustments; and

    c. have been prepared in accordance with the Act, ICDR Regulations and the ICAI Guidance Note.

8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the report on the Audited Special Purpose Financial Statements of the Company and the audited statutory financial statements of the Company as at and for the year ended March 31, 2023, March 31. 2022 and March 31 2021, mentioned in paragraph 4 above.

9. 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 or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is addressed to and provided to enable the Board of Directors of the Company to include this report in the DRHP to be filed with SEBI and the Stock Exchanges in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **VARMA & VARMA**
Chartered Accountants
Firm Registration No: 004532S

P.R.Prasanna Varma
Partner
Membership Number 025854
UDIN: 24025854BKGPYA4900

Date: April 26, 2024
Place: Chennai

BELSTAR MICROFINANCE LIMITED

Restated Statement of Assets and Liabilities **(Rs. In millions)**

Particulars	Note No	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
I ASSETS					
1 Financial assets					
a) Cash and cash equivalents	6	5,885.01	12,812.45	7,218.36	4,521.23
b) Bank Balance other than (a) above	7	398.50	448.80	1,360.18	1,256.62
c) Derivative financial instruments	18	-	-	-	-
d) Receivables					
(I) Trade Receivables	8	3.38	7.61	3.58	3.80
(II) Other Receivables		-	-	-	-
e) Loans	9	71,874.02	46,275.36	35,542.53	27,837.47
f) Investments	10	59.89	528.64	-	-
g) Other Financial assets	11	1,398.77	1,318.56	669.92	625.47
2 Non-financial Assets					
a) Current tax assets (Net)	41	477.20	362.15	-	-
b) Deferred tax assets (Net)	42	492.41	167.59	514.59	195.84
c) Investment Property	12	1.10	1.10	1.10	1.10
d) Property, Plant and Equipment	13	56.84	53.60	47.69	35.76
e) Right-of-use assets	14	72.36	97.12	97.29	72.89
f) Intangible assets under development	15	3.29	0.44	0.49	0.55
g) Other Intangible assets	16	4.11	7.95	6.81	13.31
h) Other non financial assets	17	241.93	187.64	140.32	108.84
Total Assets		**80,968.81**	**62,269.01**	**45,602.86**	**34,672.88**
II LIABILITIES AND EQUITY					
LIABILITIES					
1 Financial Liabilities					
a) Derivative financial instruments	18	-	29.32	-	-
b) Payables					
(I) Trade Payables					
(i) total outstanding dues of micro enterprises and small enterprises	19	-	7.20	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	2.99	24.55	5.76	8.33
c) Debt Securities	20	8,924.04	6,215.71	3,807.89	5,284.95
d) Borrowings (other than debt securities)	21	52,512.41	40,399.64	30,118.88	21,032.99
e) Subordinated Liabilities	22	2,805.36	1,649.51	1,643.59	1,638.42
f) Lease liabilities	47 B	78.37	105.86	106.39	80.43
g) Other Financial liabilities	23	3,174.49	2,773.08	1,188.47	1,115.66
2 Non-financial Liabilities					
a) Current tax liabilities (net)	41	-	-	64.87	20.34
b) Provisions	24	152.71	81.86	61.54	50.97
c) Other non-financial liabilities	25	81.57	59.29	46.14	23.63
EQUITY					
a) Equity share capital	26	488.44	488.44	456.09	375.21
b) Other equity	27	12,748.43	10,434.55	8,103.24	5,041.95
Total Liabilities and Equity		**80,968.81**	**62,269.01**	**45,602.86**	**34,672.88**

The accompanying notes are an integral part of the Restated financial information
As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 004532S

Dr.Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

P.R Prasanna Varma
Partner
M. No.025854

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

Place: Chennai
Date : April 26, 2024

BELSTAR MICROFINANCE LIMITED

Restated Statement of Profit and Loss **(Rs. In millions)**

		Particulars	Note No	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
		Revenue from operations					
	(i)	Interest income	30	11,592.33	8,817.73	6,768.32	5,229.37
	(ii)	Fee and commission income	31	2.81	64.29	37.37	28.15
	(iii)	Net gain on fair value changes	32	36.74	27.47	7.87	13.84
	(iv)	Net gain on de-recognition of financial instruments under amortised cost category	33	1,199.52	1,403.12	458.73	242.68
(I)		**Total Revenue from operations**		**12,831.40**	**10,312.61**	**7,272.29**	**5,514.04**
(II)		Other Income	34	120.74	66.54	12.02	15.37
(III)		**Total Income (I + II)**		**12,952.14**	**10,379.15**	**7,284.31**	**5,529.41**
		Expenses					
	(i)	Finance costs	35	4,080.62	3,654.44	2,912.21	2,342.37
	(ii)	Fee and commission expense	36	234.71	263.79	196.68	129.03
	(iii)	Net loss on fair value changes	32	252.96	193.06	-	-
	(iv)	Impairment of financial instruments	37	2,150.07	1,445.79	1,497.50	807.55
	(v)	Employee benefit expenses	38	2,258.76	2,155.78	1,529.53	1,190.96
	(vi)	Depreciation, amortization and impairment	39	93.76	118.39	86.39	92.55
	(vii)	Other expenses	40	807.89	854.83	500.54	396.83
(IV)		**Total Expenses (IV)**		**9,878.77**	**8,686.08**	**6,722.85**	**4,959.29**
(V)		**Restated Profit/(loss) before tax (III - IV)**		**3,073.37**	**1,693.07**	**561.46**	**570.12**
(VI)		**Tax Expense:**					
	(i)	Current tax	41	1,061.45	48.16	422.77	261.36
	(ii)	Deferred tax	42	(322.12)	351.25	(312.60)	(150.50)
	(iii)	Earlier years adjustments		(17.15)	(9.59)	-	(7.25)
(VII)		**Restated Profit/(loss) for the period /year (V - VI)**		**2,351.19**	**1,303.25**	**451.29**	**466.51**
(VIII)		**Restated Other Comprehensive Income**					
	A)	**Items that will not be classified to profit or loss**					
		(i) Actuarial Gain/(Loss) on defined benefit obligation		(19.83)	(7.74)	(2.27)	2.99
		(ii) Changes in value of forward element of forward contract		8.89	(8.89)	-	-
		(iii) Tax impact thereon		2.75	4.18	(0.02)	(0.75)
		Subtotal (A)		**(8.19)**	**(12.45)**	**(2.29)**	**2.24**
	B)	**Items that will be classified to profit or loss**					
		(i) Fair value gain/ (loss) on Financial instruments measured at FVOCI		-	-	(17.89)	(9.84)
		(ii) Effective portion of gain on Hedging Instruments in Cash Flow Hedges		0.23	(0.23)	-	-
		(ii) Tax impact thereon		(0.06)	0.06	6.18	2.48
		Subtotal (B)		**0.17**	**(0.17)**	**(11.71)**	**(7.36)**
		Restated Other Comprehensive Income (A + B)		**(8.02)**	**(12.62)**	**(14.00)**	**(5.12)**
(IX)		**Restated Total Comprehensive Income for the period / year (VII + VIII)**		**2,343.17**	**1,290.63**	**437.29**	**461.39**
(X)		**Restated Earnings per equity share (Face Value-Rs 10 per share)**	43	Not Annualised			
		Basic (Rs.)		48.14	27.12	12.01	12.43
		Diluted (Rs.)		48.14	27.12	12.01	12.43

The accompanying notes are an integral part of the Restated financial information

As per our Report of even date attached

For and on behalf of Board of Directors

For M/s. Varma & Varma
Chartered Accountants
Firm No. 004532S

Dr.Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

P.R Prasanna Varma
Partner
M. No.025854

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

Place: Chennai
Date : April 26, 2024

BELSTAR MICROFINANCE LIMITED

Restated Cash Flow Statement **(Rs. In millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Operating activities				
Profit before tax	**3,073.37**	**1,693.07**	**561.46**	**570.12**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation & amortisation	93.76	118.39	86.39	92.55
Impairment on financial instruments	2,150.07	1,445.79	1,497.50	807.55
Finance cost	4,080.62	3,654.44	2,912.21	2,342.37
Net loss on fair value changes	252.96	193.06	-	-
Net gain on fair value changes	(36.74)	(27.47)	(7.87)	(13.84)
Interest income on deposits	(224.40)	(286.68)	(163.05)	(163.26)
Profit on sale of asset	-	-	-	(0.13)
Operating Profit Before Working Capital Changes	**9,389.64**	**6,790.60**	**4,886.64**	**3,635.36**
Working capital changes				
(Increase) / Decrease in Trade receivables	4.23	(4.15)	(0.32)	(1.54)
(Increase) / Decrease in Loans	(27,748.74)	(12,178.62)	(9,220.45)	(7,763.27)
(Increase) / Decrease in Other financial asset	(91.16)	(724.37)	(10.89)	232.30
(Increase) / Decrease in Other non financial asset	(54.30)	(47.22)	(9.73)	(0.62)
Increase / (Decrease) in Trade and Other payables	(28.75)	29.01	(5.31)	8.05
Increase / (Decrease) in Other liabilities	142.47	1,378.29	234.09	(228.43)
Increase / (Decrease) in Provision	51.03	12.58	8.32	(4.11)
Cash flows from/(used in) operating activities before tax	**(18,335.58)**	**(4,743.88)**	**(4,117.65)**	**(4,122.26)**
Interest paid on borrowings	(3,911.84)	(3,476.05)	(3,009.62)	(2,128.22)
Income tax paid	(1,166.31)	(465.61)	(399.42)	(266.51)
Net cash flows from/(used in) operating activities	**(23,413.73)**	**(8,685.54)**	**(7,526.69)**	**(6,516.99)**
Investing activities				
Acquisition of fixed and intangible assets	(55.02)	(69.28)	(51.31)	(34.19)
Net gain on fair value changes	36.74	27.47	7.87	13.84
Proceeds from sale of fixed assets	-	-	-	0.17
Investment in security receipts (ARC)	-	(721.70)	-	-
Redemption of security receipts (ARC)	215.79	-	-	-
Redemption / (Investment) in fixed deposits	50.30	911.38	(103.56)	167.17
Interest received on deposits	240.80	361.42	128.53	177.10
Net cash flows from/(used in) investing activities	**488.61**	**509.29**	**(18.47)**	**324.09**
Financing activities				
Proceeds from issue of shares	-	1,086.70	2,716.14	-
Proceeds from / (Repayment) of borrowings	16,076.07	12,763.79	7,587.22	9,065.09
Interest paid on Lease liabilities	(6.86)	(11.02)	(11.84)	(10.33)
Payment towards Lease liabilities	(42.22)	(55.45)	(37.97)	(37.40)
Dividend paid on equity shares	(29.31)	(13.68)	(11.26)	(22.51)
Net cash flows from financing activities	**15,997.68**	**13,770.34**	**10,242.29**	**8,994.85**
Net increase in cash and cash equivalents	**(6,927.44)**	**5,594.09**	**2,697.13**	**2,801.95**
Cash and cash equivalents at beginning of the Year / Period	12,812.45	7,218.36	4,521.23	1,719.28
Cash and cash equivalents at end of the year / Period	**5,885.01**	**12,812.45**	**7,218.36**	**4,521.23**

Notes:

(a) The above Restated cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash Flow.

(b) For Components of Cash and Cash Equivalents - Refer Note No. 6

The accompanying notes are an integral part of the Restated financial information

As per our Report of even date attached

For and on behalf of Board of Directors

For M/s. Varma & Varma
Chartered Accountants
Firm No. 004532S

Dr.Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

P.R Prasanna Varma
Partner
M. No.025854

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

Place: Chennai
Date : April 26, 2024

BELSTAR MICROFINANCE LIMITED

Restated Statement of Changes in Equity

A . Equity Share Capital

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the current reporting period	**488.44**	**456.09**	**375.21**	**375.21**
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-
Changes in equity share capital during the current year -Share Issue	-	32.35	80.88	-
Balance at the end of the current reporting period	**488.44**	**488.44**	**456.09**	**375.21**
No. of Equity Shares of Rs.10/- each	48,844,055	48,844,055	45,608,760	37,520,524

B. Other Equity

Particulars	Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	Capital Redemption Reserve(CRR)	Securities Premium	General Reserve	Remeasurement gain/ (loss) of defined benefit plans	Retained Earnings	Changes in value of forward element of forward contract	Effective portion of Cash Flow Hedges	Financial instruments measured at FVOCI	Total
As at December 31, 2023										
Balance at the beginning of the reporting period	**906.80**	**500.00**	**6,074.60**	**0.01**	**-13.10**	**2,973.07**	**-6.66**	**-0.17**	**-**	**10,434.55**
Total Comprehensive Income for the current period	-	-	-	-	-14.86	2,351.20	6.66	0.17	-	**2,343.17**
Dividends	-	-	-	-		-29.29	-	-	-	**-29.29**
Transfer to Statutory Reserve	470.24	-		-		-470.24	-	-	-	**-**
Premium on Issue of Shares *	-	-	-	-		-	-	-	-	**-**
Balance at the end of the reporting period	**1,377.04**	**500.00**	**6,074.60**	**0.01**	**-27.96**	**4,824.73**	**-**	**-**	**-**	**12,748.43**
As at March 31,2023										
Balance at the beginning of the reporting period	**646.14**	**500.00**	**5,020.25**	**0.01**	**-7.31**	**1,944.15**	**-**	**-**	**-**	**8,103.24**
Total Comprehensive Income for the current year	-	-	-	-	-5.79	1,303.25	-6.66	-0.17	-	**1,290.63**
Dividends	-	-	-	-	-	-13.67	-	-	-	**-13.67**
Transfer to Statutory Reserve	260.66	-	-	-	-	-260.66	-	-	-	**-**
Premium on Issue of Shares *	-	-	1,054.35	-	-	-	-	-	-	**1,054.35**
Balance at the end of the reporting period	**906.80**	**500.00**	**6,074.60**	**0.01**	**-13.10**	**2,973.07**	**-6.66**	**-0.17**	**-**	**10,434.55**
As at March 31,2022										
Balance at the beginning of the reporting period	**555.88**	**500.00**	**2,384.99**	**0.01**	**-5.01**	**1,594.38**	**-**	**-**	**11.71**	**5,041.95**
Total Comprehensive Income for the current year	-	-	-	-	-2.30	451.29	-	-	-11.71	**437.29**
Dividends	-	-	-	-		-11.26	-	-	-	**-11.26**
Transfer to Statutory Reserve	90.26	-	-	-		-90.26	-	-	-	**-**
Premium on Issue of Shares *	-	-	2,635.26	-		-	-	-	-	**2,635.26**
Balance at the end of the reporting period	**646.14**	**500.00**	**5,020.25**	**0.01**	**-7.31**	**1,944.15**	**-**	**-**	**-**	**8,103.24**
As at March 31,2021										
Balance at the beginning of the reporting period	**462.58**	**500.00**	**2,384.99**	**0.01**	**-7.26**	**1,243.68**	**-**	**-**	**19.07**	**4,603.08**
Total Comprehensive Income for the current year	-	-	-	-	2.24	466.51	-	-	-7.36	**461.39**
Dividends	-	-	-	-	-	-22.51	-	-	-	**-22.51**
Transfer to Statutory Reserve	93.30	-	-	-	-	-93.30	-	-	-	**-**
Premium on Issue of Shares *	-	-	-	-	-	-	-	-	-	**-**
Balance at the end of the reporting period	**555.88**	**500.00**	**2,384.99**	**0.01**	**-5.01**	**1,594.38**	**-**	**-**	**11.71**	**5,041.95**

* Premium is net of transaction cost for issue of equity shares of Rs 13.30 Million during the year 22-23 and Rs.33.86 Million during the year 21-22

The accompanying notes are an integral part of the Restated financial information
As per our Report of even date attached

For and on behalf of Board of Directors

For M/s. Varma & Varma
Chartered Accountants
Firm No. 004532S

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

P.R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date : April 26, 2024

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

Belstar Microfinance Limited
Notes forming part of the Restated Financial Information

1. Corporate Information

Belstar Microfinance Limited, (the Company) is a Company incorporated under the Companies Act, 1956 having its registered office at No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083 and registered with the Reserve Bank of India as a non-banking financial company (NBFC) from March 2001. The Company is basically engaged in the business of providing loans and access to Credit to the Self-Help Group (SHG) members / Joint Liability Group (JLG) members known as "Pragati" and other loans like Education, Small Enterprise Loan (SEL) as part of financial inclusion space. The Company got classified as a NBFC - MFI effective December 11, 2013. The company is a Systemically Important Non - Deposit taking NBFC MFI (NDSI–NBFC-MFI) as at December 31, 2023

2. Basis of preparation and presentation of Restated Financial Information

2.1 Basis of preparation

The Restated Statement of Assets and Liabilities of the Company as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity and the Restated Statement of Cash Flows for the nine months ended December 31, 2023 and the years ended March 31, 2023, March 31, 2022 and March 31, 2021 and the Significant Accounting policies and other explanatory notes to Restated Financial Information (together referred to as "Restated Financial Information" or "Restated Financial Statements") have been prepared under the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 and other relevant provisions of the Act as amended from time and time.

The Restated Financial Information have been approved by the Board of Directors in their meeting held on April 26, 2024.

These Restated Financial Information have been prepared by the management of the Company for the purpose of inclusion in the draft red herring prospectus, red herring prospectus and prospectus (the "DRHP", "RHP" or "Offer Document') prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:

(i) Section 26 of Chapter III of the Act;
(ii) relevant provision s of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI'), as amended ("ICDR Regulations"); and
(iii) Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI")(the "Guidance Note")

These Restated Financial Information have been compiled from the Audited Special Purpose Ind AS Financial Statements of the Company as at and for the nine months ended December 31, 2023 and from the Audited Ind AS financial statements of the Company as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with 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 April 26, 2024, May 9, 2023, April 29, 2022 and April 29, 2021 respectively.

As specified in the ICDR Regulations, these restated financial information have been prepared having regard to the requirements of Ind AS 8 on Accounting Policies, Changes in Accounting Estimates and Errors, regarding the manner of adjustments and disclosures of matters dealt with therein. Estimation involves judgements based on the latest available, reliable information. Changes in estimates result from new information or new developments which are continuously evolving and accordingly, are not corrections of errors. Changes in Estimates, if any, are not restated, as they are events of that corresponding year.

2.2 Statement of compliance

The Restated Financial Information of the Company have been prepared on going concern basis in accordance with the applicable Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (“the Act”), read with the Companies (Indian Accounting Standards Rules), 2015 (as amended from time to time) and other accounting principles generally accepted in India.

2.3 Presentation of Restated Financial Information

The Restated Statement of Assets and Liabilities, the Restated Statement of Profit and Loss, the Restated 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 Restated Statement of Cash Flows has been presented as per the requirements of Ind AS 7 - Statement of Cash Flows. The Company presents its Restated Statement of Assets and Liabilities in order of liquidity.

2.4 Basis of measurement

The Restated Financial Information have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

2.5 Impact of Covid-19

The Company continues to monitor and assess the impact of COVID-19 pandemic on its operations and financials, including the possibility of higher defaults by the customers. The Company has considered the information available up to the date of these results and have made adequate provisions in this regard to the extent required.

2.6 Functional and presentation currency

The Restated Financial Information are presented in Indian Rupees (INR) which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest millions, except when otherwise indicated.

3. Summary of Material accounting policies

3.1 Recognition of interest income

The Company computes Interest income by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

For other credit-impaired financial assets, the Company applies effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes all fees and charges paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts, but not future credit losses

Interest income on financial assets measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

3.2 Recognition of income other than Interest Income

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable,) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue From Contracts with Customers'.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

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 the 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 Company 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 Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

3.3 Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

3.4 Financial instruments

3.4.1 Financial assets

Initial recognition & measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not measured subsequently at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Loans are recognised when funds are transferred to the customers' account.

3.4.2 Subsequent measurement

The Company classifies its financial assets into the following measurement categories:

1. Loans at amortised cost
2. Loans at fair value through other comprehensive income (FVTOCI).
3. Investments in Debt instruments, and equity instruments at fair value through profit or loss (FVTPL).

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Ind AS 109 classification and measurement model requires that all debt instrument financial assets that do not meet a "solely payment of principal and interest" (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as fair value through profit or loss (FVTPL).

Loans that are managed on a "hold to collect" basis will be classified as amortized cost. After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Loans that are managed on a "hold to collect and for sale" basis is classified as fair value through other comprehensive income (FVOCI) for debt. These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

Investments in debt instruments which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as FVTPL. Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note 3.6 Impairment of financial assets.

All equity instrument financial assets are classified at initial recognition as FVTPL unless an irrevocable designation is made to classify the instrument as FV-OCI for equities. The FV-OCI for equities category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends are recognized in profit and loss.

3.4.3 Financial liabilities

Initial Recognition and Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. The EIR amortisation is included as finance costs in the statement of profit and loss.

3.5 Derecognition of financial assets and liabilities

3.5.1 Financial Asset

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 rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

a) The Company has transferred its contractual rights to receive cash flows from the financial asset

or

b) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients

- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company 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 Company's continuing involvement, in which case, the Company 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 Company has retained.

On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss .

3.5.2 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 de recognition 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 profit or loss.

3.6 Impairment of financial assets

3.6.1 Overview of the Expected Credit Loss (ECL) principles

The Company has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into three stages as described below:

For non-impaired financial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, The Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

3.6.2 The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering 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.

Loss Given Default (LGD) - The Loss Given Default 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.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, and appropriate overlays, are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

3.7 Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. 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 Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments for which fair value is measured are classified based on a hierarchy of valuation techniques, as summarised below:

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 Company has access to at the measurement date. The Company 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. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 Derivative financial instruments

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Such derivative instruments are presented as assets in case of a fair value gain and as liabilities in case of fair value loss. Changes in the fair value of derivatives 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 Company has designated the derivative financial instruments as cash flow hedges of recognised liabilities and unrecognised firm commitments.

Hedge accounting

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company'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 entity will 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 ongoing 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 cash flow hedge.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

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 (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.9 Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

3.10 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

3.11 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

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.

3.11.1 Depreciation

Tangible assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged based on a review by the management during the year and at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method. All fixed assets costing individually upto Rs. 5,000 is fully depreciated by the company in the year of its capitalisation.

The estimated useful lives are as follows:

Particulars	Useful life	Residual value
Furniture and fixture	10 years	2%
Office equipment	5 years	2%
Vehicles	10 years	2%
Computer	3 years	5%

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.

3.12 Intangible assets

The Company's intangible assets consist of computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprising of software are amortised on a written down value basis over a period of 3 years The useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.13 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

The fair value of investment property is disclosed in the notes accompanying these financial statements. Fair value is determined by independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

3.14 Impairment of non-financial assets

The Company 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 Company 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. 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 considered. If no such transactions can be identified, an appropriate valuation model is used.

3.15 Post employment benefits

3.15.1 Defined contribution plans

Contributions to the Employees Provident Fund Scheme maintained by the Central Government are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution plan.

The company has no obligation, other than the contribution payable under the scheme. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

3.15.2 Defined Benefit plans

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to a Gratuity Fund administered by insurance companies.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

3.16 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.18 Taxes

Income tax expense represents the sum of current tax and deferred tax.

3.18.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2 Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss (either in other comprehensive income or in equity).

3.18.3 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:

i. 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
ii. 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.

3.19 Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed, where an inflow of economic benefits is probable.

3.20 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.21 Leases

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
– Fixed payments, including in-substance fixed payments;
– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– Amounts expected to be payable under a residual value guarantee; and
– The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

3.22 Cash flow statement

Cash flows are reported using indirect method, whereby net profits 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 and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

4.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a 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 Company monitors financial assets measured at amortised cost or classified as fair value through other comprehensive income 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 Company'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 business model and so a prospective change to the classification of those assets.

4.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan 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.

4.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement in respect of the estimation of the amount and timing of future cash flows and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.5 Effective Interest Rate (EIR) method

The Company'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 expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4.6 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

5 Standards issued but not yet effective

As at December 31, 2023, there are no Ind AS Standards/amendments that have been issued but are not yet effective.

Notes forming part of the Restated Financial Statements

6: Cash and cash equivalents **(Rs. In millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Cash on hand	71.92	14.87	15.23	9.32
Balances with Banks				
- in current accounts	908.09	1,108.35	879.06	984.41
- in deposit accounts with Original maturity of less than 3 months	4,905.00	11,689.23	6,324.07	3,527.50
Total	**5,885.01**	**12,812.45**	**7,218.36**	**4,521.23**

Short-term deposits are made for period varying between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

7: Bank balances other than cash and cash equivalents **(Rs. In millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity of more than three months but less than twelve months.	121.35	76.26	166.56	-
Balances with banks to the extent held as security against borrowings #	277.15	372.54	1,193.62	1,256.62
Total	**398.50**	**448.80**	**1,360.18**	**1,256.62**

Represents deposits maintained as cash collateral against term loans availed from banks and financial institutions and earn interest at the respective fixed deposit rates.

8: Trade Receivables **(Rs. In millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Trade receivables				
Receivable considered good - Secured	-	-	-	-
Receivable considered good - Unsecured	3.38	7.61	3.58	3.80
Receivables which have significant increase in credit risk				
Receivables - Credit impaired	-	-	-	-
Total	**3.38**	**7.61**	**3.58**	**3.80**
Provision for impairment :				
Receivable considered good - Unsecured	-	-	-	-
Receivables which have significant increase in credit risk	-	-	-	-
Receivables - credit impaired	-	-	-	-
Total Net receivable	**3.38**	**7.61**	**3.58**	**3.80**

Trade receivables includes receivable from related party as of December 31, 2023 - Rs. 2.96 million, March 31, 2023 - Rs. 0.70 million, as of March 31, 2022 - Rs.2.48 million and as of March 31, 2021 - Rs.3.14 million. Refer Note 48 for more details.

Trade receivables are non-interest bearing and are generally on terms ranging from 30 days to 60 days from the date of invoice. During the period ended Dec 31, 2023, INR Nil, Year ended March 31, 2023 - INR Nil, Year ended March 31, 2022 - INR Nil and Year ended March 31, 2021 - INR Nil was recognised as provision for expected credit losses on trade receivable.

Ageing of Trade Receivables **(Rs. In millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Trade receivables				
Undisputed Trade Receivable - Considered Good				
- Less than 6 months	2.71	7.61	3.58	3.80
- 6 months - 1 years	0.67	-	-	-
- 1 - 2 years	-	-	-	-
- 2 - 3 years	-	-	-	-
- More than 3 years	-			
Total	**3.38**	**7.61**	**3.58**	**3.80**

There are no trade receivables outstanding on account of any disputes

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

9: Loans (Rs. in millions)

Particulars	As at Dec 31, 2023			As at March 31, 2023		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
(A)						
i) Receivables under financing activities	73,881.87	-	73,881.87	47,227.53	-	47,227.53
ii) Staff Loan	4.08	-	4.08	4.86	-	4.86
Total (A) - Gross	**73,885.95**	**-**	**73,885.95**	**47,232.39**	**-**	**47,232.39**
Less : Impairment loss allowance	(2,011.93)	-	**(2,011.93)**	(957.03)	-	**(957.03)**
Total (A) - Net	**71,874.02**	**-**	**71,874.02**	**46,275.36**	**-**	**46,275.36**
(B)						
I) Secured by tangible assets and intangible assets	60.98	-	60.98	35.54	-	35.54
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured			-			-
i) Receivables under financing activities	73,820.89	-	73,820.89	47,192.00	-	47,192.00
ii) Staff loan	4.08	-	4.08	4.85	-	4.85
Total (III) - Gross	**73,824.97**	**-**	**73,824.97**	**47,196.85**	**-**	**47,196.85**
Less : Impairment loss allowance	(2,011.93)	-	(2,011.93)	(957.03)	-	(957.03)
Total (III) - Net	**71,813.04**	**-**	**71,813.04**	**46,239.82**	**-**	**46,239.82**
Total (B) (I+II+III) - Net	**71,874.02**	**-**	**71,874.02**	**46,275.36**	**-**	**46,275.36**
(C)						
i) Public Sector	-	-				
ii) Others	73,885.95	-	73,885.95	47,232.39	-	47,232.39
Total (C) - Gross	**73,885.95**	**-**	**73,885.95**	**47,232.39**	**-**	**47,232.39**
Less: Impairment Loss Allowance (C)	(2,011.93)	-	(2,011.93)	(957.03)	-	(957.03)
Total (C)- Net	**71,874.02**	**-**	**71,874.02**	**46,275.36**	**-**	**46,275.36**

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
(A)						
i) Receivables under financing activities	37,771.38		37,771.38	27,771.99	1,034.45	28,806.44
ii) Staff Loan	8.74		8.74	11.25		11.25
Total (A) - Gross	**37,780.12**	**-**	**37,780.12**	**27,783.24**	**1,034.45**	**28,817.69**
Less : Impairment loss allowance	(2,237.59)		**(2,237.59)**	(972.42)	(7.80)	**(980.22)**
Total (A) - Net	**35,542.53**	**-**	**35,542.53**	**26,810.82**	**1,026.65**	**27,837.47**
(B)						
I) Secured by tangible assets and intangible assets	12.06		12.06	0.88		0.88
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured	-			-		
i) Receivables under financing activities	37,759.32	-	37,759.32	27,771.11	1,034.45	28,805.56
ii) Staff loan	8.74	-	8.74	11.25	-	11.25
Total (III) - Gross	**37,768.06**	**-**	**37,768.06**	**27,782.36**	**1,034.45**	**28,816.81**
Less : Impairment loss allowance	(2,237.59)	-	(2,237.59)	(972.42)	(7.80)	(980.22)
Total (III) - Net	**35,530.47**	**-**	**35,530.47**	**26,809.94**	**1,026.65**	**27,836.59**
Total (B) (I+II+III) - Net	**35,542.53**	**-**	**35,542.53**	**26,810.82**	**1,026.65**	**27,837.47**
(C)						
i) Public Sector	-			-		
ii) Others	37,780.12	-	37,780.12	27,783.24	1,034.45	28,817.69
Total (C) - Gross	**37,780.12**	**-**	**37,780.12**	**27,783.24**	**1,034.45**	**28,817.69**
Less: Impairment Loss Allowance (C)	(2,237.59)	-	(2,237.59)	(972.42)	(7.80)	(980.22)
Total (C)- Net	**35,542.53**	**-**	**35,542.53**	**26,810.82**	**1,026.65**	**27,837.47**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements
Receivables under financing activities

Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 52 and policies on ECL allowances are set out in Note 3.6.

(Rs. in millions)

Particulars	As at Dec 31, 2023				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	71,133.76			**71,133.76**	45,599.87			**45,599.87**
Standard grade	562.07			**562.07**	170.27			**170.27**
Sub-standard grade		467.05		**467.05**		174.01		**174.01**
Past due but not impaired		330.46		**330.46**		143.43		**143.43**
Non - performing				**-**				**-**
Individually impaired			1,392.61	**1,392.61**			1,144.81	**1,144.81**
Total	**71,695.83**	**797.51**	**1,392.61**	**73,885.95**	**45,770.14**	**317.44**	**1,144.81**	**47,232.39**

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Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	33,246.69			**33,246.69**	27,451.35			**27,451.35**
Standard grade	587.50			**587.50**	247.75			**247.75**
Sub-standard grade		682.88		**682.88**		196.24		**196.24**
Past due but not impaired		1,118.05		**1,118.05**		139.17		**139.17**
Non - performing				**-**				**-**
Individually impaired			2,145.00	**2,145.00**			783.18	**783.18**
Total	**33,834.19**	**1,800.93**	**2,145.00**	**37,780.12**	**27,699.10**	**335.41**	**783.18**	**28,817.69**

An analysis of changes in the gross carrying amount is, as follows:

(Rs. in millions)

Particulars	For the period ended December31, 2023				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**45,770.14**	**317.44**	**1,144.81**	**47,232.39**	**33,834.19**	**1,800.93**	**2,145.00**	**37,780.12**
New assets originated or purchased (net of repayment)	56,675.86			**56,675.86**	41,626.14	-	-	**41,626.14**
Assets derecognised or repaid (excluding write offs)	(28,590.19)	(256.02)	(112.43)	**(28,958.64)**	(26,885.94)	(542.57)	(2,025.90)	**(29,454.41)**
Transfers to Stage 1	14.77	(8.64)	(6.13)	-	34.42	(30.97)	(3.45)	-
Transfers to Stage 2	(1,009.17)	1,010.44	(1.27)	-	(634.69)	637.71	(3.02)	-
Transfers to Stage 3	(1,165.58)	(265.71)	1,431.29	-	(2,203.98)	(1,547.66)	3,751.64	-
Amounts written off (Refer Note 9.1)			(1,063.66)	**(1,063.66)**			(2,719.46)	**(2,719.46)**
Gross carrying amount closing balance	**71,695.83**	**797.51**	**1,392.61**	**73,885.95**	**45,770.14**	**317.44**	**1,144.81**	**47,232.39**

-0.00

Particulars	For the year ended March 31, 2022				For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**27,699.10**	**335.41**	**783.18**	**28,817.69**	**20,966.33**	**55.32**	**235.83**	**21,257.48**
New assets originated or purchased (net of repayment)	30,709.05	-	-	**30,709.05**	20,362.37	-	-	**20,362.37**
Assets derecognised or repaid (excluding write offs)	(21,389.95)	(101.09)	(27.27)	**(21,518.31)**	(12,405.13)	(116.34)	(83.46)	**(12,604.93)**
Transfers to Stage 1	79.08	(77.84)	(1.24)	**-**	4.39	(2.51)	(1.88)	**-**
Transfers to Stage 2	(1,698.50)	1,699.65	(1.15)	**-**	(445.91)	446.29	(0.38)	**-**
Transfers to Stage 3	(1,564.59)	(55.20)	1,619.79	**-**	(782.95)	(47.35)	830.30	**-**
Amounts written off (Refer Note 9.1)	-	-	(228.31)	**(228.31)**	-	-	(197.23)	**(197.23)**
Gross carrying amount closing balance	**33,834.19**	**1,800.93**	**2,145.00**	**37,780.12**	**27,699.10**	**335.41**	**783.18**	**28,817.69**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

An analysis of changes in the ECL Allowance is, as follows:

(Rs. in millions)

Particulars	**For the period ended December31, 2023**				**For the year ended March 31, 2023**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	**30.77**	**86.72**	**839.54**	**957.03**	**114.09**	**504.25**	**1,619.25**	**2,237.59**
New assets originated or purchased	646.05			**646.05**	175.44	-	-	**175.44**
Assets derecognised or repaid (excluding write offs)	0.68	(12.47)	(92.44)	**(104.23)**	(111.81)	(92.24)	(186.98)	**(391.03)**
Transfers to Stage 1	6.41	(2.16)	(4.25)	**(0.00)**	9.42	(7.01)	(2.41)	**-**
Transfers to Stage 2	(147.15)	148.05	(0.90)	**(0.00)**	(49.68)	51.78	(2.10)	**-**
Transfers to Stage 3	(170.51)	(74.05)	244.56	**(0.00)**	(110.10)	(455.62)	565.72	**-**
Impact on ECL of exposures transferred between stages during the year / period	74.42	145.02	1,357.30	**1,576.74**	3.41	85.56	1,565.52	**1,654.49**
Amounts written off (Refer Note 9.1)			(1,063.66)	**(1,063.66)**	-	-	(2,719.46)	**(2,719.46)**
ECL allowance - closing balance	**440.67**	**291.11**	**1,280.15**	**2,011.93**	**30.77**	**86.72**	**839.54**	**957.03**
				0.00				

Particulars	**For the year ended March 31, 2022**				**For the year ended March 31, 2021**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	**264.76**	**97.77**	**617.69**	**980.22**	**151.84**	**0.66**	**216.31**	**368.81**
New assets originated or purchased	71.13	-	-	**71.13**	137.28	-	-	**137.28**
Assets derecognised or repaid (excluding write offs)	(126.47)	(32.69)	(78.74)	**(237.90)**	(61.24)	(0.39)	(20.97)	**(82.60)**
Transfers to Stage 1	35.04	(31.27)	(3.77)	**-**	1.83	(0.03)	(1.80)	**-**
Transfers to Stage 2	(46.09)	48.51	(2.42)	**-**	(17.29)	17.64	(0.35)	**-**
Transfers to Stage 3	(105.20)	(21.92)	127.12	**-**	(16.51)	(0.47)	16.98	**-**
Impact on ECL of exposures transferred between stages during the year	20.92	443.85	1,187.68	**1,652.45**	68.85	80.36	604.75	**753.96**
Amounts written off (Refer Note 9.1)	-	-	(228.31)	**(228.31)**			(197.23)	**(197.23)**
ECL allowance - closing balance	**114.09**	**504.25**	**1,619.25**	**2,237.59**	**264.76**	**97.77**	**617.69**	**980.22**

9.1 Sale of Assets to ARC

During the year ended March 31, 2023, the Company has sold financial assets being stressed loan receivables (>180 days past due) having a gross carrying amount of Rs. 2,500.96 million to an Asset Reconstruction Company (“ARC”) for a consideration of Rs. 830.00 million. The net carrying amount of these loan receivables as on the effective date of transfer was Rs. 636.94 (net of impairment allowance of Rs. 1,864.02 million). In accordance with Ind AS 109, the Company had written off Rs. 1670.96 million (i.e. Rs. 2,500.96 million less Rs. 830 million) against the corresponding impairment allowance, being the portion of gross carrying amount in respect of which any reasonable expectation of recovery stands extinguished with the above mentioned sale transaction. Further, the residual excess provision carried under impairment allowance Rs 193.06 million had been written back during the year ended March 31, 2023, with corresponding impact in Note No. 37.

As per the agreed terms, the Company had subscribed to the Security Receipts (“SRs”) issued by the ARC trust amounting to Rs. 721.70 million, which is classified under Fair Value through Profit or Loss Account. As at March 31, 2023, the Company has also applied the principles prescribed under the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 in determining the fair value of the SR’s and accordingly, a loss on fair value changes considering the notional provisioning rate applicable if these loans had continued in the books of the Company amounting to Rs. 193.06 million had been recognised against the face value of these SRs, as disclosed under Note No. 32. The gross and net carrying amounts stated above does not include unrealised interest on these NPA loans recognised by the Company amounting to Rs. 162.36 million. Upon completion of the sale transaction, the same has also been de-recognised during the year ended March 31, 2023 with corresponding impact in Note No. 30.

Since the transaction had consummated on 28th March, 2023, recovery ratings and Net Asset Value (NAV) declared by the ARC Trust was not available as at March 31, 2023. As at September 30, 2023, the face value of the above SRs aggregates to Rs 545.60 million and the corresponding NAV declared by the ARC Trust is Rs. 409.20 million. Accordingly, the Company has recognised Rs. 136.40 million as further loss on fair value changes during this period. Based on the trend of the recoveries in the ARC Pool, the management has re-estimated the recovery rating as on December 31, 2023 and accordingly, has determined the fair value as at December 31, 2023 as Rs.59.89 million , as result of which further, loss on fair value of Rs. 116.56 million was recognised during the quarter ended December 31, 2023 (aggregate fair value Loss for nine months ended December 31, 2023 - Rs. 252.96 Million)

9.2 Transferred financial assets that are not derecognised (Securitisation) in their entirety

The Company uses securitisations as a source of finance and a means of risk transfer. The Company securitised its microfinance loans to different entities. These entities are not related to the Company. Also, the Company neither holds any equity or other interest nor control them. As per the terms of the agreement, the Company is exposed to first loss amounting to 5% to 10% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying microfinance loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	**As at Dec 31, 2023**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Carrying amount of assets transferred that are not derecognised in their entirety	-	-	-	78.58
Fair value of above assets	-	-	-	6.16
Carrying amount of associated liabilities	-	-	-	-

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

10: Investments (Rs. In millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
1. Amortised Cost				
a) Overseas investments	-	-	-	-
b) Investments in India	-	-	-	-
2. Fair Value Through OCI				
a) Overseas investments	-	-	-	-
b) Investments in India	-	-	-	-
3. Fair Value Through Profit or Loss				
a) Overseas investments	-	-	-	-
b) Investments in India				
i) Security receipts (Refer Note 9.1)				
(7,21,700 Nos. of SRs having a face value of Rs.701 (Previous year -Face value -Rs.1000) each) *	59.89	528.64	-	-
Total Gross (A)	**59.89**	**528.64**	**-**	**-**
Less : Allowance for impairment loss (B)	-	-	-	-
Total - Net C = (A) - (B)	**59.89**	**528.64**	**-**	**-**

* For basis of determination of Fair Value Refer Note 9.1

11: Other financial assets (Rs. In millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Security deposits (Unsecured considered good)	39.28	31.21	24.93	21.88
Receivable towards assignment transactions	203.01	202.71	105.22	108.78
Excess interest spread receivable on assignment transactions	1,121.35	1,047.19	427.59	417.13
Accrued Income - Commission	7.13	-	-	-
Interest accrued on fixed deposits with banks	28.00	37.45	112.18	77.68
Total	**1,398.77**	**1,318.56**	**669.92**	**625.47**

Accrued Income - Commission for the period ended Dec 31, 2023 includes transaction from related party Rs. 6.63 million. Refer Note 48 for more details.

12: Investment property (Rs. In millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Gross carrying amount				
Opening gross carrying amount	1.10	1.10	1.10	1.10
Addition during the Year / Period	-	-	-	-
Disposal	-	-	-	-
Closing gross carrying amount	**1.10**	**1.10**	**1.10**	**1.10**
Accumulated depreciation				
Opening accumulated depreciation amount	-	-	-	-
Depreciation charged during the Year / period	-	-	-	-
Closing accumulated depreciation amount	-	-	-	-
Net carrying amount	**1.10**	**1.10**	**1.10**	**1.10**

The fair value of investment property as on December 31, 2023 is Rs. 1.45 millions (March 31, 2023, -Rs. 1.45 millions, March 31, 2022 - Rs.1.45 millions, March 31, 2021 -Rs.1.15 millions) as determined by an external independent Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

There were no immovable property where the title deeds are not held in the name of the company

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

13: Property, plant and equipment **(Rs. in millions)**

Particulars	Office equipment	Computers	Furniture & Fixtures	Vehicles	Total
Cost (Gross Carrying Amount) :					
At April 1, 2020	35.39	92.28	18.64	1.47	147.78
Additions	9.85	9.60	1.76	-	21.21
Disposals	0.11	0.60	-	-	0.71
As at March 31, 2021	**45.13**	**101.28**	**20.40**	**1.47**	**168.28**
Additions	11.11	31.89	4.36	-	47.36
Disposals	-	-	-	-	-
As at March 31, 2022	**56.24**	**133.17**	**24.76**	**1.47**	**215.64**
Additions	18.81	31.28	10.23	-	60.32
Disposals	-	-	-	-	-
As at March 31, 2023	**75.05**	**164.45**	**34.99**	**1.47**	**275.96**
Additions	31.45	4.54	13.86	-	49.85
Disposals	-	-	-	-	-
As at Dec 31, 2023	**106.50**	**168.99**	**48.85**	**1.47**	**325.81**
Accumulated depreciation					
At April 1, 2020	20.27	59.32	13.44	1.01	94.04
Disposals	0.09	0.56	-	-	0.65
Depreciation charge for the year ended March 31, 2021	11.84	24.07	3.07	0.15	39.13
As at March 31, 2021	**32.02**	**82.83**	**16.51**	**1.16**	**132.52**
Disposals	-	-	-	-	-
Depreciation charge for the year ended March 31, 2022	12.47	18.62	4.23	0.11	35.43
As at March 31, 2022	**44.49**	**101.45**	**20.74**	**1.27**	**167.95**
Disposals	-	-	-	-	-
Depreciation charge for the year ended March 31, 2023	16.09	30.93	7.33	0.06	54.41
As at March 31, 2023	**60.58**	**132.38**	**28.07**	**1.33**	**222.36**
Disposals	-	-	-	-	-
Depreciation charge for the period ended Dec 31, 2023	19.94	16.06	10.57	0.04	46.61
As at Dec 31, 2023	**80.52**	**148.44**	**38.64**	**1.37**	**268.97**
Net Carrying Amount					
As at March 31, 2021	**13.11**	**18.45**	**3.89**	**0.31**	**35.76**
As at March 31, 2022	**11.75**	**31.72**	**4.02**	**0.20**	**47.69**
As at March 31, 2023	**14.47**	**32.07**	**6.92**	**0.14**	**53.60**
As at Dec 31, 2023	**25.98**	**20.55**	**10.21**	**0.10**	**56.84**

Notes forming part of the Restated Financial Statements

14: Right of use assets - Office Premises **(Rs. In millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Opening carrying value	**97.12**	**97.29**	**72.89**	**91.89**
Addition (Net) during the year / period	16.24	55.92	64.86	22.22
Amortisation for the year / period	(41.00)	(56.09)	(40.46)	(41.22)
Closing Carrying value	**72.36**	**97.12**	**97.29**	**72.89**

15: Intangible assets under development **(Rs. In millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Opening carrying value	**0.44**	**0.49**	**0.55**	**-**
Addition during the year / period	4.08	0.44	0.49	0.55
Capitalised during the year / period	(1.23)	(0.49)	(0.55)	-
Closing Carrying value	**3.29**	**0.44**	**0.49**	**0.55**

Project in Progress **(Rs. In millions)**

Intangible assets under development	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Amount in intangible assets under development for a period of				
Less than 1 year	3.29	0.44	0.49	0.55
1 -2 years				
2 - 3 years				
More than 3 years				
Total	**3.29**	**0.44**	**0.49**	**0.55**

16: Other Intangible Assets - Software **(Rs. In millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Cost (Gross Carrying Amount)				
Balance at the beginning of the Year / period	**92.33**	**83.31**	**79.31**	**66.89**
Addition during the year / period	2.31	9.02	4.00	12.42
Disposal during the year / period		-	-	-
Balance at the end of the Year / period	**94.64**	**92.33**	**83.31**	**79.31**
Accumulated amortisation				
Amortisation at the beginning of the Year / period	**84.38**	**76.50**	**66.00**	**53.80**
Disposal during the year / period	-	-	-	-
Charge during the year / period	6.15	7.88	10.50	12.20
Amortisation at the end of the Year / period	**90.53**	**84.38**	**76.50**	**66.00**
Net Carrying Amount at end of the year / period	**4.11**	**7.95**	**6.81**	**13.31**

17: Other Non-financial assets **(Rs. In millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	66.81	78.93	45.42	35.35
Insurance claim receivable	45.72	17.43	10.83	7.37
Other Receivables	129.40	91.28	84.07	66.12
Total	**241.93**	**187.64**	**140.32**	**108.84**

18:Derivative financial instruments

(Rs. In millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Currency derivatives				
Forward contracts				
Notional amounts (USD)	-	33.24	-	-
Notional amounts (INR)	-	2,767.06	-	-
Fair value-Assets	-	-	-	-
Fair value-Liabilities	-	29.32	-	-
Included in above are derivatives held for hedging and risk management purposes as follows:				
Cash flow hedging				
Currency Derivatives				
Notional amounts (USD)	-	33.24	-	-
Notional amounts (INR)	-	2,767.06	-	-
Fair value-Assets	-	-	-	-
Fair value-Liabilities	-	29.32	-	-

The Company undertakes derivative transactions for hedging exposures relating to foreign currency borrowings. Derivative transaction comprises of forward contracts. The management of foreign currency risk is detailed in Note 52. The fair value of derivative liability as disclosed above represents the marked to market position of these forward contracts.

19 : Trade Payables

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	-	7.20	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.99	24.55	5.76	8.33
Total	**2.99**	**31.75**	**5.76**	**8.33**

19.1 Trade Payable Ageing Schedule

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i) MSME		-	-	-
- Less than 1 year	-	7.20	-	-
- 1 - 2 years				
- 2 - 3 years				
- More than 3 years				
Sub Total	**-**	**7.20**	**-**	**-**
(ii) Others		-	-	-
- Less than 1 year	2.07	24.55	5.76	8.33
- 1 - 2 years	0.92			
- 2 - 3 years				
- More than 3 years				
Sub Total	**2.99**	**24.55**	**5.76**	**8.33**
(iii) Disputed dues - MSME	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-
Grand Total	**2.99**	**31.75**	**5.76**	**8.33**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

20: Debt Securities

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Amortised Cost				
Bonds/ Debentures				
Secured Non-Convertible Debentures - Listed	4,234.26	6,215.71	3,807.89	5,227.93
Unsecured Non-Convertible Debentures -Listed	4,689.78	-	-	57.02
Total (A)	**8,924.04**	**6,215.71**	**3,807.89**	**5,284.95**
Debt securities in India	8,924.04	6,215.71	3,807.89	5,284.95
Debt securities outside India	-	-	-	-
Total (B)	**8,924.04**	**6,215.71**	**3,807.89**	**5,284.95**

Details of Redeemable Non-Convertible Debentures

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	Date of redemption	Nominal value per debenture #	Total number of debentures #
Secured Non-Convertible Debentures - Listed							
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	250.00	25-Feb-22	1,000,000	250
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	1,996.27	25-Mar-22	1,000,000	2,000
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	399.92	399.31	13-May-22	1,000,000	400
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	62.47	249.41	3-Jun-22	250,000	250
10.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	114.28	342.84	15-Sep-22	285,715	400
10.58% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	499.95	499.11	498.35	21-Apr-23	1,000,000	500
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	249.93	249.42	248.96	16-May-23	1,000,000	250
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	199.91	199.52	199.16	17-Jun-23	1,000,000	200
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	699.63	698.26	697.03	30-Jun-23	1,000,000	700
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	349.50	347.76	346.60	7-Jul-23	1,000,000	350
8.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	1,248.81	1,243.47	1,237.15	-	28-Feb-24	1,000,000	1,250
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	2,985.45	2,973.32	-	-	31-Oct-24	1,000,000	3,000
Total	**4,234.26**	**6,215.71**	**3,807.89**	**5,227.93**			
Unsecured Non-Convertible Debentures -Listed							
11.98% Unsecured, Fully Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures	-	-	-	57.02	31-Jul-21	100,000	2,000
10% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	1,889.42				1-Aug-25	100,000	21,700
10% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	2,800.36	-	-	-	31-Mar-26	100,000	28,300
Total	**4,689.78**	**-**	**-**	**57.02**			

Secured debentures are secured by hypothecation of Receivables under Financing activity.

Nominal value per debenture and total number of debentures are in full numbers.

21: Borrowings (other than debt securities)

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Amortised Cost				
(a) Term loans (Secured)				
(i) from banks				
Rupee Loans	50,595.76	36,443.09	28,605.83	19,453.43
Foreign currency Loans	-	2,716.03	-	
(ii) from Financial Institutions	1,642.66	1,240.52	1,513.05	1,536.98
(b) Loans repayable on demand				
(i) from banks (OD & CC)	273.99	-	-	36.42
(c) Others	-	-	-	-
(i) Securitisation	-	-	-	6.16
Total (A)	**52,512.41**	**40,399.64**	**30,118.88**	**21,032.99**
Borrowings in India	52,512.41	40,399.64	30,118.88	21,032.99
Borrowings outside India	-	-	-	-
Total (B)	**52,512.41**	**40,399.64**	**30,118.88**	**21,032.99**

(i) Term loan from banks and financial institution are secured by way of specific charge on receivables created out of the proceeds of the loan. Further in respect of term loan drawn during Quarter 3 of FY 2023-24 aggregating to Rs.8,688.60 Million ,the company will assign the book debts in due course as per the sanction terms.
(ii) The company has not defaulted in the repayment of dues to its lenders.
(iii) The quarterly returns of current assets filed by the company with banks and financial institution are in agreement with the books of accounts.
(iv) The Company has used the borrowings from banks and financial institutions for the specific purpose for which the loans were taken

22: Subordinated Liabilities

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Subordinated Liabilities - Debentures - Unlisted	2,060.92	657.93	657.33	656.79
Subordinated Liabilities - Debentures - Listed	495.02	742.36	737.29	732.86
Subordinated Liabilities - Loan	249.42	249.22	248.97	248.77
Total (A)	**2,805.36**	**1,649.51**	**1,643.59**	**1,638.42**
Subordinated Liabilities in India	2,805.36	1,649.51	1,643.59	1,638.42
Subordinated Liabilities outside India	-	-	-	-
Total (B)	**2,805.36**	**1,649.51**	**1,643.59**	**1,638.42**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

Detail of Subordinated Debt

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	Date of redemption	Nominal value per debenture #	Total number of debentures #
Subordinated Liabilities - Debentures - Unlisted							
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	-	70.00	70.00	70.00	31-Jul-23	1,000,000	70
14% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	199.08	198.72	198.33	197.98	11-Sep-25	1,000,000	200
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	239.40	239.21	239.00	238.81	3-Dec-25	100,000	2,400
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	150.00	150.00	150.00	150.00	15-May-26	100,000	1,500
11.00% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	1,472.44				1-Jul-29	100,000	15,000
Total	**2,060.92**	**657.93**	**657.33**	**656.79**			
Subordinated Liabilities - Debentures - Listed							
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	-	248.05	243.81	240.10	31-May-23	1,000	250,000
14.50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable,Non-Convertible Debentures	495.02	494.31	493.48	492.76	30-Sep-27	1,000,000	500
Total	**495.02**	**742.36**	**737.29**	**732.86**			
Subordinated Liabilities - Loan							
14.50% Unsecured, Subordinated Loan	249.42	249.22	248.97	248.77	23-Dec-25		
Total	**249.42**	**249.22**	**248.97**	**248.77**			-

Nominal value per debenture and total number of debentures are in full numbers.

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

Terms of repayment of borrowings outstanding as at December 31, 2023

Maturity pattern of Debt securities - Secured & Unsecured Debentures

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	4	1,077.32	3	812.10	-	-	-	-	-	-	-	-	7	1,889.42
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	2	4,234.26	-	-	1	2,800.36	-	-	-	-	-	-	3	7,034.62
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		6	5,311.58	3	812.10	1.00	2,800.36	-	-	-	-	-	-	10	8,924.04

Maturity pattern of Term loan from Bank - INR

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	258	7,125.47	164	4,899.21	1	62.50	-	-	-	-	-	-	423	12,087.18
	10%-12%	292	4,674.52	44	676.07	-	-	-	-	-	-	-	-	336	5,350.59
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	265	13,667.96	199	11,611.73	48	3,666.27	1	20.82	-	-	-	-	513	28,966.78
	10%-12%	109	3,435.22	31	681.23	3	74.76	-	-	-	-	-	-	143	4,191.21
	12%-14%	-		-		-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		924	28,903.17	438	17,868.24	52	3,803.53	1	20.82	-	-	-	-	1,415	50,595.76

Maturity pattern of Term loan from Financial Institutions

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	36	625.60	15	385.26	-	-	-	-	-	-	-	-	51	1,010.86
	10%-12%	20	378.89	5	111.11	-	-	-	-	-	-	-	-	25	490.00
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	5	91.96	1	20.74	-	-	-	-	-	-	-	-	6	112.70
	10%-12%	1	29.10	-	-	-	-	-	-	-	-	-	-	1	29.10
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		62	1,125.55	21	517.11	-	-	-	-	-	-	-	-	83	1,642.66

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

Maturity pattern of Loans Repayable on Demand (from banks - CC)

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
On demand	8%-10%	1	273.99	-	-	-	-	-	-	-	-	-	-	**1**	**273.99**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**1**	**273.99**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**273.99**

Maturity pattern of Subordinated Liabilities

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	1	1,472.45	**1**	**1,472.45**
	12%-14%	-	-	1	199.08	-	-	-	-	-	-	-	-	**1**	**199.08**
	14%-15%	-	-	3	488.82	1	149.99	1	495.02	-	-	-	-	**5**	**1,133.83**
Total		**-**	**-**	**4**	**687.90**	**1**	**149.99**	**1**	**495.02**	**-**	**-**	**1**	**1,472.45**	**7**	**2,805.36**

Terms of repayment of borrowings outstanding as at March 31, 2023

Maturity pattern of Debt securities - Secured & Unsecured Debentures

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	7	3,226.05	1	2,989.66	-	-	-	-	-	-	-	-	**8**	**6,215.71**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**7**	**3,226.05**	**1**	**2,989.66**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**6,215.71**

Maturity pattern of Term loan from Bank - INR

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	463	7,079.58	153	3,572.30	18	1,049.29	-	-	-	-	-	-	**634**	**11,701.17**
	10%-12%	407	4,656.05	86	1,796.61	-	-	-	-	-	-	-	-	**493**	**6,452.66**
	12%-14%	15	100.45	-	-	-	-	-	-	-	-	-	-	**15**	**100.45**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	343	7,115.69	227	6,511.85	46	2,475.60	-	-	-	-	-	-	**616**	**16,103.14**
	10%-12%	111	1,627.12	14	458.55	-	-	-	-	-	-	-	-	**125**	**2,085.67**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**1,339**	**20,578.89**	**480**	**12,339.31**	**64**	**3,524.89**	**-**	**-**	**-**	**-**	**-**	**-**	**1,883**	**36,443.09**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

Maturity pattern of Term loan from Bank - Foreign Currency Loan

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Quarterly repayment schedule	8%-10%	4	1,091.98	4	1,079.80	2	544.25	-	-	-	-	-	-	**10**	**2,716.03**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**4**	**1,091.98**	**4**	**1,079.80**	**2**	**544.25**	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**2,716.03**

Maturity pattern of Term loan from Financial Institutions

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	24	314.03	11	206.25	-	-	-	-	-	-	-	-	**35**	**520.28**
	10%-12%	30	397.55	-	-	-	-	-	-	-	-	-	-	**30**	**397.55**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	8	118.33	4	83.29	-	-	-	-	-	-	-	-	**12**	**201.62**
	10%-12%	5	121.07	-	-	-	-	-	-	-	-	-	-	**5**	**121.07**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**67**	**950.98**	**15**	**289.54**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**82**	**1,240.52**

Maturity pattern of Subordinated Liabilities

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	2	317.10	-	-	-	-	-	-	-	-	-	-	**2**	**317.10**
	12%-14%	-	-	-	-	1	198.18	-	-	-	-	-	-	**1**	**198.18**
	14%-15%	-	-	-	-	3	486.56	1	148.51	1.00	499.16	-	-	**5**	**1,134.23**
Total		**2**	**317.10**	**-**	**-**	**4**	**684.74**	**1**	**148.51**	**1.00**	**499.16**	**-**	**-**	**8**	**1,649.51**

Terms of repayment of borrowings outstanding as at March 31, 2022

Maturity pattern of Debt securities - Secured & Unsecured Debentures

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	1	399.92	-	-	-	-	-	-	-	-	-	-	**1**	**399.92**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	1	62.47	-	-	-	-	-	-	-	-	-	-	**1**	**62.47**
	10%-12%	2	114.29	-	-	-	-	-	-	-	-	-	-	**2**	**114.29**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
At the end of tenure / On demand	8%-10%	-	-	1	1,237.15	-	-	-	-	-	-	-	-	**1**	**1,237.15**
	10%-12%	-	-	6	1,994.06	-	-	-	-	-	-	-	-	**6**	**1,994.06**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**4**	**576.68**	**7**	**3,231.21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11**	**3,807.89**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

Maturity pattern of Term loan from Bank - INR

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	673	11,337.11	369	4,948.38	49	580.72	-	-	-	-	-	-	**1,091**	**16,866.21**
	10%-12%	66	998.21	9	155.90	-	-	-	-	-	-	-	-	**75**	**1,154.11**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	218	4,224.49	127	2,401.24	45	996.58	-	-	-	-	-	-	**390**	**7,622.31**
	10%-12%	114	980.24	89	640.44	4	140.90	-	-	-	-	-	-	**207**	**1,761.58**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	2	250.42	-	-	-	-	-	-	-	-	-	-	**2**	**250.42**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Yearly repayment schedule	8%-10%	5	450.29	-	-	-	-	-	-	-	-	-	-	**5**	**450.29**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
At the end of tenure / On demand	8%-10%	1	500.91	-	-	-	-	-	-	-	-	-	-	**1**	**500.91**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**1,079**	**18,741.67**	**594**	**8,145.96**	**98**	**1,718.20**	**-**	**-**	**-**	**-**	**-**	**-**	**1,771**	**28,605.83**

Maturity pattern of Term loan from Financial Institutions

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	74	614.22	30	192.78	-	-	-	-	-	-	-	-	**104**	**807.00**
	10%-12%	13	130.32	-	-	-	-	-	-	-	-	-	-	**13**	**130.32**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	8	118.38	8	118.33	4	83.29	-	-	-	-	-	-	**20**	**320.00**
	10%-12%	8	134.38	5	121.35	-	-	-	-	-	-	-	-	**13**	**255.73**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**103**	**997.30**	**43**	**432.46**	**4**	**83.29**	**-**	**-**	**-**	**-**	**-**	**-**	**150**	**1,513.05**

Maturity pattern of Subordinated Liabilities

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	2	313.81	-	-	-	-	-	-	-	-	**2**	**313.81**
	12%-14%	-	-	-	-	-	-	1	198.33	-	-	-	-	**1**	**198.33**
	14%-15%	-	-	-	-	-	-	3	487.00	1	147.01	1	497.44	**5**	**1,131.45**
Total		**-**	**-**	**2**	**313.81**	**-**	**-**	**4**	**685.33**	**1**	**147.01**	**1**	**497.44**	**8**	**1,643.59**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

Terms of repayment of borrowings outstanding as at March 31, 2021

Maturity pattern of Debt securities - Secured & Unsecured Debentures

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	-	-	1	399.30	-	-	-	-	-	-	-	-	**1**	**399.30**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	3	186.94	1	62.47									**4**	**249.41**
	10%-12%	6	285.58	2	114.28									**8**	**399.86**
	12%-14%													**-**	**-**
	14%-15%													**-**	**-**
At the end of tenure / On demand	8%-10%	5	2,241.72											**5**	**2,241.72**
	10%-12%					6	1,994.66							**6**	**1,994.66**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**14**	**2,714.24**	**4**	**576.05**	**6**	**1,994.66**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**5,284.95**

Maturity pattern of Term loan from Bank - INR

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	268	3,696.57	202	2,806.03	5	58.74							**475**	**6,561.34**
	10%-12%	130	1,749.27	75	1,048.67	9	149.91							**214**	**2,947.85**
	12%-14%													**-**	**-**
	14%-15%													-	-
Quarterly repayment schedule	8%-10%	114	3,090.36	70	1,565.49	36	550.67	1	45.45					**221**	**5,251.97**
	10%-12%	49	1,106.88	25	550.37									**74**	**1,657.25**
	12%-14%													**-**	**-**
	14%-15%													-	-
Half yearly repayment schedule	8%-10%	-		-	-									-	-
	10%-12%	23	506.56	2	250.40									**25**	**756.96**
	12%-14%													-	-
	14%-15%													-	-
Yearly repayment schedule	8%-10%													-	-
	10%-12%													-	-
	12%-14%													-	-
	14%-15%													-	-
At the end of tenure / On demand	8%-10%	8	1,777.15	1	500.91									**9**	**2,278.06**
	10%-12%													-	-
	12%-14%													-	-
	14%-15%													-	-
Total		**592**	**11,926.79**	**375**	**6,721.87**	**50**	**759.32**	**1**	**45.45**	**-**	**-**	**-**	**-**	**1,018**	**19,453.43**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

Maturity pattern of Term loan from Financial Institutions

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	24	404.89	14	237.48									**38**	**642.37**
	10%-12%	35	374.84	13	131.76									**48**	**506.60**
	12%-14%													-	-
	14%-15%													-	-
Quarterly repayment schedule	8%-10%													-	-
	10%-12%	8	132.24	8	134.38	5	121.39							**21**	**388.01**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**67**	**911.97**	**35**	**503.62**	**5**	**121.39**	**-**	**-**	**-**	**-**	**-**	**-**	**107**	**1,536.98**

Maturity pattern of Term loan - Securitisation

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	1	6.16											**1**	**6.16**
	10%-12%													-	-
	12%-14%													-	-
	14%-15%													-	-
Total		**1**	**6.16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**6.16**

Maturity pattern of Cash Credit from Banks

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	1	36.42											**1**	**36.42**
	10%-12%													-	-
	12%-14%													-	-
	14%-15%													-	-
Total		**1**	**36.42**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**36.42**

Maturity pattern of Subordinated Liabilities

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%													-	-
	10%-12%	-	-	-	-	2	304.99	-	-	-	-	-	-	**2**	**304.99**
	12%-14%	-	-	-	-	-	-	-	-	1	203.09	-	-	**1**	**203.09**
	14%-15%	-	-	-	-	-	-	-	-	3	482.67	2	647.67	**5**	**1,130.34**
Total		**-**	**-**	**-**	**-**	**2**	**304.99**	**-**	**-**	**4**	**685.76**	**2**	**647.67**	**8**	**1,638.42**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

23: Other Financial liabilities **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	720.32	439.05	222.60	358.63
Payable towards assignment transactions	2,110.41	2,128.40	866.81	692.64
Expenses payable	79.39	30.85	41.72	25.60
Employee related payables	146.90	99.24	57.34	38.79
Others	117.47	75.54	-	-
Total	**3,174.49**	**2,773.08**	**1,188.47**	**1,115.66**

24: Provisions **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits				
- Gratuity	38.03	11.20	4.34	4.12
- Others	90.92	63.99	49.65	41.39
Provision for other losses	23.76	6.67	7.55	5.46
Total	**152.71**	**81.86**	**61.54**	**50.97**

Movement of provisions other than employee benefit during the year / period:

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Provision at beginning of the year / period	**6.67**	**7.55**	**5.46**	**6.57**
Arising during the year / period	17.09	0.25	2.40	1.22
Utilized during the year / period	-	(1.13)	(0.31)	(2.33)
Provision at end of the year / period	**23.76**	**6.67**	**7.55**	**5.46**

25: Other Non-financial liabilities **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	47.37	41.02	14.61	8.62
Insurance premium payable	18.13	2.15	12.06	2.70
Other non financial liabilities	16.07	16.12	19.47	12.31
Total	**81.57**	**59.29**	**46.14**	**23.63**

26: Equity share capital

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Authorised:				
100,000,000 (PY 100,000,000) Equity Shares of Rs.10/- each	1,000.00	1,000.00	1,000.00	1,000.00
Issued, subscribed and fully paid up				
48,844,055 (FY 2023 - 48,844,055, FY 2022 - 45,608,760, FY 2021 - 37,520,524) Equity Shares of Rs.10/- each	488.44	488.44	456.09	375.21
Total Equity	**488.44**	**488.44**	**456.09**	**375.21**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year / period

Particulars	As at Dec 31, 2023	As at March 31, 2023 **	As at March 31, 2022 *	As at March 31, 2021
No. of Shares				
Shares at beginning of the year / period	**48.84**	**45.61**	**37.52**	**37.52**
Issued during the year *	-	3.23	8.09	-
Shares at end of the year / period	**48.84**	**48.84**	**45.61**	**37.52**
Amount				
Shares at beginning of the year / period	**488.44**	**456.09**	**375.21**	**375.21**
Issued during the year	-	32.35	80.88	-
Shares at end of the year/ period	**488.44**	**488.44**	**456.09**	**375.21**

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

* Pursuant to the approval of RBI vide its letter date Feb 08,2022 and the special resolution passed by the shareholders of the company at the Extra ordinary meeting held at Feb 25,2022 for issue of Equity shares on a preferential basis through private placement, the Board at its meeting held on March 29,2022 approved the allotment of 80,88,236 nos. of Equity shares of the Company of the face value of Rs. 10/- each ("Equity Shares) at a price of Rs. 340/- each (including a Premium of Rs. 330/- per share) aggregating up to Rs. 2,750.00 Mn (Rupees Two Thousand Seven Fifty million only).

** Pursuant to the approval the shareholders of the company at the Extra ordinary meeting held at May 31,2022 for issue of Equity shares on a preferential basis through private placement, the Board at its meeting held on June 29,2022 approved the allotment of 32,35,295 nos. of Equity shares of face value Rs. 10/- each at a price of Rs. 340/- each (including a Premium of Rs. 330/- per share) aggregating up to Rs. 1,100.00 Mn (Rupees One Thousand and Hundred million only).

Details of Equity shareholder holding more than 5% shares in the company **(Figures. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
No. of Shares				
Muthoot Finance Limited (Holding Company)	28.83	27.83	27.68	26.27
Arum Holdings Limited (Group entity of Affirma Capital)	7.65	7.65	6.62	-
Sarvam Financial Inclusion Trust, Kancheepuram	5.14	5.99	6.13	6.58
Maj Invest Financial Inclusion Fund II K/S	4.79	4.79	4.79	4.15
Holding %				
Muthoot Finance Limited (Holding Company)	59.02	56.97	60.69	70.01
Arum Holdings Limited (Group entity of Affirma Capital)	15.66	15.66	14.51	-
Sarvam Financial Inclusion Trust.	10.52	12.26	13.45	17.52
Maj Invest Financial Inclusion Fund II K/S	9.81	9.81	10.51	11.05

Shareholding of Promoters

Shares held by promoters as at December 31, 2023 *			% Change During the period
Promoter Name	**No. of Shares**	**%of total shares**	
Muthoot Finance Limited (Holding Company)	28,825,405	59.02	3.59
Sarvam Financial Inclusion Trust	5,138,324	10.52	-14.17
Dr Kalpana Sankar	8,966	0.02	-79.55

*The Board of Directors in the meeting held on April 26, 2024 has taken on record that the above list of individuals/ entities shall be indentified as "Promoters" of the Company for all purposes (regulatory, statutory or otherwise) and under all applicable laws.

Shares held by promoters as at March 31, 2023 **			% Change During the year
Promoter Name	**No. of Shares**	**%of total shares**	
Sarvam Financial Inclusion Trust	5,987,161	12.26	-2.40
Hand In Hand Consulting Services Private Limited	341,237	0.70	0.00
Dr Kalpana Sankar	43,850	0.09	0.00
Mr. C V Sankar	100	0.00	0.00
Ms D Bindu	100	0.00	0.00

Shares held by promoters as at March 31, 2022 **			% Change During the year
Promoter Name	**No. of Shares**	**%of total shares**	
Sarvam Financial Inclusion Trust	6,134,221	13.45	-6.71
Hand In Hand Consulting Services Private Limited	341,237	0.75	-20.54
Dr Kalpana Sankar	43,850	0.10	-57.29
Mr. C V Sankar	100	0.00	0.00
Ms D Bindu	100	0.00	0.00

Shares held by promoters as at March 31, 2021 **			% Change During the year
Promoter Name	**No. of Shares**	**%of total shares**	
Sarvam Financial Inclusion Trust	6,575,397	17.52	0.00
Hand In Hand Consulting Services Private Limited	429,472	1.14	0.00
Dr Kalpana Sankar	102,674	0.27	0.00
Mr. C V Sankar	100	0.00	0.00
Ms D Bindu	100	0.00	0.00

**As disclosed in the Annual Return filed by the Company with the RoC for respective years

27: Other equity

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	1,377.04	906.80	646.14	555.88
Securities Premium Account	6,074.60	6,074.60	5,020.25	2,384.99
Capital Redemption Reserve(CRR)	500.00	500.00	500.00	500.00
General Reserve	0.01	0.01	0.01	0.01
Remeasurement gain/ (loss) of defined benefit plans-OCI	(27.95)	(13.10)	(7.31)	(5.02)
Surplus in Restated Statement of Profit and Loss	4,824.73	2,973.07	1,944.15	1,594.38
Fair value gain/(loss) on Financial Instrument -OCI	-	-	-	11.71
Change in value of forward contract-OCI	-	(6.66)	-	-
Effective portion of gain / (Loss) on Hedging Instruments in Cash Flow Hedges-OCI	-	(0.17)	-	-
Total	**12,748.43**	**10,434.55**	**8,103.24**	**5,041.95**

For detailed movement of reserves refer Restated Statement of Changes in equity

28: Nature and purpose of reserve

Securities Premium Reserve: Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, buy back of its own shares and securities in accordance with the provisions of the Companies Act, 2013.

Retained earnings: This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Capital Redemption Reserve: The Company has recognised Capital Redemption Reserve on redemption of Non-Convertible Redeemable Preference Shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the Non-Convertible Redeemable Preference Shares redeemed. The Company may issue fully paid up bonus shares to its members out of the capital redemption reserve account.

Statutory reserve: Statutory Reserve represents the accumulation of amount transferred from the surplus based on a fixed percentage of profit for the year as per Section 45-IC of the Reserve Bank of India Act, 1934

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

Other comprehensive income reserve:
The Company recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated in OCI reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

Effective portion of cash flow hedges represents the cumulative gains/(losses) arising on changes in fair value of the derivative instruments designated as cash flow hedges through OCI. The amount recognized as effective portion of Cash flow hedge is reclassified to profit or loss when the hedged item affects profit or loss. The company designates the spot element of foreign currency forward contracts as hedging instruments. The changes in the fair value of forward element of the forward contract on reporting date is deferred and retained in the cost of hedging reserve.

29: Dividend paid and proposed

(Rs. in millions)

Particulars	**As at Dec 31, 2023**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Final dividend for previous fiscal year	29.31	13.67	11.26	22.51
Interim dividend for current fiscal year	-	-	-	-

Particulars	**As at Dec 31, 2023**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Final Dividend / Equity Share (for previous fiscal year) [Rs.]	0.60	0.30	0.30	0.60

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

30: Interest income (Rs. in millions)

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
On Financial Assets measured at Amortised Cost				
Interest income on loan	11,368.23	8,529.10	6,603.31	4,821.92
Interest income from fixed deposits	224.10	286.68	163.05	163.26
Other interest income	-	1.95	1.96	2.06
Sub Total	**11,592.33**	**8,817.73**	**6,768.32**	**4,987.24**
On Financial Assets measured at fair value through OCI				
Interest income on loan	-	-	-	242.13
Sub Total	**-**	**-**	**-**	**242.13**
Interest Income				
Interest income on loan	11,368.23	8,529.10	6,603.31	5,064.05
Interest income from fixed deposits	224.10	286.68	163.05	163.26
Other interest income	-	1.95	1.96	2.06
Total	**11,592.33**	**8,817.73**	**6,768.32**	**5,229.37**

31: Fee and commission income (Rs. in millions)

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Commission fees	2.81	64.29	37.37	28.15
Sale of services	**2.81**	**64.29**	**37.37**	**28.15**
Timing of revenue recognition				
Fee income that are recognised over a certain period of time	-	-	-	-
Fee income that are recognised at point in time	2.81	64.29	37.37	28.15
Sale of services	**2.81**	**64.29**	**37.37**	**28.15**
Geographical markets				
India	2.81	64.29	37.37	28.15
Outside India	-	-	-	-
Total	**2.81**	**64.29**	**37.37**	**28.15**

32: Net gain (Loss) on fair value changes on investments

32 A: Net gain on fair value changes on investments (Rs. in millions)

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Net gain on financial instruments at fair value through profit or loss				
On trading portfolio				
- Investments	36.74	27.47	7.87	13.84
- Derivatives	-	-	-	-
- Others	-	-	-	-
Total Net gain on fair value changes	**36.74**	**27.47**	**7.87**	**13.84**
Fair Value changes:				
- Realised	36.74	27.47	7.87	13.84
- Unrealised	-	-	-	-
Total Net gain on fair value changes	**36.74**	**27.47**	**7.87**	**13.84**

Notes forming part of the Restated Financial Statements

32 B: Net loss on fair value changes on investments **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Net loss on financial instruments at fair value through profit or loss				
On financial instruments designated at fair value through profit or loss (Refer Note 9.1)	252.96	193.06	-	-
Total Net loss on fair value changes	**252.96**	**193.06**	**-**	**-**
Fair Value changes:				
- Realised	-	-	-	-
- Unrealised	252.96	193.06	-	-
Total Net loss on fair value changes	**252.96**	**193.06**	**-**	**-**

33: Net gain on de-recognition of financial instruments under amortised cost category **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Net Gain on sale of loan portfolio through assignment transactions	1,199.52	1,403.12	458.73	242.68
Total	**1,199.52**	**1,403.12**	**458.73**	**242.68**

34: Other Income **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Bad debt recovery	101.55	65.93	11.72	15.03
Other income	19.19	0.61	0.30	0.34
Total	**120.74**	**66.54**	**12.02**	**15.37**

35: Finance Costs **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
On Financial liabilities measured at Amortised Cost				
Interest on borrowings	3,314.06	2,948.99	2,095.25	1,818.12
Interest on debt securities	479.84	450.76	565.22	323.48
Interest on subordinate liabilities	276.04	233.31	235.62	185.99
Interest on Lease liability	6.86	11.02	11.84	10.33
Other charges	3.82	10.36	4.28	4.45
Total	**4,080.62**	**3,654.44**	**2,912.21**	**2,342.37**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

36: Fee and commission expense **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Fee and commission expense	234.71	263.79	196.68	129.03
Total	**234.71**	**263.79**	**196.68**	**129.03**

37: Impairment of financial instruments **(Rs. in millions)**

The below table show impairment loss on financial instruments charge to Restated statement of profit and loss based on category of financial instrument:

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
On Financial instruments measured at Amortised Cost				
Loans	2,118.55	1,438.90	1,485.68	811.30
Excess Interest Spread receivable on assignment transaction	14.43	7.77	9.19	-
Other Assets	17.09	(0.88)	2.63	(1.11)
Sub Total	**2,150.07**	**1,445.79**	**1,497.50**	**810.19**
On Financial instruments measured at fair value through OCI				
Loans	-	-	-	-2.64
Sub Total	**-**	**-**	**-**	**-2.64**
Impairment on Financial Instruments				
Loans	**2,118.55**	**1,438.90**	**1,485.68**	**808.66**
Excess Interest Spread receivable on assignment transaction	**14.43**	**7.77**	**9.19**	**-**
Other Assets	**17.09**	**(0.88)**	**2.63**	**(1.11)**
Total	**2,150.07**	**1,445.79**	**1,497.50**	**807.55**

38: Employee Benefit Expenses **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Salaries and Wages	2,068.07	1,964.58	1,393.39	1,083.80
Contributions to Provident and Other Funds	168.58	168.23	121.03	97.14
Staff Welfare Expenses	22.11	22.97	15.11	10.02
Total	**2,258.76**	**2,155.78**	**1,529.53**	**1,190.96**

39: Depreciation, amortization and impairment **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Depreciation of Property, Plant and Equipment	46.61	54.41	35.43	39.13
Amortization of Intangible Assets	6.15	7.89	10.50	12.20
Amortisation of Right to use Asset	41.00	56.09	40.46	41.22
Total	**93.76**	**118.39**	**86.39**	**92.55**

Notes forming part of the Restated Financial Statements

40: Other Expenses **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Rent	52.14	32.11	24.80	16.67
Electricity Charges	13.00	12.02	8.19	7.00
Business Promotion Expenses	11.93	11.88	5.78	5.18
Bank charges	61.02	50.91	25.59	18.33
Repairs to Buildings	25.45	26.67	19.31	15.82
Repairs to Machinery	89.57	67.02	40.81	30.47
Communication expense	46.69	46.93	31.14	29.37
Postage and courier	3.24	3.97	3.09	2.09
Printing and Stationery	58.32	32.79	16.75	13.95
Rates & Taxes	0.53	5.92	3.32	5.13
Legal & Professional Charges	99.91	105.85	66.75	65.51
Travelling and Conveyance	196.66	292.23	141.06	102.50
Insurance	40.93	41.72	25.51	21.17
Payments to Auditor	2.37	2.97	2.50	2.78
Membership and subscription	6.43	7.69	7.36	6.93
Directors' Sitting Fee	7.25	8.21	8.55	4.62
Credit Bureau expenses	29.76	22.14	8.05	5.63
Cloud charges	29.40	50.83	29.10	18.62
CSR Expenses	13.90	16.43	20.51	17.57
Loss on account of theft	0.43	0.39	1.13	0.04
Other expenses	18.96	16.15	11.24	7.45
Total	**807.89**	**854.83**	**500.54**	**396.83**

Break up of payment to auditors **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
As auditor:				
Statutory audit	1.28	1.66	1.47	1.47
Tax audit	0.21	0.28	0.22	0.22
Limited review	0.88	0.87	0.65	0.66
Certification fees	-	0.16	0.16	0.43
	2.37	**2.97**	**2.50**	**2.78**

Details of CSR expenditure: **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
a) Amount required to be spent by the company during the year / period	18.00	16.43	19.61	18.43
b) Total of previous years shortfall *		-	0.86	
c) Amount spent during the period (including towards previous year's shortfall)	12.40			-
- Construction/acquisition of any asset - In cash		-	-	-
- on purpose other than above	12.40	16.43	20.51	17.57
d) Shortfall at the end of the year	NA	-	-	0.86
e) Reason for Shortfall				Ref Note 1
f) Nature of CSR Activities				
- Women empowerment by enhancing the skills, Knowledge, equipping them with financial & digital literacy - Health Helpdesk at Hospital during Covid 19 Pandemic - Setting up of Customer Service centre at selected village to strengthen SHG, Financial Literacy etc - Supporting Malnourished Children during Covid -19 Pandemic				

Notes

1. Reason for shortfall in FY 2020-21 - In view of the Covid restrictions and further the focus of the field teams on collections and disbursement, the Company was not able to carry out the planned activities.
2. For details of Related party transactions in relation to CSR - Refer Note No. 48
3. Company has created provision in respect of liability incurred by entering into a contractual obligation during the period ended Dec 31, 2023
4. Since the time available for fulfilling CSR obligation has not yet expired, there is no shortfall to be reported as at December 31, 2023

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

41: Income Tax **(Rs. in millions)**

The components of income tax expense

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Current tax	1,061.45	48.16	422.77	261.36
Deferred tax relating to origination and reversal of temporary differences	(322.12)	351.25	(312.60)	(150.50)
Earlier years adjustments	(17.15)	(9.59)	-	(7.25)
Income tax expense reported in Restated Statement of profit and loss	**722.18**	**389.82**	**110.17**	**103.61**
Deferred tax related to items recognised in OCI				
Tax asset / (liability) due to Fair value impact on financial instruments measured at FVOCI	-	-	(6.18)	(2.48)
Tax asset / (liability) due to Effective portion of gain on Hedging Instruments in Cash Flow Hedges	(0.06)	0.06	-	-
Tax asset / (liability) on remeasurements of defined benefit plans	4.99	1.95	0.02	0.75
Tax asset / (liability) due to Change in value of forward contract	(2.24)	2.23	-	-
Income tax charged to OCI	**2.69**	**4.24**	**(6.16)**	**(1.73)**

Reconciliation of the total tax charge:

The tax charge shown in the Restated 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 is as follows:

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Tax rate as per IT Act, 1961	**25.168%**	**25.168%**	**25.168%**	**25.168%**
Restated Accounting profit before tax	3,073.37	1,693.07	561.46	570.12
At India’s statutory income tax rate of 25.168%	773.51	426.11	141.31	143.49
Effect of expenses that are not deductible in determining taxable profit	3.50	5.55	5.89	4.45
Deductions under Chapter VIA	(35.53)	(42.78)	(43.03)	(37.08)
Effect of income that is exempt from taxation			-	-
Interest on delayed payment of advance tax			-	-
Others (includes effects of taxes relating to earlier years)	(19.30)	0.94	6.00	(7.25)
Income tax expense reported in the Restated statement of profit or loss	**722.18**	**389.82**	**110.17**	**103.61**

The effective income tax rate for the period ended Dec 31, 2023 is 23.50% (March 31, 2023 - 23.02%, March 31, 2022 - 19.62%, March 31, 2021 - 18.17%)

Net Current tax Assets / Liabilities **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Current tax Asset	477.20	362.15	-	-
Current tax Liabilities	-	-	64.87	20.34
Current tax Asset / (Liabilities) (Net)	477.20	362.15	(64.87)	(20.34)

Notes forming part of the Restated Financial Statements

42: Deferred tax

The following table shows deferred tax recorded in the balance sheet *(Rs. in millions)*

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Deferred Tax Assets				
a) Depreciation	25.22	20.08	16.62	22.66
b) Impact of expenditure charged to the Restated Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis - Net of OCI Adjustments	3.24	1.01	13.59	22.43
c) Impairment allowance for financial assets	574.75	290.61	542.06	230.79
d) Debt financial asset measured at amortised cost	210.18	134.96	70.12	63.26
e) Right-of-use asset	2.71	2.81	2.89	2.39
Sub Total	**816.10**	**449.47**	**645.28**	**341.53**
Deferred Tax Liabilities				
a) Financial liability measured at amortised cost (Borrowings)	63.15	35.37	20.76	29.84
b) Impact due to gain/loss on fair value of assignment transactions	260.54	248.81	109.93	109.67
c) Impact due to gain/loss on fair value of FVOCI loans / Forwards	-	(2.24)	-	6.18
d) Cash Flow Hedge Reserve	-	(0.06)	-	-
Sub Total	**323.69**	**281.88**	**130.69**	**145.69**
Total - Net	**492.41**	**167.59**	**514.59**	**195.84**

-

The following table shows deferred tax recorded in the Income tax expense:

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
In Profit and Loss				
a) Depreciation	(5.13)	(3.46)	6.04	(5.02)
b) Impact of expenditure charged to the Restated Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis	2.76	14.53	8.82	0.08
c) Impairment allowance for financial assets	(284.14)	251.45	(311.28)	(146.76)
d) Debt financial asset measured at amortised cost	(75.22)	(64.84)	(6.86)	(16.11)
e) Right-of-use asset	0.10	0.08	(0.50)	(0.75)
f) Financial liability measured at amortised cost (Borrowings)	27.78	14.61	(9.08)	10.04
g) Impact due to gain/loss on fair value of assignment transactions	11.73	138.88	0.26	8.02
Sub Total	**(322.12)**	**351.25**	**(312.60)**	**(150.50)**
In Other Comprehensive Income				
a) Impact of expenditure charged to the Restated Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis	(4.99)	(1.95)	0.02	0.75
b) Impact due to gain/loss on fair value of FVOCI loans / Forwards	2.24	(2.23)	(6.18)	(2.48)
c) Cash Flow Hedge Reserve	0.06	(0.06)	-	-
Sub Total	**(2.69)**	**(4.24)**	**(6.16)**	**(1.73)**
Total	**(324.81)**	**347.01**	**(318.76)**	**(152.23)**

43 Earnings per share

(Rs. in millions)

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Net profit attributable to ordinary equity holders	2,351.19	1,303.25	451.29	466.51
Weighted average number of ordinary shares for basic earnings per share	48.84	48.05	37.59	37.52
Effect of dilution:	-	-	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	48.84	48.05	37.59	37.52
Earnings per equity share (Face Value - Rs 10 per share)	Not Annualised			
Basic earnings per share (Rs.)	**48.14**	**27.12**	**12.01**	**12.43**
Diluted earnings per share (Rs.)	**48.14**	**27.12**	**12.01**	**12.43**

Share transactions that have occurred after the reporting period

Pursuant to the resolution passed in meeting held on 20th March, 2024, the board of directors have approved allotment of 60,00,000 equity shares of face value Rs 10/- each at a premium of Rs 490/- each on rights issue basis to Muthoot Finance Limited. Consequently, the issued, subscribed and paid-up share capital has increased to Rs. 548.44 Million comprising of 5,48,44,055 equity shares of Rs. 10/- each.

44: Retirement Benefit Plan

Defined Contribution Plan

The company makes contributions to Provident and Pension fund which are defined contribution plan for qualifying employees. Additionally, the Company also provides, for covered employees, health insurance through the Employee State Insurance scheme. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognised following contribution to Provident Fund and Employee State Insurance scheme in the restated statement of profit and Loss

(Rs. in millions)

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Contribution to provident and pension fund	111.97	115.66	82.71	65.65
Contribution to Employees State Insurance	27.89	26.81	18.85	15.56
Total	**139.86**	**142.47**	**101.56**	**81.21**

Defined Benefit Plan

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognized in the Restated statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Current service cost	17.59	15.14	11.89	11.63
Interest cost on benefit obligation	0.61	0.27	0.26	0.48
Past Service Cost	-	-	-	-
Total	**18.20**	**15.41**	**12.15**	**12.11**

Balance Sheet

Reconciliation of present value of the obligation and the fair value of plan assets: **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Defined benefit obligation	119.92	84.83	63.65	49.44
Fair value of plan assets	81.89	73.63	59.31	45.32
Asset/(liability) recognized in the balance sheet	(38.03)	(11.20)	(4.34)	(4.12)
Experience adjustments on plan liabilities (Gain) / Loss	-	-	-	-
Experience adjustments on plan assets Gain / (Loss)	-	-	-	-

Changes in the present value of the defined benefit obligation are as follows: **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	84.83	63.65	49.44	40.37
Interest cost	4.64	3.94	3.09	2.59
Current service cost	17.59	15.14	11.89	11.63
Benefits paid	(4.47)	(5.96)	(3.05)	(3.30)
Past Service Cost	-	-	-	-
Actuarial loss / (gain) on obligation	17.33	8.06	2.28	(1.85)
Closing defined benefit obligation	**119.92**	**84.83**	**63.65**	**49.44**

Changes in the fair value of plan assets are as follows: **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	73.63	59.31	45.32	32.87
Expected return	4.03	3.67	2.83	2.11
Contributions by employer	11.20	16.29	14.20	12.50
Benefits paid	(4.47)	(5.96)	(3.05)	(3.30)
Actuarial gains / (losses) on assets	(2.50)	0.32	0.01	1.14
Closing fair value of plan assets	**81.89**	**73.63**	**59.31**	**45.32**

Notes forming part of the Restated Financial Statements

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below: **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Discount rate	7.19%	7.30%	6.19%	6.25%
Rate of increase in compensation levels	10%	10%	10%	8%
Attrition rate	26%	32%	32%	23%
Expected rate of return on assets	7.30%	6.19%	6.25%	6.41%

The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC) and HDFC Life Insurance Company Limited (formerly Exide life insurance (Exide)). The details of investments relating to these assets are not shown by LIC and Exide. Hence, the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Funded with LIC	64.96%	62.68%	55.00%	45.00%
Funded with HDFC Life Insurance (formerly Exide)	35.04%	37.32%	45.00%	55.00%

Sensitivity Level -Impact on defined benefit obligation

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Discount rate Impact				
0.5% increase	-1.98	-1.07	-0.86	-0.95
0.5% decrease	2.05	1.10	0.89	0.99
Future salary impact				
0.5% increase	3.98	2.14	1.71	1.95
0.5% decrease	-3.78	-2.06	-1.64	-1.83

(Rs. in millions)

Expected benefit payment for future years	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	23.01	20.78	14.28	9.13
Between 1 and 5 years	71.20	54.30	40.28	26.55
Between 5 and 10 years	65.26	30.24	22.62	30.04
Total expected payments	**159.47**	**105.32**	**77.18**	**65.72**

The weighted average duration of the defined benefit obligation as at December 31, 2023 is 5 years approximately, as at March 2023 is 5 years approximately, as at March 2022 is 5 years approximately, as at March 2021 is 6 years approximately.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

45: 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. For loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(Rs. in millions)

Particulars	As at Dec 31, 2023			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	5,885.01	-	5,885.01	12,812.45	-	12,812.45
Bank Balance other than above	141.72	256.78	398.50	142.45	306.35	448.80
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	3.38	-	3.38	7.61	-	7.61
Loans	46,383.13	25,490.89	71,874.02	27,833.78	18,441.58	46,275.36
Investments	59.89	-	59.89	-	528.64	528.64
Other financial assets	1,289.99	108.78	1,398.77	1,208.55	110.01	1,318.56
Non-financial Assets						
Current tax asset (net)	477.20	-	477.20	-	362.15	362.15
Deferred tax assets (net)	492.41	-	492.41	-	167.59	167.59
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	56.84	56.84	-	53.60	53.60
Right of use assets	43.59	28.77	72.36	50.47	46.65	97.12
Other intangible assets	-	7.40	7.40	-	8.39	8.39
Other non financial assets	164.96	76.97	241.93	100.57	87.07	187.64
Total assets	**54,941.28**	**26,027.53**	**80,968.81**	**42,155.88**	**20,113.13**	**62,269.01**
Liabilities						
Financial Liabilities						
Derivative financial instruments	-	-	-	29.32	-	29.32
Trade Payables	2.99	-	2.99	31.75	-	31.75
Debt Securities	5,311.58	3,612.46	8,924.04	3,226.05	2,989.66	6,215.71
Borrowings (other than debt security)	30,302.69	22,209.72	52,512.41	22,621.85	17,777.79	40,399.64
Subordinated Liabilities	-	2,805.36	2,805.36	317.10	1,332.41	1,649.51
Lease liabilities	48.41	29.96	78.37	53.19	52.67	105.86
Other Financial liabilities	2,639.25	535.24	3,174.49	2,763.48	9.60	2,773.08
Non-financial Liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	152.71	-	152.71	81.86	-	81.86
Other non-financial liabilities	81.57	0.00	81.57	59.29	-	59.29
Total Liabilities	**38,539.20**	**29,192.74**	**67,731.94**	**29,183.89**	**22,162.13**	**51,346.02**
Net			**13,236.87**			**10,922.99**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

(Rs. in millions)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	7,218.36	-	7,218.36	4,521.23	-	4,521.23
Bank Balance other than above	938.21	421.97	1,360.18	536.81	719.81	1,256.62
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	3.58	-	3.58	3.80	-	3.80
Loans	23,191.27	12,351.26	35,542.53	18,390.11	9,447.36	27,837.47
Investments	-	-	-	-	-	-
Other financial assets	593.73	76.19	669.92	562.52	62.95	625.47
Non-financial Assets		-				
Current tax asset (net)		-	-	-	-	-
Deferred tax assets (net)	-	514.59	514.59	-	195.84	195.84
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	47.69	47.69	-	35.76	35.76
Right of use assets	47.56	49.73	97.29	36.67	36.22	72.89
Other intangible assets	-	7.30	7.30	-	13.86	13.86
Other non financial assets	57.54	82.78	140.32	56.76	52.08	108.84
Total assets	**32,050.25**	**13,552.61**	**45,602.86**	**24,107.90**	**10,564.98**	**34,672.88**
Liabilities						
Financial Liabilities						
Derivative financial instruments						-
Trade Payables	5.76	-	5.76	8.33	-	8.33
Debt Securities	576.68	3,231.21	3,807.89	2,714.24	2,570.71	5,284.95
Borrowings (other than debt security)	19,738.97	10,379.91	30,118.88	12,881.34	8,151.65	21,032.99
Subordinated Liabilities	-	1,643.59	1,643.59	-	1,638.42	1,638.42
Lease liabilities	49.12	57.27	106.39	48.01	32.42	80.43
Other Financial liabilities	1,179.16	9.31	1,188.47	1,115.66	-	1,115.66
Non-financial Liabilities	-					-
Current tax liabilities (net)	64.87	-	64.87	20.34	-	20.34
Provisions	61.54	-	61.54	50.97	-	50.97
Other non-financial liabilities	46.14	-	46.14	23.63	-	23.63
Total Liabilities	**21,722.24**	**15,321.29**	**37,043.53**	**16,862.52**	**12,393.20**	**29,255.72**
Net			**8,559.33**			**5,417.16**

46: Change in liabilities arising from financing activities

(Rs. in millions)

Particulars	As at April 01, 2023	Cash Flows	Others*	As at Dec 31, 2023
Debt Securities	6,215.71	2,728.75	(20.42)	8,924.04
Borrowings other than debt securities	40,399.64	12,167.32	(54.55)	52,512.41
Subordinated Liabilities	1,649.51	1,180.00	(24.15)	2,805.36
Lease Liabilities	105.86	(42.22)	14.73	78.37
Total liabilities from financing activities	**48,370.72**	**16,033.85**	**(84.39)**	**64,320.18**

Particulars	As at April 01, 2022	Cash Flows	Others*	As at March 31, 2023
Debt Securities	3,807.89	2,423.20	(15.38)	6,215.71
Borrowings other than debt securities	30,118.88	10,340.58	(59.82)	40,399.64
Subordinated Liabilities	1,643.59	0.01	5.91	1,649.51
Lease Liabilities	106.39	(55.45)	54.92	105.86
Total liabilities from financing activities	**35,676.75**	**12,708.34**	**(14.37)**	**48,370.72**

Particulars	As at April 01, 2021	Cash Flows	Others*	As at March 31, 2022
Debt Securities	5,284.95	(1,473.21)	(3.85)	3,807.89
Borrowings other than debt securities	21,032.99	9,060.43	25.46	30,118.88
Subordinated Liabilities	1,638.42	-	5.17	1,643.59
Lease Liabilities	80.43	(37.97)	63.93	106.39
Total liabilities from financing activities	**28,036.79**	**7,549.25**	**90.71**	**35,676.75**

Particulars	As at April 01, 2020	Cash Flows	Others*	As at March 31, 2021
Debt Securities	369.90	4,928.57	(13.52)	5,284.95
Borrowings other than debt securities	17,541.68	3,536.51	(45.20)	21,032.99
Subordinated Liabilities	1,044.09	600.00	(5.67)	1,638.42
Lease Liabilities	96.05	(37.40)	21.78	80.43
Total liabilities from financing activities	**19,051.72**	**9,027.68**	**(42.61)**	**28,036.79**

* includes EIR adjustments and impact of fresh lease arrangements / lease termination.

47: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities (Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
In respect of income tax demand where the Company has filed appeal before tax authorities				
Income tax (AY 2017-18)	73.15	73.15	73.15	73.15
Income tax (AY 2018-19)	32.96	32.96	32.96	-
Income tax (AY 2020-21)	2.50	2.50		
Income tax (AY 2022-23)	0.35			
Total	**108.96**	**108.61**	**106.11**	**73.15**

For the Assessment year 2017-18, the disputed income tax demand is on account of cash deposited during demonetization period which has been added by the department to income from other sources. However, the company has paid 20% of the disputed demand under protest amounting to 14.63 million. The company has filed an appeal before the "The Commissioner of Income tax (Appeals), which is pending

For the Assessment year 2018-19, the disputed income tax demand is on account of disallowances and additions of certain items to the income. However, the company has paid 20% of the disputed demand under protest amounting to 6.59 million. The company has filed an appeal before the "The Commissioner of Income tax (Appeals), which is pending

For the Assessment year 2020-21, the disputed income tax demand is on account of disallowances of certain items. The company has filed an appeal before the Commissioner of Income Tax (Appeals), which is pending

For the Assessment year 2022-23, the disputed income tax demand is on account of disallowances of certain items. The company has filed an appeal before the Commissioner of Income Tax (Appeals), which is pending.

Future cashflows in respect of the above three demands are determinable only on receipt of judgement / decisions pending with tax authorities. The company is of the opinion that the above demands are not sustainable and expects to succeed in its appeal. The management believes that the ultimate outcome of the proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Notes forming part of the Restated Financial Statements
(B) Lease Disclosures

Carrying value of right of use assets at the end of the reporting period by class.

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Balance at beginning of the year / period	**97.12**	**97.29**	**72.89**	**91.89**
Addition during the year / period	16.24	55.92	64.86	22.22
Depreciation charge for the year / period	(41.00)	(56.09)	(40.46)	(41.22)
Balance at end of the year / period	**72.36**	**97.12**	**97.29**	**72.89**

Amounts recognised in restated statement of profit and loss **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Interest on lease liabilities	6.86	11.02	11.84	10.33
Depreciation charged on right-of-use assets	41.00	56.09	40.46	41.22
Expenses relating to short-term leases of premises	47.19	30.47	24.80	16.67
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	4.95	1.64	-	-
Total	**100.00**	**99.22**	**77.10**	**68.22**

The company has applied the practical expedient under IND AS 116, not to assess rent concessions that occur as a direct consequence of COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as they are not lease modifications. The company has recognised Rs. 1.09 million in the Restated Statement of Profit and Loss for the year ended March 31, 2021 to reflect changes in lease payments that arise from rent concessions to which the lessee has applied practical expedient.

Amounts recognised in the Restated Cash Flow Statement **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Interest paid on Lease liabilities	6.86	11.02	11.84	10.33
Payment towards Lease liabilities	42.22	55.45	37.97	37.40
Total cash outflow for leases	**49.08**	**66.47**	**49.81**	**47.73**

Movement in Lease Labilities **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Balance at beginning of the year / period	**105.86**	**106.39**	**80.43**	**68.22**
Net Addition during the year / period	7.87	43.90	52.09	39.28
Interest on Lease Liabilities	6.86	11.02	11.84	10.33
Payment of Lease Liabilities	(42.22)	(55.45)	(37.97)	(37.40)
Balance at end of the year / period	**78.37**	**105.86**	**106.39**	**80.43**

Maturity analysis of lease liabilities **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Less than one year	48.41	53.19	49.12	48.01
One to five years	29.96	52.67	57.27	32.42
More than five years	-	-	-	-
Total cash outflow for leases	**78.37**	**105.86**	**106.39**	**80.43**

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the lease of premises, the following factors are normally the most relevant:

(a) If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend and not terminate).

(b) If any lease hold improvements are expected to have a significant remaining value the Company is typically reasonably certain to extend (or not terminate).

(c) Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise it). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. During the current financial year, there was no revision in the lease terms.

Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

48. Related Party Transactions for the Period ended December 31, 2023

Key Management Personnel	1. Dr. (Mrs.) Kalpanaa Sankar (Managing Director) 2. Mr. Sitaraman Chandrasekar (Executive Director) - upto Mar 31, 2021 3. Mr. Balasubramanian Balakumaran (Executive Director) w.e.f. Apr 29, 2021 4. Mr. George Alexander (Non-Executive Director) 5. Mr. George Muthoot Jacob (Non-Executive Director) 6. Mr. Kuttickattu Rajappan Bijimon (Non-Executive Director) 7. Mr. David Arturo Paradiso (Non-Executive Director) upto May 09, 2023 8. Mr. Vijay Nallan Chakravarthi (Non-Executive Director) w.e.f Mar 29, 2022 9. Mr. Subramanian Ananthanarayanan (Independent Director) upto Dec 19, 2023 10. Mr. Vadakkakara Antony George (Independent Director) 11. Mr. Venkataraman Krishnamoorthy (Independent Director) 12. Mr. Chinnasamy Ganesan (Independent Director) 13. Mr. Mr. Siva Chidambaram Vadivel Alagan (Non-Executive Director) w.e.f May 09, 2023 14. Mrs. Rajeswari Karthigeyan (Independent Director) w.e.f Dec 19, 2023 15. Mr. L. Muralidharan (Chief Financial Officer) 16. Mr. Sunil Kumar Sahu (Company Secretary)
Enterprises owned or significantly influenced by key management personnel or their relatives	1. Hand in Hand Consulting Services Private Ltd 2. Hand in Hand India 3. Hand in Hand Academy for Social Entrepreneurship 4. Muthoot Securities Limited 5. Muthoot Marketing Services Private Limited. w.e.f. Dec 31, 2021 6. Muthoot Vehicle and Asset Finance Limited w.e.f, Feb 09, 2022 7. Sarvam Financial Inclusion Trust
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	1. Muthoot Homefin (India) Limited. 2. Muthoot Insurance Brokers Private Limited
Entities holding substantial interest in the Company	1. Maj Invest Financial Inclusion Fund II K/S 2. Arum Holdings limited (Part of Affirma Capital) w.e.f March 29, 2022 3. Augusta investments zero Private Limited (Part of Affirma Capital) w.e.f June 29, 2022
Relatives of Key Management Personnel of the company or the Holding company	1. Mrs. Anna alexander w.e.f March 31, 2023 2. Mr. George M George w.e.f March 31, 2022 3. Mr. George Alexander 4. Mrs. Sara George w.e.f March 31, 2022 5. Mr. George Jacob 6. Mr. George Thomas 7. Mrs. Susan Thomas w.e.f March 31, 2023 8. Mrs. Elizabeth Jacob w.e.f March 31, 2023 9. Mr. Alexander George w.e.f March 31, 2022 10. Mr. CV Sankar 11. Mrs. Bindu Dandapani

S. No	Name of the counterparty	Type of related party transaction	Value of transaction			
			Period ended Dec 31, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
1	Muthoot Finance Limited	Referral Fees	2.76	-	-	-
		Issue of Equity Shares	-	-	280.00	-
		Dividend Payment	16.70	8.30	7.88	15.76
2	Muthoot Homefin (India) Limited.	Loan Received	-	-	-	1,200.00
		Loan Repaid	-	-	-	1,200.00
		Interest on Loan	-	-	-	53.23
		Processing Fee on Loan	-	-	-	0.90
3	Muthoot Insurance Brokers Private Limited	Loan Received	-	-	-	50.00
		Loan Repaid	4.85	18.06	16.13	10.96
		Interest on Loan	0.11	1.75	3.98	4.00
		Processing Fee on Loan	-	-	-	0.08
		NCD Repaid	70.00	-	-	100.00
		Interest Payment - NCDs	2.81	8.40	8.40	23.32
4	Muthoot Securities Limited	Arranger Fees	-	-	5.00	0.98
		Processing Fees on NCD	11.40	-	-	2.00
		NCD Receipt	333.00	-	-	200.00
		NCD Repaid	-	27.14	40.71	-
		Interest Payment - NCDs	27.00	29.08	33.88	13.86
		Insurance Premium Collection Paid	-	-	-	122.58
		Marketing Commission	8.73	28.64	22.19	16.72
5	Muthoot Marketing Services Private Limited	NCD Repaid	-	24.86	24.86	-
		Interest Payment - NCDs	-	0.99	2.27	-
6	Hand in Hand Academy for Social Entrepreneurship	Consultancy Services fees paid	33.35	29.37	15.63	19.23
7	Hand in Hand Consulting Services Private Limited	Dividend Payment	0.20	0.10	0.12	0.26
8	Hand in Hand India	CSR expenses paid	12.00	16.43	19.40	15.00
		Service Fees	-	-	0.95	-
		Purchase of Fixed Assets				2.02
		Consulting Fees	-	-	-	3.38

S. No	Name of the counterparty	Type of related party transaction	Value of transaction			
			Period ended Dec 31, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
9	Muthoot Vehicle and Asset Finance Limited	Loan Received	-	-	70.00	-
		Loan Repaid	26.25	35.00	-	-
		Interest on Loan	1.48	4.82	0.91	-
10	Sarvam Financial Inclusion Trust	Dividend Payment	3.59	1.84	1.97	3.95
11	Maj Invest Financial Inclusion Fund II K/S	Issue of Equity Shares	-	-	220.00	-
		Dividend Payment	2.88	1.44	1.24	2.49
12	Arum Holdings limited	Issue of Equity Shares	-	350.00	2,250.00	-
		Dividend Payment	4.59	1.99	-	-
13	Augusta investments zero PTE Limited	Issue of Equity Shares	-	750.00	-	-
		Dividend Payment	1.32	-	-	-
14	Dr. (Mrs.) Kalpanaa Sankar (Managing Director)	Short term employee benefit	19.00	14.73	14.15	9.32
		Dividend Payment	0.03	0.01	0.03	0.06
15	Mr. Sitaraman Chandrasekar (Executive Director)	Short term employee benefit	-	-	-	4.86
16	Mr. K.B Balakumaran (Executive Director)	Short term employee benefit	3.21	3.28	1.00	-
		Consulting Fees	-	-	1.35	-
17	Mr. L. Muralidharan (Chief Financial Officer)	Short term employee benefit	6.54	7.39	5.41	4.22
18	Mr. Sunil Kumar Sahu (Company Secretary)	Short term employee benefit	1.97	2.00	1.76	1.46
19	Mr. George Alexander (Non-Executive Director)	Sitting fee	0.45	0.71	0.84	0.40
20	Mr. George Muthoot Jacob (Non-Executive Director)	Sitting fee	0.65	0.69	0.80	0.40
21	Mr. Kuttickattu Rajappan Bijimon (Non-Executive Director)	Sitting fee	1.00	0.98	1.20	0.68
22	Mr.Vijay Nallan Chakravarthi (Non-Executive Director)	Sitting fee	0.80	0.66	-	-
23	Mr. Subramanian Ananthanarayanan (Independent Director)	Sitting fee	0.95	1.18	1.24	0.72
24	Mr. Vadakkakara Antony George (Independent Director)	Sitting fee	0.70	1.10	1.24	0.76
25	Mr. Venkataraman Krishnamoorthy (Independent Director)	Sitting fee	1.00	1.17	1.40	0.72
26	Mr. Chinnasamy Ganesan (Independent Director)	Sitting fee	1.10	1.04	1.12	0.56
27	Mr. George Alexander	NCD Receipt	100.00	-	125.00	-
		NCD Repaid	14.50	-	-	-
		Interest Payment - NCDs	17.57	11.60	12.52	11.58
28	Mr. George Jacob	NCD Receipt	100.00	-	125.00	-
		NCD Repaid	14.63	-	-	-
		Interest Payment - NCDs	17.60	11.60	12.52	11.58
29	Mr. George Thomas	NCD Receipt	217.00	-	125.00	-
		NCD Repaid	14.63	-	-	-
		Interest Payment - NCDs	17.60	11.60	12.52	11.58
30	Mr. George M George	NCD Receipt	75.00	-	42.00	-
		NCD Repaid	3.13	-	-	-
		Interest Payment - NCDs	3.58	-	-	-
31	Mr. Alexander George	NCD Receipt	75.00	-	42.00	-
		NCD Repaid	3.13	-	-	-
		Interest Payment - NCDs	3.58	-	-	-
32	Mrs. Sara George	NCD Receipt	-	-	41.00	-
		Interest Payment - NCDs	-	-	-	-
33	Mr. CV Sankar	Dividend Payment	0.00	0.00	0.00	0.00
34	Mrs. Bindu Dandapani	Dividend Payment	0.00	0.00	0.00	0.00
	TOTAL		**1,277.37**	**1,407.95**	**3,594.62**	**3,119.62**

S. No	Name of the counterparty	Type of related party transaction	As of Dec 31, 2023	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
	Receivables					
1	Muthoot Finance Limited	Referral Fees	0.49	-	-	-
2	Muthoot Securities Limited	Marketing Commission	9.10	0.70	2.48	3.14
	Payables					
1	Muthoot Insurance Brokers Private Limited	Loan Outstanding	-	4.85	22.91	39.04
		NCD Outstanding	-	70.00	70.00	70.00
		Interest Payable - Loan	-	-	0.17	0.28
2	Muthoot Securities Limited	NCD Outstanding	301.00	201.00	227.14	200.00
		Interest Payable - NCD	-	-	1.61	1.61
3	Muthoot Vehicle and Asset Finance Limited	Loan Outstanding	8.75	35.00	70.00	-
4	Muthoot Marketing Services Private Limited	NCD Outstanding	-	-	24.86	-
5	Mr. George Alexander	NCD Outstanding	331.64	80.00	205.00	80.00
		Interest Payable - NCD	-	-	0.92	0.92
6	Mr. George Jacob	NCD Outstanding	331.64	80.00	205.00	80.00
		Interest Payable - NCD	-	-	0.92	0.92
7	Mr. George Thomas	NCD Outstanding	331.73	80.00	205.00	80.00
		Interest Payable - NCD	-	-	0.92	0.92
8	Mrs. Sara George	NCD Outstanding	84.00	84.00	41.00	-
		Interest Payable - NCD	-	-	-	-
9	Mrs. Anna alexander	NCD Outstanding	125.00	125.00	-	-
10	Mr. George M George	NCD Outstanding	112.88	41.00	42.00	-
		Interest Payable - NCD	-	-	-	-
11	Mr. Alexander George	NCD Outstanding	71.88	-	42.00	-
		Interest Payable - NCD	-	-	-	-
12	Mrs. Susan Thomas	NCD Outstanding	125.00	125.00	-	-
13	Mrs. Elizabeth Jacob	NCD Outstanding	125.00	125.00	-	-

Note: The remuneration to the Key managerial personnel does not include the provisions made for gratuity, as they are determined on an actuarial basis for the company as a whole.

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

49: Capital

Capital Management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

RBI has issued guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. The Regulatory capital has been computed as per above mentioned RBI notification.

(Rs. in millions)

Regulatory capital	**As at Dec 31, 2023**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Common Equity Tier1 capital	11,548.90	9,620.89	7,555.25	4,737.08
Other Tier 2 capital instruments	2,407.70	791.09	1,117.85	1,594.87
Total capital	**13,956.60**	**10,411.98**	**8,673.10**	**6,331.95**
Risk weighted assets	**74,861.91**	**47,388.15**	**36,041.00**	**28,469.00**
Tier I CRAR	15.43%	20.30%	20.96%	16.64%
Tier II CRAR	3.21%	1.67%	3.10%	5.60%
Total capital ratio	18.64%	21.97%	24.06%	22.24%

50: Events after reporting date

Subsequent to the period ended December 31, 2023, the board of directors have approved allotment of 60,00,000 equity shares of face value Rs 10/- each at a premium of Rs 490/- each on rights issue basis to Muthoot Finance Limited. Consequently, the issued, subscribed and paid-up share capital has increased to Rs. 548.44 Million comprising of 5,48,44,055 equity shares of Rs. 10/- each.

51: Fair Value Measurement

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., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as detailed below

Level 1: Quoted prices (unadjusted) for identical instruments in an active market
Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
Level 3: Inputs which are not based on observable market data (unobservable inputs).

I. The following table shows an analysis of financial instruments recorded at fair value **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Assets measured at fair value on a recurring basis				
Financial assets at FVTPL				
Investments				-
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	59.89	528.64	-	-
Financial assets at FVOCI				
Loans				
Level 1				
Level 2				
Level 3	-	-	-	1,034.45
Financial Liabilities at FVOCI				
Derivative Financial Instruments				
Level 1	-	-	-	-
Level 2	-	29.32	-	-
Level 3	-	-	-	-

Fair value technique

Investments in Security receipts (SRs) are classified as Financial Assets measured at FVTPL as stated in Note No. 10 Accordingly, the fair valuation technique in this regard is classified under Level 3. The methodology for arriving at the Net Asset Value (NAV) of SR's disclosed in Note No 9.1 is based on evaluating the recovery prospects of the assets in the trust. The relevant inputs used in this regard are the historical recovery data and the associated expected timelines for recovery. Since, as a matter of prudence, the company continues to consider the impact of notional provisioning rate as at the origination date had these loans continued in the books of the Company in determining the fair value of SR's as at December 31, 2023, in addition to the NAV impact as disclosed in Note No 9.1, the disclosure of the sensitivity of the fair value measurement to changes in unobservable inputs is not considered relevant.

For loans at FVOCI, valuation is done using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of loans classified at level 3.

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Loans	-	-	-	1,034.45
Discount Rate applied on Loans				20.86%
Valuation Technique	Discounted Projected Cash Flow			
Significant Unobservable Input	Discount / Margin Spread			

Sensitivity of fair value measurements to changes in unobservable market data

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Loans				
Effect in Other Comprehensive Income				
Favourable	-	-	-	5.03
Unfavourable	-	-	-	4.99

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

For Derivative Financial Instruments (asset /liabilities) at FVOCI, valuation is done using closing rate determined by the bank and is classified as Level 2

Notes forming part of the Restated Financial Statements

II. *The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets measured at fair value:*

(Rs. in millions)

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Financial assets at FVTPL				
Investments				
Fair value at beginning of the Period / Year	528.64	-	-	-
Purchase/ (Redemption)	-215.79	721.70	-	-
Transfers into Level 3	-	-	-	-
Transfers from Level 3	-	-	-	-
Net Fair Value Change (Refer Note 32 b)	-252.96	-193.06	-	-
Other Comprehensive Income	-	-	-	-
Fair value at beginning of the Period / Year	**59.89**	**528.64**	**-**	**-**
Financial Assets at FVOCI				
Loans				
Fair value at beginning of the Period / Year	-	-	1,034.45	1,429.36
Issuances and Settlements (Net)	-	-	-1,016.56	-627.20
Transfers into Level 3	-	-	-	-
Transfers from Level 3	-	-	-	-
Net interest income	-	-	-	242.13
Fair Value Change - recognized in OCI	-	-	-17.89	-9.84
Fair value at beginning of the Period / Year	**-**	**-**	**-**	**1,034.45**

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the Restated financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

(Rs. in millions)

Particulars	Note	Level	As at Dec 31, 2023		As at March 31, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets not measured at fair value						
Cash and cash equivalents	6	1	5,885.01	5,885.01	12,812.45	12,812.45
Bank Balance other than above	7	1	398.50	398.50	448.80	448.80
Trade receivables	8	3	3.38	3.38	7.61	7.61
Loans	9	3	71,874.02	71,874.02	46,275.36	46,275.36
Other Financial assets	11	3	1,398.77	1,398.77	1,318.56	1,318.56
Total financial assets			**79,559.68**	**79,559.68**	**60,862.78**	**60,862.78**
Financial Liabilities not measured at fair value						
Trade Payables	19	3	2.99	2.99	31.75	31.75
Debt Securities	20	1/3	8,924.04	9,176.25	6,215.71	6,340.37
Borrowings (other than debt securities)	21	3	52,512.41	52,512.41	40,399.64	40,399.64
Subordinated Liabilities	22	3	2,805.36	2,805.36	1,649.51	1,649.51
Lease liabilities	47 B	3	78.37	78.37	105.86	105.86
Other Financial liabilities	23	3	3,174.49	3,174.49	2,773.08	2,773.08
Financial Liabilities			**67,497.66**	**67,749.87**	**51,175.55**	**51,300.21**

Particulars	Note	Level	As at March 31, 2022		As at March 31, 2021	
			Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets not measured at fair value						
Cash and cash equivalents	6	1	7,218.36	7,218.36	4,521.23	4,521.23
Bank Balance other than above	7	1	1,360.18	1,360.18	1,256.62	1,256.62
Trade receivables	8	3	3.58	3.58	3.80	3.80
Loans	9	3	35,542.53	35,542.53	27,837.47	27,837.47
Other Financial assets	11	3	669.92	669.92	625.47	625.47
Total financial assets			**44,794.57**	**44,794.57**	**34,244.59**	**34,244.59**
Financial Liabilities not measured at fair value						
Trade Payables	19	3	5.76	5.76	8.33	8.33
Debt Securities	20	1/3	3,807.89	3,810.64	5,284.95	5,284.95
Borrowings (other than debt securities)	21	3	30,118.88	30,118.88	21,032.99	21,032.99
Subordinated Liabilities	22	3	1,643.59	1,643.59	1,638.42	1,638.42
Lease liabilities	47 B	3	106.39	106.38	80.43	80.43
Other Financial liabilities	23	3	1,188.47	1,188.47	1,115.66	1,115.66
Financial Liabilities			**36,870.98**	**36,873.72**	**29,160.78**	**29,160.78**

There have been no transfers between the level 1 and level 2

The Management has assessed that the fair value of loans, cash and cash equivalents, bank balances, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

The figures disclosed above in respect of debt securities, borrowings and subordinated liabilities does not include interest accrued but not due on the same, which has been grouped under other Financial liabilities

52: Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has a risk management policy which covers all the risk associated with its assets and liabilities.

The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury department is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

I. Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables. For a micro finance institution, this assumes more significance since the lending that is carried out is not backed by any collaterals.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

Risk Identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of members for group formation eg. (bogus members, defaulters, etc.)
- Adverse selection of groups for undertaking lending activity (unknown members due to geographical vicinity, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, etc.)
- Undue Influence of Animator/Representative on group members (misuses of savings of group, etc.)
- Sanction of higher loan amount
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc
- Change in the savings pattern/meeting pattern of group post availing loan (eg. failure of members to deposit minimum savings amount each month, absence of members from meetings, etc.)

Risk assessment and measurement

Belstar is having a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base for group formation - Adequate due diligence is carried out for selection of women borrowers who are then brought together for SHG/JLG formation. (eg. members with same level of income, only one member from family, annual per capita income, etc.)
- Adequate Training and Knowledge of SHG/JLG operations
- Credit assessment - credit rating and credit bureau check
- Follow up and regular monitoring of the group

Risk Monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Borrower Risk Ratings is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. However, the loans originated by Belstar are mostly short tenure loans (maximum loan tenure being 30 months) and the volume of such loan origination per credit officer is also high, thereby making it practically difficult to carry out a re-rating of borrowers at regular intervals. Therefore, loans are tracked at a homogeneous pool basis by the Risk Team. Any deterioration in the performance of the pool are immediately pointed out to the Senior Management and detailed analysis are carried out to identify the trends in performance.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- *Credit Origination* - KYC pendency, if any; deviation index from the defined policies and procedures
- *Credit sanction* - Disbursement to High Risk rated groups/borrowers; Early Delinquency due to fraud
- *Credit monitoring* -
  Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);
  Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and Recovery - collection efficiency, Roll forward rates and roll backward rates.

Notes forming part of the Restated Financial Statements

Risk Mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- *Loan Origination* - site screening, independent visit by manager, adequate training to officers.
- *Loan underwriting* - Risk rating, independent assessment, etc.
- *Loan Pre and Post Disbursement* - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- *Loan monitoring* - credit officers to attend group meeting, reminder of payment of EMIs on time, etc.
- *Loan collection and recovery* - monitor repayments, confirmation of balances,

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

Impairment assessment

The Company is basically engaged in the business of providing loans and access to Credit to the Self Help Group (SHG) members / Joint Liability Group (JLG) members. The tenure of which is ranging from 12 months to 24 months. Moreover, Company has categorised its loan into two broad categories Micro Enterprise loans (MEL) and others.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies 3.6

Definition of default and cure

The Company 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.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Company's internal credit rating grades and staging criteria for loans are as follows:

Rating	**Loans Days past due (DPD)**	**Stages**
High grade	Not yet due	*Stage I*
Standard grade	1-30 DPD	*Stage I*
Sub-standard grade	30-60 DPD	*Stage II*
Past due but not impaired	60-89 DPD	*Stage II*
Individually impaired	90 DPD or More and all linked accounts	*Stage III*

Exposure at Default (EAD)

The outstanding balance as at the reporting date is considered as EAD by the company.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. The PD for stage III loan account is considered at 100%. Where a customer has one loan account in stage3 and one or more loan accounts in stage 1/ stage 2, the PD for all the loan accounts is considered at 100%.

Loss Given Default

The Loss Given Default 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.

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year. As a matter of prudence, for all loan accounts with greater than 180 DPD, the LGD is taken as 100%.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Notes forming part of the Restated Financial Statements
Significant Increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. In line with Ind AS 109, the Company considers an exposure to have significantly increased in credit risk when the DPD is 30 or more.

Company's financial assets measured on a collective basis

Both LTECLs and 12mECLs are calculated at individual facility level across the stages.

Sensitivity to macro economic variables

The macro-economic variable factored into the statistical model used by the company for estimation of expected credit losses are GDP and inflation. Based on the management’s assessment, a 5% increase or decrease in these variable are not likely to have a material impact on the ECL recognised in the P&L and consequently, on equity.

II. Asset Liability Management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Belstar's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the company. It is necessary for Belstar to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Belstar to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and (c) the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Belstar.

The scope of ALM function can be described as follows:

- *Liquidity risk management*
- *Management of market risks*
- *Others*

52.1. Liquidity Risk

Liquidity is measured by our ability to accommodate decreases in purchased liabilities, and fund increases in assets. In assessing the company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds.

The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company also enters into direct assignment of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company’s policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month.

Liquidity ratios

Advances to borrowings ratios

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Period / Year-end	111.88%	97.86%	103.91%	101.16%
Maximum	115.66%	118.84%	109.26%	104.62%
Minimum	95.88%	97.86%	103.91%	92.25%
Average	108.66%	109.89%	105.92%	101.28%

Borrowings from banks and financial institutions and issue of debentures are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on December 31, 2023: **(Rs. in millions)**

Particulars	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (exl debt securities)	215.80	527.83	1,202.88	2,513.37	3,321.97	8,363.07	14,157.79	22,188.88	20.82	-	52,512.41
Debt securities	-	-	-	1,519.11	-	268.93	3,523.54	3,612.46	-	-	8,924.04
Subordinated debts	-	-	-	-	-	-	-	837.89	495.02	1,472.45	2,805.36
Total	**215.80**	**527.83**	**1,202.88**	**4,032.48**	**3,321.97**	**8,632.00**	**17,681.33**	**26,639.23**	**515.84**	**1,472.45**	**64,241.81**

Cash and bank balance	980.01	-	-	-	-	-	-	-	-	-	980.01
Deposits	3,850.00	1,055.00	-	-	-	63.55	78.17	256.78	-	-	5,303.50
Receivables	-	-	-	-	-	-	3.38	-	-	-	3.38
Loans	498.18	1,180.34	2,280.36	3,869.73	4,014.53	11,801.56	22,738.41	25,424.59	65.14	1.16	71,874.02
Investments	-	-	-	-	-	-	59.89	-	-	-	59.89
Total	**5,328.19**	**2,235.34**	**2,280.36**	**3,869.73**	**4,014.53**	**11,865.11**	**22,879.85**	**25,681.36**	**65.14**	**1.16**	**78,220.80**

Maturity pattern of assets and liabilities as on March 31, 2023: **(Rs. in millions)**

Particulars	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (exl debt securities)	262.75	339.14	1,197.26	1,517.15	2,330.06	6,025.24	10,950.25	17,777.79	-	-	40,399.64
Debt securities	-	-	497.75	247.74	897.83	344.12	1,238.61	2,989.66	-	-	6,215.71
Subordinated debts	-	-	-	-	-	317.10	-	684.74	647.67	-	1,649.51
Derivative financial instruments	-	-	3.05	26.27	-	-	-	-	-	-	29.32
Lease liabilities	-	-	-	-	-	-	-	-	-		
Total	**262.75**	**339.14**	**1,698.06**	**1,791.16**	**3,227.89**	**6,686.46**	**12,188.86**	**21,452.19**	**647.67**	**-**	**48,294.18**

Cash and bank balance	1,123.22	-	-	-	-	-	-	-	-	-	1,123.22
Deposits	2,114.99	3,512.50	5,845.00	216.74	-	57.61	84.84	293.85	12.50	-	12,138.03
Receivables	-	-	7.61	-	-	-	-	-	-	-	7.61
Loans	172.64	760.84	1,213.54	2,331.47	2,394.82	7,240.23	13,720.24	18,111.87	329.65	0.06	46,275.36
Investments	-	-	-	-	-	-	-	528.64	-	-	528.64
Total	**3,410.85**	**4,273.34**	**7,066.15**	**2,548.21**	**2,394.82**	**7,297.84**	**13,805.08**	**18,934.36**	**342.15**	**0.06**	**60,072.86**

Maturity pattern of assets and liabilities as on March 31, 2022:

(Rs. in millions)

Particulars	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (exl debt securities)	40.44	318.91	1,598.40	1,153.48	2,013.41	6,385.75	8,228.58	10,379.91	-	-	**30,118.88**
Debt securities	-	-	-	399.12	119.25	58.31	-	3,231.21	-	-	**3,807.89**
Subordinated debts	-	-	-	-	-	-	-	307.91	836.52	499.16	**1,643.59**
Total	**40.44**	**318.91**	**1,598.40**	**1,552.60**	**2,132.66**	**6,444.06**	**8,228.58**	**13,919.03**	**836.52**	**499.16**	**35,570.36**

Cash and bank balance	894.29	-	-	-	-	-	-	-	-	-	**894.29**
Deposits	428.54	2,168.00	2,641.70	1,251.24	97.61	74.71	600.48	406.37	15.60	-	**7,684.25**
Receivables	-	-	3.58	-	-	-	-	-	-	-	**3.58**
Loans	217.29	856.35	841.15	2,075.03	2,081.23	6,105.03	11,015.19	12,351.26	-	-	**35,542.53**
Total	**1,540.12**	**3,024.35**	**3,486.43**	**3,326.27**	**2,178.84**	**6,179.74**	**11,615.67**	**12,757.63**	**15.60**	**-**	**44,124.65**

Maturity pattern of assets and liabilities as on March 31, 2021:

(Rs. in millions)

Particulars	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (exl debt securities)	289.25	244.32	616.36	728.41	1,313.74	3,160.44	6,528.82	8,114.80	36.85	-	**21,032.99**
Debt securities	-	-	28.52	-	54.96	145.89	2,484.87	2,570.71	-	-	**5,284.95**
Subordinated debts	-	-	-	-	-	-	-	304.99	685.76	647.67	**1,638.42**
Total	**289.25**	**244.32**	**644.88**	**728.41**	**1,368.70**	**3,306.33**	**9,013.69**	**10,990.50**	**722.61**	**647.67**	**27,956.36**

Cash and bank balance	993.73	-	-	-	-	-	-	-	-	-	**993.73**
Deposits	3,527.50	-	81.19	55.00	109.74	22.00	268.88	694.81	25.00	-	**4,784.12**
Receivables	-	-	3.80	-	-	-	-	-	-	-	**3.80**
Loans	200.10	782.60	613.47	1,633.27	1,611.94	4,773.78	8,774.95	9,447.36	-	-	**27,837.47**
Total	**4,721.33**	**782.60**	**698.46**	**1,688.27**	**1,721.68**	**4,795.78**	**9,043.83**	**10,142.17**	**25.00**	**-**	**33,619.12**

Notes forming part of the Restated Financial Statements

52.2. Economic Risk

The Covid-19 pandemic has impacted most countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. Several countries took unprecedented fiscal and monetary actions to help alleviate the impact of the crisis.

Government of India had announced various measures to support the economy during this period. The Reserve Bank of India had also announced several measures to ease the financial system stress, including enhancing system liquidity, reducing interest rates, moratorium on loan repayments for borrowers, asset classification standstill benefit to overdue accounts where a moratorium had been granted amongst others to alleviate the economic stress induced by the pandemic which had an impact across sectors that were already showing signs of a slowdown even before the outbreak.

NBFCs were adversely impacted by COVID-related stress due to their underlying business models. On the supply side, the sources of funds dried up, more so for the small and mid-sized NBFCs, on account of reduced risk appetite of lenders for low rated and unrated exposures. The situation was worsened by the unprecedented redemption pressure on the mutual fund industry, resulting in a spike in spreads.

The challenges for the NBFCs have moved from the liability to the asset side in terms of liquidity and asset quality with the outbreak of Covid19. The liquidity covers of NBFCs is largely dependent on collections and the ability to raise resources. The collections of NBFCs witnessed decline during the six month moratorium on the payment of instalments in respect of all term loans to their borrowers for the period from March 1, 2020 to August 31, 2020 .

However, the impact of Covid-19 on financial activities have significantly come down during the year as there has been no major business disruptions or government restrictions after March 2022. The collection efficiency metrices of the company also witnessed a significant improvement during the year. The impact of Covid-19 induced delinquency on the loan exposure has also tapered during the year. The company’s gross exposure to loans restructured under the Covid restructuring framework as on Dec 31, 2023 - Rs.94.72 Million, as on March 31, 2023 - Rs. 443.40 Million, as on March 31, 2022 - Rs. 3673.21 Million and as on March 31, 2021 - Rs. 717.55 Million against which provisions carried as on Dec 31, 2023 - 92.85 million, as on March 31, 2023 - 239.95 millions, as on March 31, 2022 - 959.37 millions and as on March 31, 2021 - 71.76 millions) .

52.3. Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to certain types of market risk as follows:

52.3.1. Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the company. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Management of Interest Margin

The spread or interest margin, otherwise known as “Gap”, is the difference between the return on assets and the expenses paid on liabilities. Assets are classified as Rate Sensitive Assets and fixed Rate Assets. Liabilities are classified as Rate Sensitive Liabilities and fixed Rate Liabilities. An asset or liability is identified as sensitive if cash flows from the asset or liability change in the same direction and general magnitude as the change in short-term rates. The cash flows of insensitive (or non-sensitive) assets or liabilities do not change within the relevant time period.

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at December 31, 2023.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax affected through the impact on floating rate borrowings, as follows:

(Rs. in millions)

Particulars	Effect on Restated Statement of Profit and loss for the nine month ended 2023-24	Effect on Restated Statement of Profit and loss for the year 2022-23	Effect on Restated Statement of Profit and loss for the year 2021-22	Effect on Restated Statement of Profit and loss for the year 2020-21
0.50% increase	(262.56)	(202.00)	(150.59)	(139.78)
0.50% decrease	262.56	202.00	150.59	139.78

52.3.2. Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

52.3.3. Currency Risk

Foreign currency risk for the Company arise majorly on account of foreign currency borrowings. The Company's foreign currency exposures are managed in accordance with its Foreign Exchange Risk Management Policy which has been approved by its Board of Directors. The Company has hedged its foreign currency risk on its foreign currency borrowings as on March 31, 2023 by entering into forward contracts with the intention of covering the entire term of foreign currency exposure . The counterparties for such hedge transactions are banks.

The Company's exposure on account of Foreign Currency Borrowings at the end of the reporting period expressed in Indian Rupees are as follows:

(Rs. in millions)

Particulars	**As at Dec 31, 2023**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Foreign Currency Non-Resident Loans.	-	2,716.03	-	-

The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment and hence the hedge ratio is 1:1.

Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2023 **(Rs. in millions)**

Type of hedge and risks	**Carrying amount of hedging instrument**		**Carrying amount of hedged item**		**Balances in the cash flow hedge reserve for continuing hedges**	**Hedging Gain or loss**	**Nominal Amount of Hedging instrument (USD)**
	Liability	**Line item in Balance Sheet**	**Liability**	**Line item in Balance Sheet**			
Cash Flow Hedge (Currency Risk)	29.32	Derivative financial instrument	2,727.30	Borrowings (other than debt securities)	(0.17)	(0.17)	33.24

The Company has entered into foreign currency forward contracts to hedge the currency risk of its borrowings denominated in foreign currency. The critical terms such as due date, amount involved etc of the hedged item and the hedging instrument exactly matches. Further, the company has designated the spot element of foreign currency forward contracts as hedging instrument . Accordingly, there is no ineffective portion of the above hedge to be recognised in profit or loss and consequently, disclosures in respect of the change in fair value of the hedged item and the hedging instrument used as the basis for recognising hedge ineffectiveness for the period, as required under Ind AS 107 is not relevant.

52.3.4. Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

III. Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Notes forming part of the Restated Financial Statements

53: Micro Enterprises and Small Enterprises

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are given as follows: **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Principal amount due	-	7.20	-	-
Interest due on the above	-	-	-	-
b) Interest paid during the period beyond the appointed day	-	-	-	-
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	-	-	-	-
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	-	-	-	-
e) Amount of interest accrued and remaining unpaid at the end of the period	-	-	-	-
f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act.	-	-	-	-

54: Foreign Currency Expenditure

54.1. Foreign Currency Expenditure **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Professional Fees	0.49	0.47	1.29	-
Dividend	8.79	3.42	1.24	-

Interest on Foreign currency borrowing which are fully hedged through forward contracts are not considered for the purpose of above disclosure.

54.2.
The unhedged Foreign currency exposure of the Company as on December 31, 2023 is Rs. Nil, as on March 31, 2023 is Rs. Nil, as on March 31, 2022, Rs.Nil and as on March 31, 2021 - Rs. Nil

55: Segment Information
The Company is primarily engaged in the business of Micro Financing. As per the Chief Operating decision maker, all the activities of the Company revolve around the main business and there is no other relevant segment. Further, the Company does not have any separate geographical segments other than India. As such there are no separate reportable segments as per Ind AS -108 “Operating Segments”.

56: Additional Disclosures pursuant to Reserve Bank of India Directions

56.1. Schedule to the Balance Sheet of a Non Banking Financial Company as required under Master Direction- Non banking Financial company Systematically important Non deposit Taking company and Deposit Taking company (Reserve Bank) Directions, 2016 as amended

(Rs. in millions)

S. No	Particulars	As at Dec 31, 2023		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
		Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due
	Liabilities :								
1	**Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:**								
(a)	Debentures & Preference shares								
	-Secured	4,757.96	-	6,582.65	-	3,967.27	-	5,493.40	-
	-Unsecured	7,363.44	-	1,400.55	-	1,399.25	-	1,452.63	-
	(Other than falling within the meaning of Public deposits)								
(b)	Deferred Credits	-	-	-	-	-	-	-	-
(c)	Term Loans	52,316.42	-	37,754.66	-	30,176.58	-	21,076.72	-
(d)	Inter-Corporate Loans and Borrowings								
(e)	Commercial Paper								
(f)	Foreign Currency Non-Resident (FCNR-B) Loans.	-	-	2,716.03	-	-	-	-	-
(g)	Other Loans (Nature of other Loans, CC etc.)	524.31	-	250.02	-	249.86	-	292.24	-

Notes forming part of the Restated Financial Statements

S. No	Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Assets				
2	**Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :**				
(a)	Secured	60.28	35.07	12.06	0.88
(b)	Unsecured (including Interest accrued and Loans to staff)	71,813.74	46,240.29	35,530.47	27,836.59
3	**Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.**				
(i)	Leased Assets including Leased Rentals Accrued and Due:				
	(a) Financial Lease	-	-	-	-
	(b) Operating Lease	-	-	-	-
(ii)	Stock on fire including Hire charges under Sundry Debtors:				
	(a) Assets on Hire	-	-	-	-
	(b) Repossessed Assets	-	-	-	-
(iii)	Other Loans counting towards AFC activities				
	(a) Loans where Assets have been Repossessed	-	-	-	-
	(b) Loans Other than (a) above	-	-	-	-
4	**Breakup of investments**				
	Current Investments				
I	Quoted:				
(i)	Shares : (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
(ii)	Debentures and Bonds	-	-	-	-
(iii)	Units of Mutual Fund	-	-	-	-
(iv)	Government Securities	-	-	-	-
(v)	Others (Please Specify)	-	-	-	-
II	Unquoted:				
(i)	Shares : (a) Equity	-	-	-	-
(ii)	(b) Preference	-	-	-	-
(iii)	Debentures and Bonds	-	-	-	-
(iv)	Units of Mutual Fund	-	-	-	-
(v)	Government Securities	-	-	-	-
	Others (Please Specify)	-	-	-	-
	Long Term Investments				
I	Quoted:				
(i)	Shares : (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
(ii)	Debentures and Bonds	-	-	-	-
(iii)	Units of Mutual Fund	-	-	-	-
(iv)	Government Securities	-	-	-	-
(v)	Others (Please Specify)	-	-	-	-
II	Unquoted:				
(i)	Shares : (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
(ii)	Debentures and Bonds	-	-	-	-
(iii)	Units of Mutual Fund	-	-	-	-
(iv)	Government Securities	-	-	-	-
(v)	Security Receipts	59.89	528.64	-	-

5. Borrower Group-Wise classification of Assets financed as in (2) and (3) above **(Rs. in millions)**

S. No	Category	Net of provisions as at Dec 31, 2023			Net of provisions as at March 31, 2023		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties	-	-	-	-	-	-
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the Same Group	-	-	-	-	-	-
	(c) Other Related Parties	-	-	-	-	-	-
2	Other than Related Parties	60.28	71,813.74	71,874.02	35.07	46,240.29	46,275.36
	Total	60.28	**71,813.74**	**71,874.02**	35.07	**46,240.29**	**46,275.36**

S. No	Category	Net of provisions as at March 31, 2022			Net of provisions as at March 31, 2021		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties	-	-	-	-	-	-
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the Same Group	-	-	-	-	-	-
	(c) Other Related Parties	-	-	-	-	-	-
2	Other than Related Parties	12.06	35,530.47	35,542.53	0.88	27,836.59	27,837.46
	Total	12.06	**35,530.47**	**35,542.53**	0.88	**27,836.59**	**27,837.46**

Notes forming part of the Restated Financial Statements

6. Other Information **(Rs. in millions)**

Sno	Particulars		As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	Gross Non-Performing Assets *	Related Parties	-	-	-	-
		Other than Related Parties	1,392.61	1,144.81	2,145.00	783.18
(ii)	Net Non-Performing Assets *	Related Parties	-	-	-	-
		Other than Related Parties	112.46	305.27	525.75	165.49
(iii)	Assets Acquired in Satisfaction Debt	Related Parties	-	-	-	-
		Other than Related Parties	-	-	-	-

*Assets classified as Stage 3 as per Ind AS Classification

56.2 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November 2014

1.'Provisions and Contingencies **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Category wise breakup of Provisions & Contingencies shown in Restated Statement of Profit and Loss				
Provision towards non-performing assets*	440.61	(779.71)	1,001.56	401.38
Provision made towards income tax	1,061.45	48.16	422.77	261.36
Provision for gratuity	18.20	15.41	12.15	12.11
Provision for standard assets#	614.29	(500.85)	255.81	210.04
Provision for Other Financial Asset	14.43	7.77	9.19	-
Provision for other assets	17.09	(0.88)	2.63	(1.11)

* Represents impairment loss allowance on stage 3 loans. (Net of reversal on account of write off)

Represents impairment loss allowance on stage 1 and stage 2 loans.

2.'Movement of NPA **(Rs. in millions)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Net NPAs to net advances (%)	0.16%	0.66%	1.48%	0.59%
Movement of NPAs (Gross)				
(a) Opening balance	1,144.81	2,145.00	783.18	235.83
(b) Additions during the year	1,431.29	3,751.64	1,619.79	830.30
(c) Reductions during the year	1,183.49	4,751.83	257.97	282.95
Closing balance	**1,392.61**	**1,144.81**	**2,145.00**	**783.18**
Movement of Net NPAs				
(a) Opening balance	305.27	525.75	165.49	19.52
(b) Additions during the year *	(170.57)	1,620.40	389.92	208.57
(c) Reductions during the year	22.23	1,840.88	29.66	62.60
Closing balance	**112.47**	**305.27**	**525.75**	**165.49**
Movement of provisions for receivables under financing activities				
(a) Opening balance	839.54	1,619.25	617.69	216.31
(b) Provisions made during the year	1,601.86	2,131.24	1,229.87	621.73
(c) Write-off / write-back of excess provisions	1,161.26	2,910.95	228.31	220.35
Closing balance	**1,280.14**	**839.54**	**1,619.25**	**617.69**

* - Net of impact of incremental provision on existing NPA

3. Concentration of advances, exposures and NPAs:- **(Rs. in millions)**

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Concentration of Advances				
Total Advances to twenty largest borrowers	14.18	13.04	10.18	4.52
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.02%	0.03%	0.02%	0.02%
Concentration of Exposures				
Total Exposure to twenty largest borrowers / customers	14.18	13.04	10.18	4.52
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.02%	0.03%	0.02%	0.02%
Concentration of NPAs				
Total Exposure to top four NPA accounts	0.57	1.26	0.69	0.73

4. The Company does not finance the products of the parent / holding company.

5. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC

The Company did not exceed the limits prescribed for single and group borrower during the period ended December 31, 2023, Year ended March 31, 2023, Year ended March 31, 2022 and Year ended March 31, 2021.

6. Disclosures on Risk Exposure in Derivatives

The Company has a Board approved policy in dealing with derivative transactions. The Company undertakes derivative transactions for hedging foreign currency exposures to mitigate the foreign currency risk. During the year, the company has hedged its foreign currency borrowings through forward exchange contracts. The Asset Liability Management Committee monitors such transactions and reviews the risks involved. The derivative transactions are accounted in accordance with Ind AS 109 and the accounting policy for recording hedge transactions and valuation of outstanding contracts is detailed in Note 3.8.

Refer Note - 18 " Derivative financial instruments" and Note- 52.3.3 " Disclosure of Effects of Hedge Accounting".

Notes forming part of the Restated Financial Statements

7. Unsecured advances

Refer note 9 for details of unsecured advances

8. The Company is not registered with any other financial sector regulators.

9. No penalty has been imposed by RBI and other regulators during the Period ended December 31, 2023 and Year ended March 31, 2023, March 31, 2022 and March 31, 2021.

56.3. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022:

1. Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

S.No	Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Complaints received by the NBFC from its customers				
1	Number of complaints pending at beginning of the year	12	2	3	0
2	Number of complaints received during the year	500	730	655	232
3	Number of complaints disposed during the year	493	720	656	229
3.1	Of which, number of complaints rejected by the NBFC	0	0	0	0
4	Number of complaints pending at the end of the year	19	12	2	3
	Maintainable complaints received by the NBFC from Office of Ombudsman				
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	27	7	6	1
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	27	6	6	1
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	0	1	0	0
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0	0	0
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0	0	0

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
For the period ended Dec 31, 2023					
Wrong Mobile Number	2	153	-48%	0	0
Updation of Repayment Records / Digital Transactions	0	65	-19%	0	0
Employee Related	1	18	-63%	2	0
Recovery Practices / Employee Behaviour	1	61	11%	0	0
Insurance claim settlement	6	148	447%	17	0
Updation of CIR	0	33	42%	0	0
Others	2	22	21%	0	0
Total	**12**	**500**	**-9%**	**19**	**0**
For the Year ended March 31, 2023					
Wrong Mobile Number	0	394	11%	2	0
Updation of Repayment Records / Digital Transactions	0	107	16%	0	0
Employee Related	0	65	282%	1	0
Recovery Practices / Employee Behaviour	2	73	-3%	1	0
Insurance claim settlement	0	36	-41%	6	1
Updation of CIR	0	31	72%	0	0
Others	0	24	-35%	2	1
Total	**2**	**730**	**11%**	**12**	**2**
For the Year ended March 31, 2022					
Wrong Mobile Number	0	355	655%	0	0
Updation of Repayment Records / Digital Transactions	1	92	318%	2	0
Employee Related	1	17	-54%	0	0
Recovery Practices / Employee Behaviour	0	75	6%	0	0
Insurance claim settlement	1	61	307%	0	0
Updation of CIR	0	18	100%	0	0
Others	0	37	-8%	0	0
Total	**3**	**655**	**182%**	**2**	**0**
For the Year ended March 31, 2021					
Wrong Mobile Number	0	47	4700%	0	0
Updation of Repayment Records / Digital Transactions	0	22	2200%	1	0
Employee Related	0	37	270%	1	0
Recovery Practices / Employee Behaviour	0	71	-3%	0	0
Insurance claim settlement	0	15	650%	1	0
Updation of CIR	0	0	-1%	0	0
Others	0	40	-47%	0	0
Total	**0**	**232**	**-7%**	**3**	**0**

Notes forming part of the Restated Financial Statements

2. Breach of covenants

The Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to borrowings. The company has intimated these breaches were predominantly due to impact of COVID Pandemic, to the respective lenders and based on discussions with them, does not anticipate any adverse action such as levy of higher interest or recall of the facility in this regard.

Number of facilities with instances of breach

Summary of Financial Covenants stipulated in respect of loan availed or debt securities issued	Period ended Dec 31, 2023			Year ended March 31, 2023			
	Quarter 1	Quarter 2	Quarter 3	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Maximum threshold for GNPA Ratio	-	-	-	18	19	7	1
Maximum threshold for NNPA Ratio	-	-	-	23	26	11	0
Maximum threshold for AUM to Net worth Ratio	2	2	1	-	-	-	-
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	1	1	4	8	8	5	5
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	3	3	3	7	6	4	4

Summary of Financial Covenants stipulated in respect of loan availed or debt securities issued	As at March 31, 2022	As at March 31, 2021
Maximum threshold for GNPA Ratio	16	7
Maximum threshold for NNPA Ratio	18	5
Maximum threshold for AUM to Net worth Ratio		
Maximum threshold for NNPA Ratio to Net worth	1	
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	7	6
Maximum threshold for Portfolio At Risk (PAR) Accounts >60 Days	1	
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	5	

3. Exposure to Real Estate **(Rs. in millions)**

Sno	Category	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2020
A)	**Direct Exposure**				
(i)	**Residential Mortgages -**				
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	60.98	35.54	12.06	0.88
(ii)	**Commercial Real Estate -**				
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-	-	-
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**				
a.	Residential	-	-	-	-
b.	Commercial Real Estate	-	-	-	-
B)	**Indirect Exposure**				
	Fund based and Non Fund based exposure on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-	-	-
	Total Exposure to Real Estate Sector	**60.98**	**35.54**	**12.06**	**0.88**

4. The Company has no exposure to capital market directly or indirectly as of Dec 31, 2023, March 31, 2023, March 31, 2022, and March 31, 2021.

5. Sectoral exposure **(Rs. in millions)**

Sno	Sectors	As at Dec 31, 2023			As at March 31, 2023		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	Agriculture andAllied Activities	58,381.79	1,248.82	2.14%	38,849.03	837.69	2.16%
2	**Industry**						
	Production or Manufacturing	4,103.50	51.31	0.35%	1,453.95	20.91	0.22%
	Trade and Business	10,408.50	371.31	2.56%	8,044.54	267.56	2.82%
	Total of Industry	**14,512.00**	**422.62**	**2.91%**	**9,498.49**	**288.47**	**3.04%**
3	**Services**						
	Services	14,337.91	500.36	3.49%	12,399.14	399.68	3.22%
	Total of Services	**14,337.91**	**500.36**	**3.49%**	**12,399.14**	**399.68**	**3.22%**
4	**Personal Loans**						
	Others	1,110.43	56.43	5.08%	1,174.28	46.30	3.94%
	Total of Personal Loans	**1,110.43**	**56.43**	**5.08%**	**1,174.28**	**46.30**	**3.94%**
	Total	**88,342.13**	**2,228.24**	**2.52%**	**61,920.94**	**1,572.14**	**2.54%**

Sno	Sectors	As at March 31, 2022			As at March 31, 2021		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	Agriculture and Allied Activities	25,940.74	1,276.86	4.92%	19,711.38	495.96	2.52%
2	**Industry**						
	Production or Manufacturing	436.11	35.60	0.53%	358.27	21.12	0.44%
	Trade and Business	6,323.68	403.71	5.97%	4,388.44	147.88	3.12%
	Total of Industry	**6,759.79**	**439.31**	**6.50%**	**4,746.71**	**169.00**	**3.56%**
3	**Services**						
	Services	9,703.66	673.92	6.94%	7,506.11	263.07	3.50%
	Total of Services	**9,703.66**	**673.92**	**6.94%**	**7,506.11**	**263.07**	**3.50%**
4	**Personal Loans**						
	Others	1,244.79	90.26	7.25%	1,023.14	18.09	1.77%
	Total of Personal Loans	**1,244.79**	**90.26**	**7.25%**	**1,023.14**	**18.09**	**1.77%**
	Total	**43,648.98**	**2,480.35**	**5.68%**	**32,987.34**	**946.12**	**2.87%**

56.4. Disclosure pursuant to RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24,2021

Details of stressed loans classified as NPA transferred to ARC

Particulars	As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
No: of accounts	-	123,681.00	-	-
Aggregate principal outstanding of loanstransferred	-	2,500.96	-	-
Weighted average residual tenor of the loans transferred (Months)	-	4.91	-	-
Net book value of loans transferred (at the time of transfer)	-	636.94	-	-
Aggregate consideration	-	830.00	-	-
Additional consideration realized in respect of accounts transferred in earlier years		-	-	-
Investment In Security Receipts	59.89	528.64	-	-

a) The Company has reversed Rs.193.06 Million Provision on account of the sale of Stressed Loan (Refer Note 9.1) for the year ended March 31, 2023
b) Details of Recovery Rating assigned for Security receipts is 'IND RR3' having implied recovery more than 50% and upto 75% (as on September 30, 2023 - Refer Note 9.1). The Carrying value of Security Receipts ("SRs") held by the Company as on December 31, 2023 is Rs.59.89 million (Gross book value - 505.91 Mn, Loss on fair value change - 446.02 Mn.) and as on March 31, 2023 is Rs.528.64 million (Gross book value - 721.70 Mn, Loss on fair value change - 446.02 Mn.)

c) The Company has not transferred any stressed loans [(Special Mention Account (SMA) and Non- Performing Asset (NPAs)] during the period ended December 31, 2023.

56.5. Disclosure pursuant to RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

As at December 31, 2023 **(Rs. in millions)**

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing asset						
Standard	Stage 1	71,695.83	440.67	71,255.16	500.08	-59.41
	Stage 2	797.51	291.11	506.40	10.91	280.20
Subtotal		**72,493.34**	**731.78**	**71,761.56**	**510.99**	**220.79**
Non-Performing asset (NPA)						
Substandard	Stage 3	1,392.61	1,280.15	112.46	517.91	762.24
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,392.61	1,280.15	112.46	517.91	762.24
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**71,695.83**	**440.67**	**71,255.16**	**500.08**	**-59.41**
	Stage 2	**797.51**	**291.11**	**506.40**	**10.91**	**280.20**
	Stage 3	**1,392.61**	**1,280.15**	**112.46**	**517.91**	**762.24**
	Total	**73,885.95**	**2,011.93**	**71,874.02**	**1,028.90**	**983.03**

As at March 31, 2023 (Rs. in millions)

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109 (Refer footnote 2)	Net Carrying Amount	Provisions required as per IRACP norms (Refer footnote 2)	Difference between Ind AS 109 provisions and IRACP norms
Performing asset						
Standard	Stage 1	45,770.14	30.77	45,739.37	182.74	-151.97
	Stage 2	317.44	86.72	230.72	1.34	85.38
Subtotal		**46,087.58**	**117.49**	**45,970.09**	**184.08**	**-66.59**
Non-Performing asset (NPA)						
Substandard	Stage 3	1,144.81	839.54	305.27	605.03	234.51
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,144.81	839.54	305.27	605.03	234.51
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**45,770.14**	**30.77**	**45,739.37**	**182.74**	**-151.97**
	Stage 2	**317.44**	**86.72**	**230.72**	**1.34**	**85.38**
	Stage 3	**1,144.81**	**839.54**	**305.27**	**605.03**	**234.51**
	Total	**47,232.39**	**957.03**	**46,275.36**	**789.11**	**167.92**

As at March 31, 2022 (Rs. in millions)

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109 (Refer footnote 2)	Net Carrying Amount	Provisions required as per IRACP norms (Refer footnote 2)	Difference between Ind AS 109 provisions and IRACP norms
Performing asset						
Standard	Stage 1	33,834.19	114.09	33,720.10	447.36	-333.27
	Stage 2	1,800.93	504.25	1,296.68	125.40	378.85
Subtotal		**35,635.12**	**618.34**	**35,016.78**	**572.76**	**45.58**
Non-Performing asset (NPA)						
Substandard	Stage 3	2,145.00	1,619.25	525.75	1,135.09	484.16
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,145.00	1,619.25	525.75	1,135.09	484.16
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**33,834.19**	**114.09**	**33,720.10**	**447.36**	**-333.27**
	Stage 2	**1,800.93**	**504.25**	**1,296.68**	**125.40**	**378.85**
	Stage 3	**2,145.00**	**1,619.25**	**525.75**	**1,135.09**	**484.16**
	Total	**37,780.12**	**2,237.59**	**35,542.53**	**1,707.85**	**529.74**

As at March 31, 2021 (Rs. in millions)

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109 (Refer footnote 2)	Net Carrying Amount	Provisions required as per IRACP norms (Refer footnote 2)	Difference between Ind AS 109 provisions and IRACP norms
Performing asset						
Standard	Stage 1	27,699.10	264.76	27,434.34	191.17	73.59
	Stage 2	335.41	97.77	237.64	3.22	94.55
Subtotal		**28,034.51**	**362.53**	**27,671.98**	**194.39**	**168.14**
Non-Performing asset (NPA)						
Substandard	Stage 3	783.18	617.69	165.49	269.39	348.30
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		783.18	617.69	165.49	269.39	348.30
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**27,699.10**	**264.76**	**27,434.34**	**191.17**	**73.59**
	Stage 2	**335.41**	**97.77**	**237.64**	**3.22**	**94.55**
	Stage 3	**783.18**	**617.69**	**165.49**	**269.39**	**348.30**
	Total	**28,817.69**	**980.22**	**27,837.47**	**463.78**	**516.44**

As per guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Since the impairment allowance under IND AS 109 is higher than the provisioning required under IRACP (including standard asset provisioning), the Company has not created any Impairment Reserve.

56.6.1. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress

Sno	Type of Borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan*
1	Personal Loans	-	-	-	-	-
2	Corporate Persons	-	-	-	-	-
3	Of Which MSMEs	-	-	-	-	-
4	**Others**					
	- As at March 31, 2021	50,144	715.15	-	-	71.76

* Provisions given above are total ECL calculated as per Ind AS
Include cases where request received till September 30, 2021 and implemented subsequently.

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts.

Notes forming part of the Restated Financial Statements

56.6.2. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI/2021-22/31 DOR.STR.11/21.04.048/2021-22 dated May 5, 2021 Pursuant to Resolution Framework 2.0 . (Rs In Million)

Sno	Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at end of the previous half- year	Of (A), aggregate debt that slipped into NPA during the half year ended	Of (A), amount written off during the half-year ended	Of (A), amount paid by the borrowers during the half year ended	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half year
1	Personal Loans	-	-	-	-	-
2	Corporate Persons	-	-	-	-	-
3	Of Which MSMEs	-	-	-	-	-
4	Others					
	For the period Apr 2021 to Sep 2021	715.15	391.73	-	125.89	589.26
	For the period Oct 2021 to Mar 2022	3,941.50	820.60	-	1,103.44	2,852.61
	For the period Apr 2022 to Sep 2022	2,852.61	1,468.16	-	730.78	432.96
	For the period Oct 2022 to Mar 2023	432.96	74.56	7.93	255.83	105.82
	For the period Apr 2023 to Sep 2023	105.82	10.22	18.70	64.81	13.77
	For the period Oct 2023 to Dec 2023	13.77	4.31		2.07	1.53
	Total	**8,061.81**	**2,769.58**	**26.63**	**2,282.82**	**3,995.95**

As of December 31, 2023, there were 10,346 borrower accounts having an aggregate exposure of Rs.53.89 Million
As of March 31, 2023 there were 11336 accounts with aggregate exposure of Rs.58.90 Million,
As of March 31, 2022, there were 12301 accounts with aggregate exposure of Rs.88.88 Million
where resolution plans had been Implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

56.7. Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	**As at Dec 31, 2023**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Number of Significant Counterparties	19	23	29	27
Amount(Rs. In Million)	57,224	43,002	31,586	24,618
% of Total deposits	NA	NA	NA	NA
% of Total Liabilities	84.49%	83.75%	85.27%	84.15%

Notes: A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's total liabilities..

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(ii) Top 20 large deposits (amount in ₹ Millions and % of total deposits)

Not applicable. The company being a Systematically Important Non-Deposit taking Non- Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

(iii) Top 10 borrowings (amount in ₹ Millions and % of total borrowings) **(Rs. In Million)**

Particulars	**As at Dec 31, 2023**		**As at March 31, 2023**		**As at March 31, 2022**		**As at March 31, 2021**	
	Amount (Rs. In Million)	**% of total Borrowings**	**Amount (Rs. In Million)**	**% of total Borrowings**	**Amount (Rs. In Million)**	**% of total Borrowings**	**Amount (Rs. In Million)**	**% of total Borrowings**
Top 10 Borrowings	46,772.43	72.81%	33,236.90	68.83%	19,421.60	54.59%	15,893.70	56.86%

(iv) Funding Concentration based on significant instrument/product* **(Rs. In Million)**

Name of the instrument/product	**As at Dec 31, 2023**	**% of Total Liabilities**	**As at March 31, 2023**	**% of Total Liabilities**	**As at March 31, 2022**	**% of Total Liabilities**	**As at March 31, 2021**	**% of Total Liabilities**
Term Loans	52,512.41	77.53%	40,399.64	78.68%	30,118.88	81.31%	21,032.99	71.89%
Non-Convertible Debentures	8,924.04	13.18%	6,215.71	12.11%	3,807.89	10.28%	5,284.95	18.06%
Subordinate Debt	2,805.36	4.14%	1,649.51	3.21%	1,643.59	4.44%	1,638.42	5.60%

Notes: A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's.

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

Notes forming part of the Restated Financial Statements

(iv) Stock Ratios

Particulars	As a % of Total Public Funds *	As a % of Total Liabilities *	As a % of Total Assets
Other short Term Liabilities *			
- As at December 31, 2023	59.98%	56.89%	47.59%
- As at March 31, 2023	60.47%	56.84%	46.87%
- As at March 31, 2022	57.10%	54.84%	44.55%
- As at March 31, 2021	55.79%	53.31%	44.98%

*Notes

1. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

2. “Public funds” shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011.
3. Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

(v) Institutional set-up for liquidity risk management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approved the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC (Board) are held at quarterly interval and more frequently as warranted from time to time. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month. The minutes of ALCO meetings are placed before the RMC in its next meeting for its perusal/approval/ratification.

(vi) Being an NBFC- MFI, the company's loan portfolio consists of large number of small ticket loans to individual borrowers and hence, disclosures in respect of concentration of advances (including NPA) is not considered relevant.

(vii) Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019:

(Rs. In Million)

Sno	Particulars	Quarter December 31, 2023		Quarter September 30, 2023		Quarter June 30, 2023	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	**Total High Quality Liquid Assets (HQLA)**						
a	Cash and bank balance	228.85	228.85	423.48	423.48	432.69	432.69
b	Marketable Securities	635.87	635.87	714.13	714.13	850.99	850.99
c	Unencumbered fixed deposit	3,498.42	3,498.42	3,639.11	3,639.11	5,607.58	5,607.58
		4,363.14	**4,363.14**	**4,776.72**	**4,776.72**	**6,891.26**	**6,891.26**
	Cash Outflows						
2	Deposits (for deposit taking companies)	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-
5	Additional requirements, of which						
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-
6	Other contractual funding obligations	5,768.12	6,633.34	4,756.56	5,470.04	4,685.95	5,388.84
7	Other contingent funding obligations	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**5,768.12**	**6,633.34**	**4,756.56**	**5,470.04**	**4,685.95**	**5,388.84**
	Cash Inflows						
9	Secured lending	-	-	-	-	-	-
10	Inflows from fully performing exposures	6,546.82	4,910.11	5,713.99	4,102.53	5,328.24	3,996.18
11	Other cash inflows	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**6,546.82**	**4,910.11**	**5,713.99**	**4,102.53**	**5,328.24**	**3,996.18**
13	**TOTAL HQLA**		**4,363.14**		**4,776.72**		**6,891.26**
14	**TOTAL NET CASH OUTFLOWS**		**1,723.23**		**1,367.51**		**1,392.66**
15	**LIQUIDITY COVERAGE RATIO (%)**		**253%**		**349%**		**495%**

Notes forming part of the Restated Financial Statements

(Rs. In Million)

Sno	Particulars	Quarter March 31, 2023 * Total Unweighted Value (average)	Quarter March 31, 2023 * Total Weighted Value (average)	Quarter Dec 31, 2022 * Total Unweighted Value (average)	Quarter Dec 31, 2022 * Total Weighted Value (average)	Quarter Sep 30, 2022 * Total Unweighted Value (average)	Quarter Sep 30, 2022 * Total Weighted Value (average)	Quarter June 30, 2022 * Total Unweighted Value (average)	Quarter June 30, 2022 * Total Weighted Value (average)
1	**Total High Quality Liquid Assets (HQLA)**								
a	Cash and bank balance	1,123.21	1,123.21	931.98	931.98	1,249.17	1,249.17	927.11	927.11
b	Unencumbered fixed deposit	11,765.50	11,765.50	6,239.10	6,239.10	3,899.89	3,899.89	5,494.20	5,494.20
		12,888.71	**12,888.71**	**7,171.08**	**7,171.08**	**5,149.06**	**5,149.06**	**6,421.31**	**6,421.31**
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	5,092.92	5,856.86	4,456.94	5,125.48	2,991.69	3,440.44	2,857.47	3,286.09
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**5,092.92**	**5,856.86**	**4,456.94**	**5,125.48**	**2,991.69**	**3,440.44**	**2,857.47**	**3,286.09**
	Cash Inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	2,642.41	1,981.81	2,543.55	1,907.66	2,416.92	1,812.69	2,225.92	1,669.44
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**2,642.41**	**1,981.81**	**2,543.55**	**1,907.66**	**2,416.92**	**1,812.69**	**2,225.92**	**1,669.44**
13	**TOTAL HQLA**		**12,888.71**		**7,171.08**		**5,149.06**		**6,421.31**
14	**TOTAL NET CASH OUTFLOWS**		**3,875.05**		**3,217.82**		**1,627.75**		**1,616.65**
15	**LIQUIDITY COVERAGE RATIO (%)**		**333%**		**223%**		**316%**		**397%**

(Rs. In Million)

Sno	Particulars	Quarter March 31, 2022 * Total Unweighted Value (average)	Quarter March 31, 2022 * Total Weighted Value (average)	Quarter Dec 31, 2021 * Total Unweighted Value (average)	Quarter Dec 31, 2021 * Total Weighted Value (average)	Quarter Sep 30, 2021 * Total Unweighted Value (average)	Quarter Sep 30, 2021 * Total Weighted Value (average)	Quarter June 30, 2021 * Total Unweighted Value (average)	Quarter June 30, 2021 * Total Weighted Value (average)
1	**Total High Quality Liquid Assets (HQLA)**								
a	Cash and bank balance	894.29	894.29	1,378.26	1,378.26	608.66	608.66	481.68	481.68
b	Unencumbered fixed deposit	6,490.63	6,490.63	1,336.56	1,336.56	2,130.03	2,130.03	2,162.61	2,162.61
		7,384.92	**7,384.92**	**2,714.82**	**2,714.82**	**2,738.69**	**2,738.69**	**2,644.29**	**2,644.29**
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	3,047.17	3,504.25	1,471.92	1,692.71	2,362.31	2,716.66	779.53	896.46
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**3,047.17**	**3,504.25**	**1,471.92**	**1,692.71**	**2,362.31**	**2,716.66**	**779.53**	**896.46**
	Cash Inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	1,918.23	1,438.67	2,095.39	1,269.53	1,927.52	1,445.64	1,677.11	672.35
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**1,918.23**	**1,438.67**	**2,095.39**	**1,269.53**	**1,927.52**	**1,445.64**	**1,677.11**	**672.35**
13	**TOTAL HQLA**		**7,384.92**		**2,714.82**		**2,738.69**		**2,644.29**
14	**TOTAL NET CASH OUTFLOWS**		**2,065.58**		**423.18**		**1,271.02**		**224.11**
15	**LIQUIDITY COVERAGE RATIO (%)**		**358%**		**642%**		**215%**		**1180%**

(Rs. In Million)

Sno	Particulars	Quarter March 31, 2021 *		Quarter Dec 31, 2020 *		Quarter Sep 30, 2020 *		Quarter June 30, 2020 *	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	**Total High Quality Liquid Assets (HQLA)**								
a	Cash and bank balance	993.73	993.73	2,115.69	2,115.69	1,345.02	1,345.02	1,577.78	1,577.78
b	Unencumbered fixed deposit	3,527.50	3,527.50	1,049.00	1,049.00	3,064.50	3,064.50	3,922.78	3,922.78
		4,521.23	**4,521.23**	**3,164.69**	**3,164.69**	**4,409.52**	**4,409.52**	**5,500.56**	**5,500.56**
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,176.14	1,352.57	995.07	1,144.33	2,757.93	3,171.61	1,458.92	1,677.76
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**1,176.14**	**1,352.57**	**995.07**	**1,144.33**	**2,757.93**	**3,171.61**	**1,458.92**	**1,677.76**
	Cash Inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	1,596.82	1,014.42	1,544.27	858.25	2,855.42	2,141.56	1.26	0.95
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**1,596.82**	**1,014.42**	**1,544.27**	**858.25**	**2,855.42**	**2,141.56**	**1.26**	**0.95**
13	**TOTAL HQLA**		**4,521.23**		**3,164.69**		**4,409.52**		**5,500.56**
14	**TOTAL NET CASH OUTFLOWS**		**338.15**		**286.08**		**1,030.05**		**1,676.81**
15	**LIQUIDITY COVERAGE RATIO (%)**		**1337%**		**1106%**		**428%**		**328%**

* - The Inflows and Outflows have been extracted from the Form DNBS4 filed by the company with Reserve Bank of India

57: Fraud

Disclosure of Frauds reported during the year to RBI vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated 2 March 2012: **(Rs. In Million)**

Particulars	For the Period ended Dec 31, 2023	For the Year ended Mar 31, 2023	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Number of frauds reported during the year / period to Reserve Bank of India	2	1	9	3
Amount involved in such frauds and provided for	1.55	0.25	25.57	1.22
Total	**1.55**	**0.25**	**25.57**	**1.22**

58: Additional Regulatory information as per MCA notification dated March 24, 2021

58.1 Proceedings under Benami Transactions (Prohibition) Act

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the period ended Dec 31, 2023, year ended March 31, year ended March 31, 2022 and year ended March 31, 2021.

58.2. Wilful Defaulter

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the period ended Dec 31, 2023, year ended March 31, 2023, year ended March 31, 2022 and year ended March 31, 2021.

58.3. Transactions with struck of companies

The Company does not have any transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956

58.4. Registration of charges or satisfaction with Registrar of Companies (ROC)

All charges or satisfaction are registered with ROC within the statutory period for the period ended Dec 31, 2023, year ended March 31, 2023, year ended March 31, 2022 and year ended March 31, 2021.

58.5. Compliance with number of layers of companies

Not Applicable

58.6. Utilisation of Borrowed funds

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

58.7. Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual currency during the nine months period ended Dec 31, 2023 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

59: Material Restatement Adjustments and Regroupings

59.1. Statement of Restatement adjustments on Statement of Profit or Loss

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Net Profit / (Loss) after tax as per audited statement of Profit and Loss (A)	**1,303.25**	**451.29**	**466.51**
Adjustments for restatement increase / (decrease) in Profits / (Losses)			
Income / (Expenses) Adjustments	-	-	-
Total Impact of the adjustments (B)	-	-	-
Tax Impact on Adjustments			
Total Tax Adjustments (C)	-	-	-
Net effect of increase / (decrease) in Profit / (Loss) on adjustments after tax (D = (B) - (C))	-	-	-
Net Profit / (Loss) after tax as per restated statement of Profit and Loss	**1,303.25**	**451.29**	**466.51**

59.2. Statement of Restatement adjustments on Total Equity

Particulars	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
Total Equity as per Audited Financial Statements - (A)	**10,922.99**	**8,559.33**	**5,417.16**
Material restatement adjustments			
i) Audit Qualifications	-	-	-
ii) Other Material adjustments			
- Change in Accounting policies	-	-	-
- Other Adjustments	-	-	-
Total Adjustments - (B)	-	-	-
Total Equity as per Restated Statements of Assets and Liabilities -(C = (A)+(B))	**10,922.99**	**8,559.33**	**5,417.16**

59.3. Material Regroupings

Appropriate regroupings have been made in the restated statements of assets and liabilities, profit and loss and cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the financial statement of the Company for the period ended December 31, 2023 prepared in accordance with Schedule III of the Act, requirements of Ind AS 1 - 'Presentation of financial statements' and other applicable Ind AS principles and the requirements of the SEBI ICDR regulations, as amended

59.4. Material Errors

There are no material errors that require adjustment in the Restated Ind AS Summary Statements

59.5. Non Adjusting Items

I. There are no qualifications requiring adjustments in the auditors' reports on the audited financial statements of the Company for the period ended December 31, 2023 and years ended March 31, 2023, 2022 and 2021. However,

a) Auditor's Report for period ended Decembver 31, 2023 included an Emphasis of Matter paragraph relating to non-disclosure of comparative information. Audit opinion for the period ended December 31, 2023 is not modified in respect of this matter

b) Auditor's Reports for year ended March 31, 2022 included Emphasis of Matter paragraph relating to impact of Coronavirus disease 2019 (COVID-19) on the operations of the Company. Audit opinion for the year ended March 31, 2022 is not modified in respect of this matter.

II. Qualifications included in the annexure to the Auditor's Reports issued under the Companies (Auditor's Report) Order, 2016 (For FY 2020-21) and under the Companies (Auditor's Report) Order, 2020 (For FY 2021-22 and FY 2022-23) , as applicable, issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Financial Statements are as follows:

For the year ended March 31, 2023

Clause 3.

(c). In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest have been stipulated. Being a NBFC-MFI, there are instances of irregularities in repayment of principal amounts and receipt of interest as per stipulated terms. Having regard to the nature of business undertaken by the company, specific details of the irregularities are not reported, although particulars of overdue for more than ninety days as per books of accounts as at Balance Sheet date have been reported in Para (d) below.

(d) In respect of loans granted by the Company, the total amount overdue for more than ninety days as per books of account as at the balance sheet date is as under:

Amt in Million

No. of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue
76278	1050.38	259.26	1,309.64

In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the principal and interest.

Clause 7.

(a). As per the information and explanations furnished to us, and according to our examination of the records of the Company, the undisputed statutory dues including goods and service tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company have generally been regularly deposited by the company with the appropriate authorities and no undisputed amounts in respect of material statutory dues were in arrears as at 31st March, 2023 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues referred to in sub-clause (a) that have not been deposited on account of any dispute as at 31st March, 2023 are as follows:

Nature of Statue	Nature of Dues	Amount in Million *	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	58.52	FY 2016-17	CIT (A), Chennai
Income Tax Act, 1961	Income Tax	26.37	FY 2017-18	National Faceless Appeal Centre
Income Tax Act, 1961	Income Tax	2.50	FY 2019-20	National Faceless Appeal Centre

* net of amount paid under protest

Clause 11 (a)

During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company, noticed or reported during the year, except for 1 case of misappropriation of cash by employees of the Company aggregating to Rs. 0.25 Million identified by the management during the year, as stated in Note No. 57 to the accompanying financial statements.

For the year ended March 31, 2022

Clause 3.

(c).In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest have been stipulated. Being a NBFC-MFI, there are instances of irregularities in repayment of principal amounts and receipt of interest as per stipulated terms. Having regard to the nature of business undertaken by the company, specific details of the irregularities are not reported, although particulars of overdue for more than ninety days as per books of accounts as at Balance Sheet date have been reported in Para (d) below

(d) In respect of loans granted by the Company, the total amount overdue for more than ninety days as per books of account as at the balance sheet date is as under:

Amt in Million

No. of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue
143600	1208.02	108.90	1,316.92

In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the principal and interest.

Clause 7.

(a). a.As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has been regular in depositing the undisputed statutory dues including goods and service tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company with the appropriate authorities during the year and no undisputed amounts in respect of material statutory dues were in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues referred to in sub-clause (a) that have not been deposited on account of any dispute as at 31st March, 2022 are as follows:

Nature of Statue	Nature of Dues	Amount in Million *	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	58.52	FY 2016-17	CIT (A), Chennai
Income Tax Act, 1961	Income Tax	26.37	FY 2017-18	National Faceless Appeal Centre

* net of amount paid under protest

Clause 11 (a)

During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company, noticed or reported during the year, except for 8 instances of misappropriation of cash by employees of the Company aggregating to Rs. 2.40 Million and 1 instance of fraud in respect of buyout loan portfolio committed by the transferor amounting to Rs.23.17 Million, reported by the management during the year, as stated in Note No. 55 to the accompanying financial statements.

For the year ended March 31, 2021

Clause vii

The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Goods & Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

There are no undisputed amounts payable in respect of the above as at March 31, 2021 for a period of more than six months from the date on when they become payable

There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and cess outstanding as at March 31, 2021 on account of any dispute except as given below.

Nature of Statue	Nature of Dues	Amount in Million *	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	73.15	FY 2016-17	CIT (A), Chennai

Clause x

To the best of our knowledge and according to the information and explanations given to us, the Company has noticed and reported fraud in the nature of cash defalcation by Officers/Employees amounting to Rs. 12,17,272 during the year

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Restated Financial Statements

60: Ratings assigned by credit rating agencies

Instrument	Rating agency	Rating/Grading			
		As at Dec 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Long Term Bank Facilities	CRISIL	CRISIL AA/Stable	CRISIL AA-	CRISIL AA-	CRISIL AA-
Non-Convertible Debentures	CARE	CARE AA-	CARE AA-	CARE A+	CARE A+
Non-Convertible Debentures	CRISIL	CRISIL AA/Stable	CRISIL AA-	CRISIL AA-	CRISIL AA-
Subordinated Debts	CRISIL	CRISIL AA/Positive			
Subordinated Debts	ICRA	ICRA AA-	ICRA A+	ICRA A+	ICRA A
Subordinated Debts	CARE	CARE AA-	CARE AA-	CARE A+	
Market Linked Debenture	CRISIL	CRISIL PPMLD AA	CRISIL PPMLD AA -	CRISIL PPMLD AA -r	
Market Linked Debenture	ACUITE	ACUITE PPMLD AA/Stable	ACUITE PPMLD AA/Stable	ACUITE PPMLD AA/Stable	

61: Previous year comparatives

Previous year's figures have been regrouped / reclassified, wherever considered necessary, to conform with current year's presentation.

The accompanying notes are an integral part of the Restated financial information

As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 004532S

P.R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date : April 26, 2024

For and on behalf of Board of Directors

Dr.Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

OTHER FINANCIAL INFORMATION

The accounting ratios derived from the Restated Financial Information as required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

(₹ in million)

Particulars	As at and for the nine month period ended December 31, 2023	As at and for Fiscal 2023	As at and for Fiscal 2022	As at and for Fiscal 2021
Earnings per share				
- Basic	48.14	27.12	12.01	12.43
- Diluted	48.14	27.12	12.01	12.43
RoNW (%)	17.76	11.93	5.27	8.61
Net Asset Value per share	271.00	223.63	187.67	144.38
EBITDA	7,247.75	5,465.90	3,560.06	3,005.04

***Notes**: The ratios have been computed as under:*

1. *Basic EPS = Basic earnings per share are calculated by dividing the net restated profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.*
2. *Diluted EPS = Diluted earnings per share are calculated by dividing the net restated profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares outstanding during the year.*
3. *Return on Net Worth (%) = net restated profit or loss for the year attributable to equity shareholders divided by average equity at the end of the year derived from Restated Financial Information.*
4. *Net Asset Value per share = Total Equity derived from the Restated Financial Information divided by number of equity shares outstanding as at the end of year. Equity Shares on fully diluted basis is considered for the purpose of calculation of NAV.*
5. *EBITDA = Earnings before interest, tax, depreciation and amortisation*

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company as at and for the Fiscals 2023, 2022 and 2021 and the reports thereon (collectively, the "**Audited Financial Statements**") are available on our website at https://belstar.in/financial-reports/.

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 do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a 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 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.

None of our Company or any of its advisors, nor BRLMs nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

Non-GAAP Measures

Certain non-GAAP measures like EBIDTA, Networth, RoNW, and NAV ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus 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 year 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 usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. See "*Risk Factor - We have presented, in this Draft Red Herring Prospectus, certain financial measures and other selected statistical information relating to our financial condition and operations which are not prepared under or required by Indian GAAP. These financial measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.*' on page 64.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the nine month period ended December 31, 2023 and the Fiscals 2023, 2022 and 2021 as per the requirements under Ind AS 24, see "*Financial Information – Restated Financial Information – Note 48 – Related Party Transactions*" on page 365.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the Restated Financial Information. The Restated Financial Information has been prepared by our management as required under the SEBI ICDR Regulations read with the ICAI Guidance Note. For more information, see "Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investor's assessments of our financial condition" on page 64.

This Draft 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 but not limited to the considerations described below. For details, see "Forward-Looking Statements" beginning on page 28.

Unless otherwise indicated or the context otherwise requires, the financial information for the financial years ended March 31, 2021, 2022 and 2023, and for the nine-month period ended December 31, 2023, included herein is derived from the Restated Financial Information included in this Draft Red Herring Prospectus.

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 Draft Red Herring Prospectus. Such non-GAAP financial measures should be read together with the nearest GAAP measure. See "Selected Statistical Information" and "Risk Factors – We have presented, in this Draft Red Herring Prospectus, certain financial measures and other selected statistical information relating to our financial condition and operations which are not prepared under or required by Indian GAAP. These financial measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information or similar nomenclature computed and presented by other financial services companies" on pages 304 and 64, respectively.

*The industry-related information contained in this section is derived from the industry report titled 'Report on Microfinance Industry in India – For Belstar Microfinance' dated March 2024 prepared by CRISIL (the "**CRISIL Report**"). We have exclusively 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 an engagement letter dated September 28, 2023. A copy of the CRISIL Report shall be available on the website of our Company at https://belstar.in/offerdocumentrelatedfilings from the date of the Red Herring Prospectus until the Bid/Offer Closing Date. Unless otherwise indicated, the industry-related information contained in this section is derived from the CRISIL Report (extracts of which have been appropriately incorporated as part of "Industry Overview" beginning on page 147).*

Overview

We are the ninth-largest Non-Banking Finance Company - Micro Finance Institution ("**NBFC-MFI**") in India in terms of asset under management ("**AUM**") as of December 31, 2023 (*Source: CRISIL Report*), and aim to be a socially responsible microfinance institution, driving financial inclusion across the country by furthering entrepreneurship and economic empowerment of women through the provision of loans in rural and semi-urban regions. We were established in 1988 and acquired by Dr. Kalpanaa Sankar, our Managing Director and one of our Promoters, in 2008. To cater to our customer's needs, we offer a wide range of loan products, such as micro enterprise, small enterprise, consumer goods, festival, education and emergency loans. We are one of the few NBFC-MFIs that focuses on the lending model of "self help group" ("**SHG**") model (representing 56.94% of our gross loan portfolio as of December 31, 2023) (*Source: CRISIL Report*), as we believe that the SHG model encourages generally better financial and credit discipline in the customers, in line with our goal to be a socially responsible MFI. Our operations are spread across 279 districts in 19 states and union territories in India with 1,009 branches and 10,169 employees that served approximately 2.67 million customers (excluding active customers from buyout portfolio) which had an active loan account as of the last day of the relevant period ("**Active Customers**"), as of December 31, 2023. As of December 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021, our gross loan portfolio was ₹88,342.12 million, ₹61,920.39 million, ₹43,649.05 million and ₹32,987.34 million, respectively, representing an increase at a CAGR of 37.01% from March 31, 2021 to March 31, 2023.

We are one of the top 10 NBFC-MFI players with a relatively strong credit rating of "AA" and a stable outlook from CRISIL (*Source: CRISIL Report*), and we have strong financial and operational metrics. For details on our financial and operational metrics, please see, "*Basis of Offer Price – Key Performance Indicators*" on page 115. We also have a strong parentage through Muthoot Finance Limited, being our Listed Corporate Promoter and the holding company, who provides us with business and capital support to scale up our operations and is backed by more than 135 years of experience in the finance industry. We are further supported by marquee private equity investors, namely Maj Invest and Affirma Capital. As part of our business strategy, we also have partnered with insurance service providers such as Kotak Life Insurance and Pramerica Life Insurance, and with credit bureaus such as CIBIL, Equifax, Experian and CRIF.

We have also implemented a branch-based collection method, where borrowers can visit their selected branch of our Company periodically to repay their loan instalments. We believe that this method results in building a stronger connection with our customers, provides cost-saving advantages as we have minimal need for field collections personnels and expenses associated with them (such as providing field accommodation), as well as reduces the risk of field collection-related frauds. For further details, please see, "— *Our Branch Network and Branch-Based Collection Method*" on page 232. To ensure that this collection method is customer-friendly, we aim to have our branches near commercial bank branches, easily accessible via public transport, and located within 20 kilometres of the last village of a cluster.

We have further utilized our technological capabilities to increase the scale of our digital interactions and transactions with our customers. Among our technological advances, our Samrithi Customer Application serves as a customer-facing mobile application for our customers' needs in relation to their loans, such as loan application status, profile, loans and receipts, apply for new loans, make repayments, and raise any requests or complaints. As of December 31, 2023, we had 0.28 million users of this application, with digital disbursement representing 100.00% of our total disbursements and digital collections representing 32.12% of our total collections for the month ending December 31, 2023.

We also leverage our experience in the microfinance industry to apply a simplified and robust process for risk and credit management. We also leverage on our technology across our business processes, including sourcing, underwriting, disbursement and collection, in order to manage our risk and monitor our portfolio. We believe that our risk management framework, together with our experience of dealing with underserved customer segments, have helped us build a strong portfolio quality, as indicated by our low NPA levels, as well as improve our credit ratings, which has in turn allowed us to access funds from banks and financial institutions at competitive rates. As of December 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021, our gross NPA ratio was 1.88%, 2.42%, 5.68% and 2.72%, respectively, and our net NPA ratio was 0.16%, 0.66%, 1.48% and 0.59%, respectively.

In recent years, we have a track record of significant growth in our business, operations and portfolio. Our disbursements grew from ₹24,350.27 million for the year ended March 31, 2021 to ₹57,950.85 million for the year ended March 31, 2023, and for the nine-month period ended December 31, 2023, our disbursements reached ₹67,759.36 million. Our Active Customers (excluding active customers from buyout portfolio) increased from 1.38 million accounts in March 31, 2021 to 2.67 million accounts in December 31, 2023. The number of our branches and employees also grew from 560 branches with 4,562 employees as of March 31, 2021 to 1,009 branches with 10,169 employees as of December 31, 2023.

Our Board, Promoters, Key Managerial Personnel and Senior Management comprises of experienced professionals, industry experts and management professionals, supported by a qualified pool of employees. Our Senior Management team has members who have significant experience in microfinance and various lending businesses, as well as across major functions related to our business. For details of our board of directors, key managerial personnel and senior management team, see "*Our Management*" on page 269. Our Managing Director and one of our Promoters, Dr. Kalpanaa Sankar, acquired our Company in 2008. She holds a Master of Business Administration degree from TRIUM and a degree in doctor of philosophy from Mother Teresa Women's University. Prior to joining our Company, she was previously associated with IFAD, UNOPS, Christian Aid, and Wetlands International as well as the South African government as a consultant. In recent years, she has received various awards and recognition, including the 'Princess Sabeeka Bint Ibrahim AI-Khalifa Global Award for Women Empowerment under the Individuals Champions category', and the 'Nari Shakti Puraskar-2016' award. Furthermore, our Company is guided by Board and management teams having an average experience of more than 23 years, allowing us to transition into a profitable and high-potential MFI with low credit risk.

The table below sets forth certain performance metrics of the Company for the periods and as of the dates indicated:

	As of / for the nine-month period ended December	**As of / for the year ended March 31**		
	2023	**2023**	**2022**	**2021**
Gross loan portfolio (₹ million)(1)	88,342.12	61,920.39	43,649.05	32,987.34
Period-on-period growth in gross loan portfolio (%)	65.43	41.86	32.32	25.42
Disbursements (₹ million)(2)	67,759.36	57,950.85	35,463.86	24,350.27
Average disbursements per branch (₹ million)(3)	67.15	75.56	56.11	43.48
Number of branches	1,009	767	632	560
Average gross loan portfolio per branch (₹ million)(4)	87.55	80.73	69.06	58.91
Average disbursements per employee (₹ million)(5)	6.66	7.22	5.97	5.34
Period-on-period growth in disbursements (%)	85.08	63.41	45.64	(6.82)
Number of loans disbursed (million)(6)	1.33	1.35	1.01	0.71
New customers (million)(7)	0.91	0.90	0.64	0.41
Active Customers (excluding active customers from buyout portfolio) (million)(8)	2.67	2.13	1.70	1.38
Overall digital collections (%)(9)	32.12	18.01	6.64	0.00
Revenue from operations (₹ million)(10)	12,831.40	10,312.61	7,272.29	5,514.04
Net interest income (₹ million)(11)	7,287.61	4,874.66	3,691.10	2,721.68
Pre-provision operating profit (₹ million)(12)	5,476.39	3,331.92	2,058.96	1,377.67
Net profit for the period / year (₹ million)(13)	2,351.19	1,303.26	451.29	466.51
Net interest margin (%)(14)	12.03	11.47	11.08	10.87
Cost to income ratio (%)(15)	38.27	50.45	52.91	56.77
Operating expense to average total assets ratio (%)(16)	4.74	6.29	5.76	6.05
Provisions and write offs to average total assets (%)(17)	3.36	3.04	3.73	2.70
Debt to equity ratio (18)	4.85	4.42	4.16	5.16

Gross NPA ratio (%)[19]	1.88	2.42	5.68	2.72
Net NPA ratio (%)[20]	0.16	0.66	1.48	0.59
Capital to risk (weighted) assets ratio ("**CRAR**") (%)[21]	18.64	21.97	24.06	22.24
CRAR – Tier 1 (%)[22]	15.43	20.30	20.96	16.64
Net worth (₹ million)[23]	13,236.87	10,922.99	8,559.33	5,417.16
Average yield on portfolio (%)[24]	19.24	20.85	20.84	20.79
Average effective cost of borrowings (%)[25]	7.25	8.72	9.17	9.99
Provision coverage ratio (%)[26]	91.49	72.73	73.93	78.29
Return on average total assets (%)[27]	3.28	2.42	1.12	1.56
Return on average equity (%)[28]	19.46	13.38	6.46	8.98
Total number of insurance premium collected (million)[29]	2.41	2.60	1.90	1.38
Insurance premium collected (₹ million)[30]	2,403.45	2,354.47	1,332.92	760.42

Notes:

(1) Gross loan portfolio is defined as the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets which includes loan assets held by our Company as of the last day of the relevant year, loan assets which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year.

(2) Disbursements is defined as the total amount disbursed to customers in the relevant period, pursuant to loans sanctioned.

(3) Average disbursements per branch is defined as the aggregate of all loan amounts extended to all our customers in relevant and per branch for the relevant year.

(4) Average gross loan portfolio per branch is defined as the ratio of total gross outstanding loan portfolio to number of branches for the relevant year.

(5) Average disbursements per employee is defined as the total amount disbursed to customers in the relevant period per employee, pursuant to loans sanctioned.

(6) Number of loans disbursed is defined as the total number of loans disbursed to customers during the relevant period.

(7) New customers is defined as customers who are first time borrowers of our Company while disbursing a fresh loan during the corresponding period.

(8) Active Customers is defined as customers which had an active loan account as of the last day of the relevant period.

(9) Overall digital collections percentage is defined as the amount recovered from our customers through digital payment methods as compared to total collections during the relevant period.

(10) Revenue from operations is defined as our total revenue from operations as per our Restated Financial Information for the relevant period.

(11) Net interest income is defined as our interest income on loans and advances reduced by finance costs as per our Restated Financial Information for the relevant period.

(12) Pre-Provision Operating Profit represents difference of total income minus interest expended minus operating expenses for the relevant fiscal year/quarter period.

(13) Net profit for the period / year is defined as the profit for the year (after tax) as per our Restated Financial Information for the relevant year.

(14) Net interest margin is defined as the ratio of our net interest income to our average annual gross loan portfolio on-book. Our average annual gross outstanding loan portfolio is the simple annual average of our gross outstanding loan portfolio for the relevant year/ period.

(15) Cost to income ratio is defined as the ratio of operating expenses (total expenses excluding finance costs, net loss on fair value changes and impairment on financial instruments) divided by total operating income (total income less finance costs).

(16) Operating expense to average total assets ratio is defined as the ratio of operating expense to average total assets for the relevant year/ period.

(17) Provisions and write-offs to average total assets ratio is defined as the ratio calculated by dividing the total amount of provisions made for potential loan losses and loan write-offs charged to profit or loss (i.e impairment of financial instruments and net loss on fair value changes) during a specific period by the average total assets over the same period.

(18) Debt to equity ratio is defined as the ratio of our total borrowings to our total equity attributable to shareholders as of the last day of the relevant year derived from our Restated Financial Information.

(19) Gross NPA ratio is defined as the ratio of our Stage III assets to total outstanding loan portfolio as of the relevant year or period. Total outstanding loan portfolio represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets held by our Company as of the last day of the relevant year or period, gross of impairment allowance.

(20) Net NPA ratio is defined as the ratio of our Net NPA (Stage III assets less impairment allowance for Stage III assets) to Net Outstanding Loan Portfolio as of the relevant year or period. Net Outstanding Loan Portfolio represents the total outstanding loan portfolio as of the last day of the relevant year or period reduced by impairment allowance.

(21) CRAR is defined as capital funds (Tier I capital plus Tier II capital) divided by risk-weighted assets (the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI).

(22) CRAR – Tier 1 is defined as the ratio of Tier 1 Capital to total risk weighted assets. Tier I Capital means Owned Fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15 per cent of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year. Owned fund means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

(23) Net worth is defined as our net worth as of the last date of the relevant period as per our Restated Financial Information.

(24) Average yield on portfolio is defined as the ratio of total interest income on loans and advances to average of Net loan portfolio on book for the relevant year.

(25) Average effective cost of borrowings is defined as the ratio of borrowing cost incurred by the company for the relevant financial year or period to the average of borrowings of the company for the relevant year or period.

(26) Provision Coverage Ratio represents difference of GNPA and NNPA divided by GNPA as of the last day of the relevant period.

(27) Return on average total assets is defined as the profit for the relevant year/ period derived from our Restated Financial Information as a percentage of annual average total assets for such year.

(28) Return on average equity is defined as the ratio of profit for the relevant year/ period to our annual average of net worth for the relevant year or period.

(29) Total number of insurance premium collected is defined as the overall count of insurance premiums received from diverse customers in relation to their loan disbursements for the relevant year.

(30) Insurance premium collected is defined as the overall sum of insurance premiums received from diverse customers in relation to their loan disbursements for the relevant year.

Our Company's vision is to pursue a "double bottom line" business strategy to achieve both economic and social empowerment. We continue to pursue our business goals of economic empowerment of women, community development and alleviation of poverty with the assistance of Hand in Hand India ("**HIH India**"), a non-government organisation co-founded and managed by Dr. Kalpanaa Sankar with a vision to alleviate poverty focusing on access to education, affordable healthcare, skill development, entrepreneurship, financial inclusion and clean environment.

HIH India also provides strategic support in areas such as training, capacity building, women empowerment and entrepreneurship development to our Company. We believe our social initiatives have and will continue to allow us to build our brand and positively impact our brand image further, reach new customers and strengthen our relationship with the existing customer base. As a testament to our commitment towards social goals, we received a Certificate of Appreciation in the SME-Women Entrepreneur of the year category at the Empowering India Awards 2021.

Significant Factors Affecting Our Results of Operations

Our business, results of operations, financial condition and cash flows have been, and we expect will continue to be, affected by numerous factors, including:

Growth in the Microfinance Industry and Performance of India's Rural Economy

As an NBFC-MFI, we are impacted and will continue to be impacted by the performance of the microfinance industry in India, especially in rural India where our operations are focused. The industry's gross loan portfolio increased at a CAGR of 11% since Fiscal 2019 to reach approximately ₹41 trillion in Fiscal 2024 (*Source:*

CRISIL Report). This overall increase in market size has contributed to the growth of our business over the last few years. Going forward, CRISIL believes that the microfinance industry will continue to see strong growth due to the Government of India's continued focus on strengthening the rural financial ecosystem, robust credit demand and higher-ticket loans disbursed by microfinance lenders (*Source: CRISIL Report*).

However, certain events in the past have disrupted the growth of the microfinance industry and adversely impacted the overall industry's disbursements as well as repayment and collection efficiency rates. For example, in November 2016, the Indian government announced the demonetization of bank notes of ₹500, ₹1,000 and ₹2,000. Approximately 86% of Indian currency in terms of value was removed from circulation because of the demonetization. Additionally, the outbreak of the COVID-19 pandemic also impacted our business and the microfinance industry. Due to the COVID-19 pandemic, demand for our products reduced temporarily and our level of write-offs increased. See also "*Industry Overview*" on page 147.

Furthermore, as our primary focus is providing micro-loans to women customers (primarily for income generation purposes) with a focus on rural regions of India, our results of operations are particularly affected by the performance and the future growth potential of microfinance in rural regions of India.

The under-penetration of credit in rural areas offers significant growth opportunities and given the government's emphasis on improving the quality of life in these areas to ensure more equitable and inclusive development, lower competition for banking services in such areas, and that most Indian households are in rural areas, there is a gap in supply of and demand for financial services in the rural areas, which becomes pockets of opportunity for microfinance institutions (*Source: CRISIL Report*). As of December 31, 2023, ₹78,856.51 million or 89.26% of our gross loan portfolio was from rural areas. We expect to benefit from the expected growth potential for microfinance in rural regions of India.

As a financial institution operating in India, our financial condition and results of operations are also influenced by the general economic conditions and particularly macroeconomic conditions in India. Key macroeconomic factors that may affect the Indian economy and, in turn, demand for our products and the quality of our loan portfolio include, among others, (i) demographic conditions and population dynamics, (ii) economic development, shifting of wealth and employment rates, (iii) political measures and regulatory developments, such as tax incentives and general political stability, (iv) fiscal and monetary dynamics, such as volatility in interest rates, foreign exchange rates and inflation rates, and (v) political and regulatory developments on the Indian economy.

Our Ability to Grow our Loan Portfolio and Customer Base

Our results of operations are directly affected by the number of customers we serve. Our number of Active Customers (excluding active customers from buyout portfolio) was 2.67 million as of December 31, 2023, and our gross loan portfolio was ₹88,342.12 million as of December 31, 2023. Growth in our customer base typically drives corresponding growth in our interest income and fees received, as customers utilize our loan products and also avail of our other financial products and services. Similarly, a decrease in our customer base would drive a corresponding decrease in our interest income and fees received.

Our results of operations also depend upon the geographic reach and service capabilities of our network of branches. As of December 31, 2023, we had 9,697 branch managers, branch accountants, branch officers, sales officers, collections managers and regional managers, or 95.36% of our total workforce, spread across 1,009 branches in 19 states and union territories in India. Our relationship officers market and sell our products, and, together with our branch managers, manage our customer relationships with our members through weekly meetings. Our relationship officers and branches are supported by our administrative support staff and management personnel. See "*Risk Factors – We face various risks associated with our large number of rural and semi-urban branches and widespread network of operations, which may adversely affect our business, financial condition and results of operations*" on page 38.

Our Ability to Manage Finance Costs and Fluctuations in Interest Rates Effectively

Our results of operations depend to a large extent on the level of our net interest income as our primary revenue source is interest income. During the nine-month period ended December 31, 2023 and Financial Years 2023, 2022 and 2021, interest on loans outstanding represented 87.77%, 82.18%, 90.65% and 91.58% of our total income, respectively. Consequently, our results of operations depend on our ability to manage our finance costs and the impact of fluctuations in interest rates effectively. Our finance costs comprise interest on borrowings (other than debt securities), interest on debt securities, interest on subordinated liabilities, interest on lease liabilities and other charges.

Furthermore, our debt service costs depend on various external factors, including developments in the Indian credit market and, in particular, interest rate movements and adequate liquidity in the debt markets. Interest rates are highly sensitive, and fluctuations are dependent upon factors 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. Internal factors which will affect our cost of funds include changes in our credit ratings, available credit limits and access to loan assignment transactions. During the nine-month period ended December 31, 2023, Financial Years 2023, 2022 and 2021, our finance costs were ₹4,080.62 million, ₹3,654.44 million, ₹2,912.21 million and ₹2,342.37 million, respectively, and represented, as a percentage of our total income, 31.51%, 35.21%, 39.98% and 42.36%, respectively. For details, see "*Our Business – Our Strengths – Access to diversified sources of capital and effective cost of funds and asset liability management*" and "*Risk Factors – Our business is subject to interest rate risk, and volatility in interest rates could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations*" on pages 222 and 42, respectively.

Availability of Cost-Effective Sources of Funding

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including public sector banks, private sector banks, small finance banks, foreign banks other non-banking financial institutions, developmental financial institutions and public investors, together with NCDs, and pass through certificates. Our Listed Corporate Promoter, Muthoot Finance Limited, has not provided any corporate guarantees in relation to the borrowings availed by us, which demonstrates the trust of our lenders in our business model. Our ability to compete effectively will depend, in part, on our ability to maintain or increase our interest margins. Our margins are affected in part by our ability to continue to secure cost effective funding at rates lower than the interest rates at which we lend to our customers. Our ability to meet demand for new loans will depend on our ability to obtain financing on acceptable terms. Factors such as our credit rating, monetary policies of the RBI, domestic and international economic and political conditions and external interventions have effect on our cost of interest-bearing liabilities.

A further source of financing for us is proceeds from loan assignments that we make. We assign a group of similar loans from our loan portfolio to banks and financial institutions in return for a fixed consideration equal to the aggregate outstanding principal amount of the loans, received upfront, plus an agreed portion of future interest payments of the loans assigned, received when they are collected. The consideration we derive from the assignment of our loan portfolios in these transactions depends on a number of factors, including the term of the loans and yield of the loan portfolio assigned. As of December 31, 2023, March 31, 2023, 2022 and 2021, we assigned ₹14,468.46 million, ₹14,791.23 million, ₹6,543.26 million and ₹4,401.58 million, respectively, of our loans. See "*Risk Factors – Our business requires a substantial amount of capital, and any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity, financial condition, results of operations and cashflows*" on page 44.

Levels of Non-Performing Assets and related Provisions and Write-Offs

Our primary microfinance customers are women with an annual household income below ₹300,000. Our customers generally have limited sources of income, savings and credit histories and as a result, generally do not have a high level of financial resilience, and, as a result, they may be affected by declining economic conditions and natural calamities such as floods, cyclones, earthquakes, tsunamis or droughts. Furthermore, as we primarily make unsecured loans and rely primarily on non-traditional guarantee mechanisms rather than any tangible assets or collateral, our customers potentially present a higher risk of loss in case of a credit default compared to that of customers in other asset-backed financing products. Thus, we may experience increased levels of NPAs and related provisions and write-offs. For the nine-month period ended December 31, 2023 and Financial Years 2023, 2022 and 2021, our impairment on financial instruments amounted to ₹2,150.07 million, ₹1,445.79 million, ₹1,497.50 million and ₹807.55 million, respectively, representing 16.60%, 13.93%, 20.56% and 14.60% of our total income, respectively. See "*Risk Factors – Microfinance borrowers in India generally do not have access to other forms of organised lending and 99.93% of our gross loan portfolio are unsecured as of December 31, 2023. As a result, we may experience increased levels of NPA (for which our as of December 31, 2023 is at 1.88%) and related provisions and write-offs that may adversely affect our business, financial condition and results of operations*" on page 30.

To reduce and minimize our levels of NPAs, related provisions and write-offs, we have put in place a risk management framework which primarily focus on addressing credit risk, operational risk and financial risk, and we have also implemented customer selection methodologies and regular end use and payment monitoring procedures. For details, see "*Our Business – Our Strengths – Robust credit assessment process and risk management framework leading to a healthy portfolio quality*" on page 223.

Ability to Manage Operating Expenses

Our results of operations are affected by our ability to manage our operating expenses, which include employee benefit expenses, other expenses and depreciation and amortization. As we expand our core business and our product and service offerings to our customers, we will need to increase headcount by adding relationship officers, other officers and operational management and technology staff. Employee benefit expenses represented 22.86%, 24.82%, 22.75% and 24.01% of our total expenses during the nine-month period ended December 31, 2023 and the Financial Years 2023, 2022 and 2021, respectively. In addition, our officers incur travelling and conveyance expenses visiting villages, many of which are remote, to market and sell our products and services, maintain member relationships, conduct meetings and report transactions at local banks. During the nine-month period ended December 31, 2023 and the Financial Years 2023, 2022 and 2021, our other expenses were ₹807.89 million, ₹854.83 million, ₹500.54 million and ₹396.83 million, respectively, representing 8.18%, 9.84%, 7.45% and 8.00% of our total expenses, respectively, comprising primarily of traveling and conveyance, legal and professional charges, repairs to machinery, bank charges and communication expenses.

Government Policies and Regulation

The microfinance industry in India is highly regulated and has been affected by changes in laws and regulations in the recent past, which have affected its growth. As an NBFC-MFI, we will continue to be affected by a number of regulations promulgated by the RBI. As per the RBI regulations, the interest rates charged by us are governed by our board policy on pricing on credit. The RBI regulates, among other things, NPAs and standard assets provisioning norms, capital adequacy norms and other lending stipulations and other operational restrictions. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. Any change in the regulatory framework affecting NBFC-MFIs, such as those relating to maintaining certain financial ratios, accessing funds or lending to NBFC - MFIs by banks including priority-sector lending norms, would affect our results of operations and growth.

For changing laws and regulations governing the financial services industry in India and laws and regulations in applicable to us generally, see “*Key Regulations and Policies*” on page 247.

Significant Accounting Policies

Summary of Material Accounting Policies

The Restated Financial Information have been prepared using the significant accounting policies and measurement bases summarised below. These policies are applied consistently for all the periods presented in the financial statements, except where newly issued accounting standard is initially adopted.

Recognition of interest income

The Company computes interest income by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

For other credit-impaired financial assets, the Company applies effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes all fees and charges paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts, but not future credit losses.

Interest income on all trading assets and financial assets measured at fair value through profit or loss (“**FVTPL**”) is recognized using the contractual interest rate in net gain on fair value changes.

Recognition of income other than interest income

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable,) based on a comprehensive assessment model as set out in Ind AS 115 ‘Revenue From Contracts with Customers’.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

- 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 the 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 Company 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 Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

- Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation.

Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Financial instruments

Financial assets – initial recognition & measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not measured subsequently at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Loans are recognized when funds are transferred to the customers' account.

Financial assets – subsequent measurement

The Company classifies its financial assets into the following measurement categories:

- Loans at amortized cost
- Loans at fair value through other comprehensive income ("**FVOCI**").
- Investments in debt instruments, and equity instruments at FVTPL.

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Ind AS 109 classification and measurement model requires that all debt instrument financial assets that do not meet a "solely payment of principal and interest" ("**SPPI**") test, including those that contain embedded derivatives, be classified at initial recognition as FVTPL.

Loans that are managed on a "hold to collect" basis will be classified as amortized cost. After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortized cost using the effective interest rate ("**EIR**") method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Loans that are managed on a "hold to collect and for sale" basis is classified as FVOCI for debt. These debt instruments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognized in profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the income statement.

Investments in debt instruments which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as FVTPL. Financial instruments held at fair value through profit or loss, are initially recognized at fair value, with transaction costs recognized in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the income statement as they arise.

The measurement of credit impairment is based on the three-stage expected credit loss model described below in *"— Impairment of financial assets*."

All equity instrument financial assets are classified at initial recognition as FVTPL unless an irrevocable designation is made to classify the instrument as FVOCI for equities. The FVOCI for equities category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends are recognized in profit and loss.

Financial liabilities – initial recognition and measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities – subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of financial assets and liabilities

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Company also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- the Company has transferred its contractual rights to receive cash flows from the financial asset; or
- it retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- the Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- the Company cannot sell or pledge the original asset other than as security to the eventual recipients; and
- the Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- the Company has transferred substantially all the risks and rewards of the asset; or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of profit or loss.

Financial liability

A financial liability is derecognized 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 de recognition 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 recognized in profit or loss.

Impairment of financial assets

*Overview of the Expected Credit Loss ("**ECL**") principles*

The Company has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorizes its loans into three stages as described below:

- For non-impaired financial instruments
  - Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, The Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.
  - Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognizes lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.
- For impaired financial instruments:
  - Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition

with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognizes lifetime ECL for impaired financial instruments.

The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **Probability of Default (PD)** – The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

- **Exposure at Default (EAD**) – The Exposure at Default is an estimate of the exposure at a future default date, considering 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.

- **Loss Given Default (LGD)** – The Loss Given Default 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.

- **Forward looking information** – While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, and appropriate overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

- **Write-offs** – Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

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. 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 Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The financial instruments for which fair value is measured are classified based on a hierarchy of valuation techniques, as summarized below:

- 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 Company has access to at the measurement date. The Company 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. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

- Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

Derivative financial instruments

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Such derivative instruments are presented as assets in case of a fair value gain and as liabilities in case of fair value loss. Changes in the fair value of derivatives is recognized 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 Company has designated the derivative financial instruments as cash flow hedges of recognized liabilities and unrecognized firm commitments.

Hedge accounting

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company'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 entity will 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 ongoing 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 cash flow hedge.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Finance cost

Finance costs represents Interest expense recognized by applying the EIR to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company’s cash management.

Property, plant and equipment

Property, plant and equipment (“**PPE**”) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Property plant and equipment is derecognized 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 recognized in other income / expense in the statement of profit and loss in the year the asset is derecognized.

Depreciation

Tangible assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged based on a review by the management during the year and at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method. All fixed assets costing individually up to Rs. 5,000 is fully depreciated by the Company in the year of its capitalization.

The estimated useful lives are as follows:

Particulars	Useful life	Residual value
Furniture and fixture	10 years	2%
Office equipment	5 years	2%
Vehicles	10 years	2%
Computer	3 years	5%

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

The Company's intangible assets consist of computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets comprising of software are amortized on a written down value basis over a period of 3 years The useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

Investment property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognized in the Statement of Profit and Loss in the same period.

The fair value of investment property is disclosed in the notes accompanying these Restated Financial Information. Fair value is determined by independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Impairment of non-financial assets

The Company 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 Company 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. 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 considered. If no such transactions can be identified, an appropriate valuation model is used.

Post-employment benefits

<u>Defined contribution plans</u>

Contributions to the Employees Provident Fund Scheme maintained by the Central Government are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution plan.

The Company has no obligation, other than the contribution payable under the scheme. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

<u>Defined benefit plans</u>

<u>Gratuity</u>

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to a Gratuity Fund administered by insurance companies.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

<u>Provisions</u>

Provisions are recognized when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Taxes

Income tax expense represents the sum of current tax and deferred tax.

<u>Current tax</u>

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are only recognized for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilize those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax relating to items recognized outside the statement profit or loss is recognized outside the statement profit or loss (either in other comprehensive income or in equity).

Goods and services tax / value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the goods and services tax/value added taxes paid, except:

- 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 recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- 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.

Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed, where an inflow of economic benefits is probable.

*Earnings per Share ("**EPS**")*

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

Leases

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease.

Cash flow statement

Cash flows are reported using indirect method, whereby net profits 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 and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of our Restated Financial Information in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Business model assessment – Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a 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 Company monitors financial assets measured at amortized cost or classified as fair value through other comprehensive income that are derecognized 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 Company'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 business model and so a prospective change to the classification of those assets.

Defined employee benefit assets and liabilities – The cost of the defined benefit gratuity plan 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.

Fair value measurement – When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of loans portfolio – The measurement of impairment losses across all categories of financial assets requires judgement in respect of the estimation of the amount and timing of future cash flows and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Effective Interest Rate ("EIR") method – The Company's EIR methodology, recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognizes 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 behavior and life cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

Other estimates – These include contingent liabilities, useful lives of tangible and intangible assets, etc.

Key Components of our Statement of Profit and Loss

The following descriptions set forth information with respect to the key components of our profit and loss statements.

Income

Revenue from operations. Revenue from operations comprises interest income, fee and commission income, net gain on fair value changes and net gain on de-recognition of financial instruments under amortized cost category. Intertest income includes interest on loan (measured at amortized cost), interest on fixed deposits (measured at amortized cost) and interest on loan (measured at FVOCI). Fee and commission income includes commissions we earn from cross-selling products such as insurance and consumer goods. Net gain on fair value changes includes gains derived from our investments and derivatives trading portfolio. de-recognition of financial instruments under amortized cost category includes gain on sale of loan portfolio through assignment transactions.

Other income. Other income comprises bad debt recovery and other income.

Expenses

Expenses comprise finance costs, fee and commission expenses, net loss on fair value changes, impairment on financial instruments, employee benefit expenses, depreciation, amortization and impairment expenses, and other expenses.

Finance costs. Finance costs comprise interest on borrowings (other than debt securities), interest on debt securities, interest on subordinate liabilities, interest on lease liability and other charges.

Fee and commission expenses. Fee and commission expense comprises fees and commission expense, which relates to expenses incurred in relation to fees paid to SPs for acting on behalf of the Company and performing sourcing and collections in the respective SPs' branches.

Net loss on fair value changes. Net loss on fair value changes relates to the fair value of Security Receipts issued by ARC.

Impairment on financial instruments. Impairment on financial instruments comprises write off of loans, excess interest spread receivable on assignment transaction and provision for impairment of other assets.

Employee benefit expenses. Employee benefit expenses comprise salaries and wages, contribution to provident and other funds, and staff welfare expenses.

Depreciation, amortization and impairment expenses. Depreciation, amortization and impairment expenses comprise depreciation of property, plant and equipment, amortization of intangible assets and amortization of right to use asset.

Other expenses. Other expenses comprise rent, electricity charges, business promotion expenses, bank charges, repairs to buildings, repairs to machinery, communication expense, postage and courier, printing and stationery, rates and taxes, legal and professional charges, travelling and conveyance, insurance, payments to auditor, membership and subscription, directors' sitting fee, credit bureau expenses, cloud charges, CSR expenses, loss on account of theft, and other expenses.

Tax Expense

Tax expense consists of current tax, deferred tax and earlier years adjustments.

Results of Operations for the Financial Years 2021, 2022 and 2023, and for the Nine-Month Period Ended December 31, 2023

The following table sets forth our selected financial data from our restated statement of profit and loss for the Financial Years 2021, 2022 and 2023, and for the nine-month period ended December 31, 2023, the components of which are also expressed as a percentage of total income for such years:

Particulars	For the nine-month period ended		For the Financial Years					
	December 31, 2023		2023		2022		2021	
	₹ (in millions)	% of Total Income	₹ (in millions)	% of Total Income	₹ (in millions)	% of Total Income	₹ (in millions)	% of Total Income
Income								
Revenue from operations	12,831.40	99.07%	10,312.61	99.36%	7,272.29	99.83%	5,514.04	99.72%
Other income	120.74	0.93%	66.54	0.64%	12.02	0.17%	15.37	0.28%
Total Income	**12,952.14**	**100.00%**	**10,379.15**	**100.00%**	**7,284.31**	**100.00%**	**5,529.41**	**100.00%**
Expenses								
Finance costs	4,080.62	31.51%	3,654.44	35.21%	2,912.21	39.98%	2,342.37	42.36%
Fee and commission expense	234.71	1.81%	263.79	2.54%	196.68	2.70%	129.03	2.33%
Net loss on fair value changes	252.96	1.95%	193.06	1.86%	-	0.00%	-	0.00%
Impairment on financial instruments	2,150.07	16.60%	1,445.79	13.93%	1,497.50	20.56%	807.55	14.60%
Employee benefit expenses	2,258.76	17.44%	2,155.78	20.77%	1,529.53	21.00%	1,190.96	21.54%
Depreciation, amortization and impairment	93.76	0.72%	118.39	1.14%	86.39	1.19%	92.55	1.67%
Other expenses	807.89	6.24%	854.83	8.24%	500.54	6.87%	396.83	7.18%
Total Expenses	**9,878.77**	76.27%	**8,686.08**	**83.69%**	**6,722.85**	**92.29%**	**4,959.29**	**89.69%**
Profit before tax	**3,073.37**	23.73%	**1,693.07**	**16.31%**	**561.46**	**7.71%**	**570.12**	**10.31%**
Tax Expense								
Current tax	1,061.45	8.20%	48.16	0.46%	422.77	5.80%	261.36	4.73%
Deferred tax	-322.12	-2.49%	351.25	3.38%	-312.60	-4.29%	-150.50	-2.72%
Earlier years adjustments	-17.15	-0.13%	-9.59	-0.09%	-	0.00%	-7.25	-0.13%

Particulars	For the nine-month period ended		For the Financial Years					
	December 31, 2023		2023		2022		2021	
	₹ (in millions)	% of Total Income	₹ (in millions)	% of Total Income	₹ (in millions)	% of Total Income	₹ (in millions)	% of Total Income
Profit for the period	**2,351.19**	18.15%	**1,303.25**	**12.56%**	**451.29**	**6.20%**	**466.51**	**8.44%**

Nine-month Period Ended December 31, 2023

Income

Revenue from Operations

Our revenue from operations was ₹12,831.40 million for the nine-month period ended December 31, 2023, which was primarily attributable to our interest on loan portfolio that was driven by (i) our expansion in the number of our branches to 1,009 as of December 31, 2023, as compared to 767 as of March 31, 2023, (ii) an increase in our gross loan portfolio to ₹88,342.12 million as of December 31, 2023, and (iii) higher yields on our loans.

Other Income

Other income was ₹120.74 million for the nine-month period ended December 31, 2023, which was primarily attributable to our bad debt recovery for the period.

Expenses

Finance Costs

Finance costs was ₹4,080.62 million for the nine-month period ended December 31, 2023, which was primarily due to our interest on borrowings (other than debt securities) that was in line with our need to support our disbursements and to ensure that any negative carry on surplus of funds can be avoided.

Fee and Commission Expense

Fee and commission expense was ₹234.71 million for the nine-month period ended December 31, 2023, which was primarily driven by our SPs' interest collections at ₹572.20 million for the nine-month period ended December 31, 2023, and our SP's disbursements at ₹2,279.86 million for the nine-month period ended December 31, 2023.

Net Loss on Fair Value Changes

Net loss on fair value changes was ₹252.96 million for the nine-month period ended December 31, 2023, which was primarily driven by additional provisions from stressed loan accounts sold to ARC.

Impairment on Financial Instruments

Impairment on financial instruments was ₹2,150.07 million for the nine-month period ended December 31, 2023, which was primarily attributable to impairment of loans for the period.

Employee Benefit Expenses

Employee benefit expenses was ₹2,258.76 million for the nine-month period ended December 31, 2023, which was primarily attributable to salaries and wages that were driven by higher recruitment, resulting in an increase in our headcount to expand our business operations and branch network, whereby we had 10,169 employees as of December 31, 2023, as compared to 8,022 employees as of March 31, 2023.

Depreciation, Amortization and Impairment Expenses

Depreciation, amortization and impairment expenses was ₹93.76 million for the nine-month period ended December 31, 2023, which was primarily attributable to depreciation of property, plant and equipment that was driven by an increase in the number of our branches to 1,009 as of December 31, 2023, as compared to 767 as of March 31, 2023.

Other Expenses

Other expenses were ₹807.89 million for the nine-month period ended December 31, 2023, primarily due to travelling and conveyance, rent, repairs to machinery, bank charges, communication expense, among others.

Profit before Tax

As a result of the foregoing, our profit before tax was ₹3,073.37 million for the nine-month period ended December 31, 2023.

Tax Expense

Current tax was ₹1,061.45 million for the nine-month period ended December 31, 2023, primarily due to higher taxable profit.

Deferred tax was -₹322.12 million for the nine-month period ended December 31, 2023, primarily due to impairment allowance for financial assets for the period.

As a result of additional deduction for the Financial Year 2023's income tax, we had earlier years adjustments of -₹ 17.15 million for the nine-month period ended December 31, 2023.

Profit after Tax

As a result of the foregoing, our profit after tax was ₹2,351.19 million for the for the nine-month period ended December 31, 2023.

Financial Year 2023 Compared to Financial Year 2022

Income

Revenue from Operations

Our revenue from operations increased by 41.81% to ₹10,312.61 million for the Financial Year 2023 from ₹7,272.29 million for the Financial Year 2022, primarily due to an increase in interest income to ₹8,817.73 million for the Financial Year 2023 from ₹6,768.32 million for the Financial Year 2022, which was primarily attributable to increases in interest on loan portfolio to ₹8,529.10 million for the Financial Year 2023 from ₹6,603.31 million for the Financial Year 2022. The increase in interest on loan portfolio was in line with increases in (i) Active Customers (excluding active customers from buyout portfolio) to 2.13 million as of March 31, 2023 from 1.70 million as of March 31, 2022; (ii) disbursements to ₹57,950.85 million for the Financial Year 2023 from ₹35,463.86 million for the Financial Year 2022; and (iii) gross loan portfolio to ₹61,920.39 million as of March 31, 2023 from ₹43,649.05 million as of March 31, 2022. These increases were also a result of an expansion in the number of our branches to 767 as of March 31, 2023 from 632 as of March 31, 2022.

The increase in revenue from operations was also due to an increase in fee and commission income to ₹64.29 million for the Financial Year 2023 from ₹37.37 million for the Financial Year 2022, primarily due to more cross-selling of insurance products and higher disbursements during the Financial Year 2023. The increase in revenue from operations was also due to increases in (i) net gain on sale of loan portfolio through assignment transactions to ₹1,403.12 million for the Financial Year 2023 from ₹458.73 million for the Financial Year 2022, which was primarily attributable to increase in derecognition of financial assets to ₹18,894 million for the Financial Year 2023 from ₹6,326 million for the Financial Year 2022; and (ii) net gain on fair value changes to ₹27.47 million for the Financial Year 2023 from ₹7.87 million for the Financial Year 2022, which was primarily attributable to investment in short-term mutual funds.

Other Income

Other income increased by 453.58% to ₹66.54 million for the Financial Year 2023 from ₹12.02 million for the Financial Year 2022. The increase was primarily due to bad debt recovered of ₹65.93 million for the Financial Year 2023, as compared to ₹11.72 million for the Financial Year 2022.

Expenses

Finance Costs

Finance costs increased by 25.49% to ₹3,654.44 million for the Financial Year 2023 from ₹2,912.21 million for the Financial Year 2022, primarily due to increase in interest on borrowing (other than debt securities) to ₹2,948.99 million for the Financial Year 2023 from ₹2,095.25 million for the Financial Year 2022, which was primarily attributable to increase in borrowings (other than debt securities) to ₹40,399.64 million as of March 31, 2023, from ₹30,118.88 million as of March 31, 2022. Such increase in borrowings (other than debt securities) was in line with our need to support an increase in disbursements. The increase in finance cost caused by an increase in interest on borrowing (other than debt securities) was partially offset by a decrease of interest on debt securities to ₹450.76 million for the Financial Year 2023 from ₹565.22 million.

Fee and Commission Expense

Fee and commission expense increased by 34.12% to ₹263.79 million for the Financial Year 2023 from ₹196.68 million for the Financial Year 2022, primarily due to increases in (i) our SPs' interest collections to ₹615.89 million for the Financial Year 2023 from ₹459.41 million for the Financial Year 2022; and (ii) our SPs' disbursements to ₹3,047.23 million for the Financial Year 2023 from ₹2,651.86 million for the Financial Year 2022. The increases in the SPs' interest collections and disbursements were in line with an increase in our gross loan portfolio to ₹61,920.39 million as of March 31, 2023 from ₹43,649.05 million as of March 31, 2022.

Net Loss on Fair Value Changes

Net loss on fair value changes increased to ₹193.06 million for the Financial Year 2023 from nil for the Financial Year 2022, primarily due to the Company's sale of stressed loan receivables (>180 days past due) during Financial Year 2023.

Impairment on Financial Instruments

Impairment on financial instruments decreased by 3.45% to ₹1,445.79 million for the Financial Year 2023 from ₹1,497.50 million for the Financial Year 2022, primarily due to a decrease in impairment of loans to ₹1,438.90 million for the Financial Year 2023 from ₹1,485.68 million for the Financial Year 2022, as a result of the Company's sale of stressed loan receivables during the Financial Year 2023.

Employee Benefit Expenses

Employee benefit expenses increased by 40.94% to ₹2,155.78 million for the Financial Year 2023 from ₹1,529.53 million for the Financial Year 2022, primarily due to increases in (i) salaries and wages to ₹1,964.58 million for the Financial Year 2023 from ₹1,393.39 million for the Financial Year 2022; (ii) contributions to provident and other funds to ₹168.23 million for the Financial Year 2023 from ₹121.03 million for the Financial Year 2022; and (iii) staff welfare expenses to ₹22.97 million for the Financial Year 2023 from ₹15.11 million for the Financial Year 2022. Such increases were primarily attributable to increase in our headcount to expand our business operations and branch network, whereby we had 8,022 employees as of March 31, 2023, as compared to 5,939 employees as of March 31, 2022.

Depreciation, Amortization and Impairment Expenses

Depreciation, amortization and impairment expenses increased by 37.04% to ₹118.39 million for the Financial Year 2023 from ₹86.39 million for the Financial Year 2022, primarily due to increases in (i) depreciation of property, plant and equipment to ₹54.41 million for the Financial Year 2023 from ₹35.43 million for the Financial Year 2022, and (ii) amortization of right to use asset to ₹56.09 million for the Financial Year 2023 from ₹40.46 million for the Financial Year 2022, which were primarily attributable to the expansion of our business and increase in the number of our branches to 767 as of March 31, 2023 from 632 as of March 31, 2022.

Other Expenses

Other expenses increased by 70.78% to ₹854.83 million for the Financial Year 2023 from ₹500.54 million for the Financial Year 2022, primarily due to increase in expenses relating to (i) rent to ₹32.11 million for the Financial Year 2023 from ₹24.80 million for the Financial Year 2022; (ii) business promotion expenses to ₹11.88 million for the Financial Year 2023 from ₹5.78 million for the Financial Year 2022; (iii) bank charges to ₹50.91 million for the Financial Year 2023 from ₹25.59 million for the Financial Year 2022; (iv) repairs to machinery to ₹67.02 million for the Financial Year 2023 from ₹40.81 million for the Financial Year 2022; (v) legal and professional charges to ₹105.85 million for the Financial Year 2023 from ₹66.75 million for the Financial Year 2022; (vi) travelling and conveyance to ₹292.23 million for the Financial Year 2023 from ₹141.06 million for the Financial Year 2022; (vii) credit bureau expenses to ₹22.14 million for the Financial Year 2023 from ₹8.05 million for the Financial Year 2022; and (viii) cloud charges to ₹50.83 million for the Financial Year 2023 from ₹29.10 million for the Financial Year 2022.

Profit before Tax

As a result of the foregoing, our profit before tax increased by 201.55% to ₹1,693.07 million for the Financial Year 2023 from ₹561.46 million for the Financial Year 2022.

Tax Expense

Current tax decreased by 88.61% to ₹48.16 million for the Financial Year 2023 from ₹422.77 million for the Financial Year 2022, primarily due to higher write-off of portfolio of ₹2,719.46 million for the Financial Year 2023 from ₹228.31 million for the Financial Year 2022.

Deferred tax increased by 212.36% to ₹351.25 million for the Financial Year 2023 from -₹312.60 million for the Financial Year 2022, primarily due to increase in impairment allowance for financial assets to ₹251.45 million for the Financial Year 2023 from -₹311.27 million for the Financial Year 2022, as a result of higher write-off of portfolio of ₹2,719.46 million for the Financial Year 2023 from ₹228.31 million for the Financial Year 2022 .

As a result of additional deduction for the Financial Year 2022's income tax, we had earlier years adjustments of -₹9.59 million as of March 31, 2023.

Profit after Tax

As a result of the foregoing, our profit after tax increased by 188.78% to ₹1,303.25 million for the Financial Year 2023 from ₹451.29 million for the Financial Year 2022.

Financial Year 2022 Compared to Financial Year 2021

Income

Revenue from Operations

Our revenue from operations increased by 31.89% to ₹7,272.29 million for the Financial Year 2022 from ₹5,514.04 million for the Financial Year 2021, primarily due to an increase in interest income to ₹6,768.32

million for the Financial Year 2022 from ₹5,229.37 million for the Financial Year 2021, which was primarily attributable to increases in interest on loan portfolio to ₹6,603.31 million for the Financial Year 2022 from ₹5,064.05 million for the Financial Year 2021. The increase in interest on loan portfolio was in line with increases in (i) Active Customers (excluding active customers from buyout portfolio) to 1.70 million as of March 31, 2022 from 1.38 million as of March 31, 2021; (ii) disbursements to ₹35,463.86 million for the Financial Year 2022 from ₹24,350.27 million for the Financial Year 2021; and (iii) gross loan portfolio to ₹43,649.05 million as of March 31, 2022 from ₹32,987.34 million as of March 31, 2021. These increases were also a result of an expansion in the number of our branches to 632 as of March 31, 2022 from 560 as of March 31, 2021.

The increase in revenue from operations was also due to an increase in fee and commission income to ₹37.37 million for the Financial Year 2022 from ₹28.15 million for the Financial Year 2021, primarily due to more cross-selling of insurance products and higher disbursements during the Financial Year 2022. The increase in revenue from operations was also due to increases in net gain on de-recognition of financial instruments under amortised cost category to ₹458.73 million for the Financial Year 2022 from ₹242.68 million for the Financial Year 2021, which was primarily attributable to increase in derecognition of financial assets to ₹6,326 million for the Financial Year 2022 from ₹3,163.47 million for the Financial Year 2021.

Other Income

Other income decreased by 21.80% to ₹12.02 million for the Financial Year 2022 from ₹15.37 million for the Financial Year 2021. The decrease was primarily due to a decrease in bad debt recovered to ₹11.72 million for the Financial Year 2022 from ₹15.03 million for the Financial Year 2021.

Expenses

Finance Costs

Finance costs increased by 24.33% to ₹2,912.21 million for the Financial Year 2022 from ₹2,342.37 million for the Financial Year 2021, primarily due to increase in interest on borrowing (other than debt securities) to ₹2,095.25 million for the Financial Year 2022 from ₹1,818.12 million for the Financial Year 2021, which was primarily attributable to (i) increase in borrowings (other than debt securities) to ₹30,118.88 million as of March 31, 2022, from ₹21,032.99 million as of March 31, 2021. Such increase in borrowings (other than debt securities) was in line with our need to support an increase in disbursements. The increase in finance costs was also attributable to an increase in interest on debt securities to ₹565.22 million for the Financial Year 2022 from ₹323.48 million for the Financial Year 2021, as a result of an increase in average outstanding debt securities to ₹4,546.42 million for the Financial Year 2022 from ₹2,827.43 million for the Financial Year 2021.

Fee and Commission Expense

Fee and commission expense increased by 52.43% to ₹196.68 million for the Financial Year 2022 from ₹129.03 million for the Financial Year 2021, primarily due to increases in our SPs' interest collections to ₹459.41 million for the Financial Year 2022 from ₹315.83 million for the Financial Year 2021. The increase in the SPs' collections was in line with an increase in our SP loan portfolio to ₹3,006.49 million as of March 31, 2022, from ₹2,303.36 million as of March 31, 2021.

Impairment of Financial Instruments

Impairment on financial instruments increased by 85.44% to ₹1,497.50 million for the Financial Year 2022 from ₹807.55 million for the Financial Year 2021, primarily due to an increase in impairment of loans to ₹1,485.68 million for the Financial Year 2022 from ₹808.66 million for the Financial Year 2021, as a result of higher delinquency rate from restructured accounts due to the COVID-19 pandemic.

Employee Benefit Expenses

Employee benefit expenses increased by 28.43% to ₹1,529.53 million for the Financial Year 2022 from ₹1,190.96 million for the Financial Year 2021, primarily due to increases in (i) salaries and wages to ₹1,393.39 million for the Financial Year 2022 from ₹1,083.80 million for the Financial Year 2021; (ii) contributions to provident and other funds to ₹121.03 million for the Financial Year 2022 from ₹97.14 million for the Financial Year 2021; and (iii) staff welfare expenses to ₹15.11 million for the Financial Year 2022 from ₹10.02 million for the Financial Year 2021. Such increases were primarily attributable to increase in our headcount to expand our business operations and branch network, whereby we had 5,939 employees as of March 31, 2022, as compared to 4,562 employees as of March 31, 2021.

Depreciation, Amortization and Impairment Expenses

Depreciation, amortization and impairment expenses reduced by 6.66% to ₹86.39 million for the Financial Year 2022 from ₹92.55 million for the Financial Year 2021, primarily due to decrease in depreciation of property, plant and equipment to ₹35.43 million for the Financial Year 2022 from ₹39.13 million for the Financial Year 2021, as a result of reducing the balance of written-down value of assets.

Other Expenses

Other expenses increased by 26.13% to ₹500.54 million for the Financial Year 2022 from ₹396.83 million for the Financial Year 2021, primarily due to increase in expenses relating to (i) rent to ₹24.80 million for the Financial Year 2022 from ₹16.67 million for the Financial Year 2021; (ii) bank charges to ₹25.59 million for the Financial Year 2022 from ₹18.33 million for the Financial Year 2021; (iii) repairs to machinery to ₹40.81 million for the Financial Year 2022 from ₹30.47 million for the Financial Year 2021; (iv) travelling and conveyance to ₹141.06 million for the Financial Year 2022 from ₹102.50 million for the Financial Year 2021; (v) directors' sitting fee to ₹8.55 million for the Financial Year 2022 from ₹4.62 million for the Financial Year 2021; (vi) credit bureau expenses to ₹8.05 million for the Financial Year 2022 from ₹5.63 million for the Financial Year 2021; and (vii) cloud charges to ₹29.10 million for the Financial Year 2022 from ₹18.62 million for the Financial Year 2021.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by 1.52% to ₹561.46 million for the Financial Year 2022 from ₹570.12 million for the Financial Year 2021.

Tax Expense

Current tax increased by 61.76% to ₹422.77 million for the Financial Year 2022 from ₹261.36 million for the Financial Year 2021, primarily due to higher taxable profit under the income tax.

Deferred tax decreased by 107.71% to -₹312.60 million for the Financial Year 2022 from -₹150.50 million for the Financial Year 2021, primarily due to decrease in impairment allowance for financial assets to -₹311.27 million for the Financial Year 2022 from -₹146.76 million for the Financial Year 2021, as a result of increase in impairment provision for the Financial Year 2022.

Our earlier years adjustments were nil for the Financial Year 2022, as compared to -₹7.25 million for the Financial Year 2021, as a result of additional deduction for the Financial Year 2020's income tax that requires adjustments in Financial Year 2021.

Profit after Tax

As a result of the foregoing, our profit after tax decreased by 3.26% to ₹451.29 million for the Financial Year 2022 from ₹466.51 million for the Financial Year 2021.

Our Financial Position

The following table sets forth our selected financial data from our Restated Financial Information as of December 31, 2023, and March 31, 2023, 2022 and 2021:

Particulars	As of December 31,	As of March 31,		
	2023	2023	2022	2021
	(₹ in millions)			
Assets:				
Total financial assets	79,619.57	61,391.42	44,794.57	34,244.59
Total non-financial assets	1,349.24	877.59	808.29	428.29
Total Assets	**80,968.81**	**62,269.01**	**45,602.86**	**34,672.88**
Liabilities and Equity:				
Total financial liabilities	67,497.66	51,204.87	36,870.98	29,160.78
Total non-financial liabilities	234.28	141.15	172.55	94.94
Total liabilities	**67,731.94**	**51,346.02**	**37,043.53**	**29,255.72**
Total equity	**13,236.87**	**10,922.99**	**8,559.33**	**5,417.16**
Total liabilities and equity	**80,968.81**	**62,269.01**	**45,602.86**	**34,672.88**

Assets

We had total assets of ₹80,968.81 million as of December 31, 2023, compared to ₹62,269.01 million as of March 31, 2023. We had total assets of ₹62,269.01 million as of March 31, 2023, compared to ₹45,602.86 million as of March 31, 2022. We had total assets of ₹45,602.86 million as of March 31, 2022, compared to ₹34,672.88 million as of March 31, 2021. The increases in total assets were on account of an increase in financial and non-financial assets.

Financial assets

Our total financial assets increased by 29.69% to ₹79,619.57 million as of December 31, 2023 from ₹61,391.42 million as of March 31, 2023, primarily due to increase in loans to ₹71,874.02 million as of December 31, 2023 from ₹46,275.36 million as of March 31, 2023, which was partially offset by a decrease in cash and cash equivalent to ₹5,885.01 million as of December 31, 2023 from ₹12,812.45 million as of March 31, 2023. This was in line with an increase in active customers, disbursements and gross loan portfolio.

Our total financial assets increased by 37.05% to ₹61,391.42 million as of March 31, 2023 from ₹44,794.57 million as of March 31, 2022 primarily due to increases in (i) loans to ₹46,275.36 million as of March 31, 2023 from ₹35,542.53 million as of March 31, 2022 and (ii) cash and cash equivalents to ₹12,812.45 million as of March 31, 2023 from ₹7,218.36 million as of March 31, 2022, in line with an increase in active customers, disbursements and gross loan portfolio.

Our total financial assets increased by 30.81% to ₹44,794.57 million as of March 31, 2022 from ₹34,244.59 million as of March 31, 2021 primarily due to increases in (i) loans to ₹35,542.53 million as of March 31, 2022 from ₹27,837.47 million as of March 31, 2021 and (ii) cash and cash equivalents to ₹7,218.36 million as of March 31, 2022 from ₹4,521.23 million as of March 31, 2021, in line with an increase in active customers, disbursements and gross loan portfolio.

Non-financial assets

Our total non-financial assets increased by 53.75% to ₹1,349.24 million as of December 31, 2023 from ₹877.59 million as of March 31, 2023, primarily due to increase in (i) deferred tax assets (net) to ₹492.41 million as of December 31, 2023 from ₹167.59 million as of March 31, 2023, which was primarily due to an increase in the impairment allowance for financial assets to ₹574.75 million as of December 31, 2023 from ₹290.61 million as of March 31, 2023; (ii) other non-financial assets to ₹241.93 million as of December 31, 2023 from ₹187.64 million as of March 31, 2023, which was primarily due to increase in other receivables to ₹129.40 million as of December 31, 2023 from ₹91.28 million as of March 31, 2023; and (iii) current tax assets (net) to ₹477.20 million as of December 31, 2023, from ₹362.15 million as of March 31, 2023.

Our total non-financial assets increased by 8.57% to ₹877.59 million as of March 31, 2023 from ₹808.29 million as of March 31, 2022, primarily due to increase in current tax assets (net) to ₹362.15 million as of March 31, 2023 from nil as of March 31, 2022, which was primarily attributable to higher write-off of portfolio of ₹2,719.46 million for the Financial Year 2023 from ₹228.31 million for the Financial Year 2022. This was partially offset by a decrease in deferred tax assets (net) to ₹167.59 million as of March 31, 2023, from ₹514.59 million as of March 31, 2022.

Our total non-financial assets increased by 88.72% to ₹808.29 million as of March 31, 2022 from ₹428.29 million as of March 31, 2021, primarily due to increase in deferred tax assets (net) to ₹514.59 million as of March 31, 2022 from ₹195.84 million as of March 31, 2021, which was primarily attributable to an increase in the impairment allowance for financial assets to ₹542.06 million as of March 31, 2022 from ₹230.79 million as of March 31, 2021.

Liabilities

We had total liabilities of ₹67,731.94 million as of December 31, 2023, compared to ₹51,346.02 million as of March 31, 2023. We had total liabilities of ₹51,346.02 million as of March 31, 2023, compared to ₹37,043.53 million as of March 31, 2022. We had total liabilities of ₹37,043.53 million as of March 31, 2022, compared to ₹29,255.72 million as of March 31, 2021. The increases in total liabilities were on account of an increase in financial and non-financial liabilities.

Financial liabilities

Our total financial liabilities increased by 31.82% to ₹67,497.66 million as of December 31, 2023 from ₹51,204.87 million as of March 31, 2023, primarily due to increase in borrowings (other than debt securities) to ₹52,512.41 million as of December 31, 2023 from ₹40,399.64 million as of March 31, 2023, which was primarily due to an increase in our Rupee loans from banks, in line with our increase in disbursements.

Our total financial liabilities increased by 38.88% to ₹51,204.87 million as of March 31, 2023 from ₹36,870.98 million as of March 31, 2022 primarily due to increases in (i) borrowings (other than debt securities) to ₹40,399.64 million as of March 31, 2023 from ₹30,118.88 million as of March 31, 2022, which was primarily due to an increase in our Rupee loans from banks; and (ii) debt securities to ₹6,215.71 million as of March 31, 2023 from ₹3,807.89 million as of March 31, 2022.

Our total financial liabilities increased by 26.44% to ₹36,870.98 million as of March 31, 2022 from ₹29,160.78 million as of March 31, 2021 primarily due to increases in borrowings (other than debt securities) to ₹30,118.88 million as of March 31, 2022 from ₹21,032.99 million as of March 31, 2022, which was primarily due to an increase in our Rupee loans from banks. This was partially offset by a decrease in debt securities to ₹3,807.89 million as of March 31, 2022 from ₹5,284.95 million as of March 31, 2021.

Non-financial liabilities

Our total non-financial liabilities increased by 66.00% to ₹234.28 million as of December 31, 2023 from ₹141.15 million as of March 31, 2023, primarily due to increases in (i) provisions to ₹152.71 million as of December 31, 2023 from ₹81.86 million as of March 31, 2023; and (ii) other non-financial liabilities to ₹81.57 million as of December 31, 2023 from ₹59.29 million as of March 31, 2023.

Our total non-financial liabilities decreased by 18.21% to ₹141.15 million as of March 31, 2023 from ₹172.55 million as of March 31, 2022 primarily due to decrease in current tax liabilities (net) to nil as of March 31, 2023 from ₹64.87 million as of March 31, 2022. This was partially offset by increases in (i) provisions to ₹81.86 million as of March 31, 2023 from ₹61.54 million as of March 31, 2022; and (ii) other non-financial liabilities to ₹59.29 million as of March 31, 2023 from ₹46.14 million as of March 31, 2022.

Our total non-financial liabilities increased by 81.75% to ₹172.55 million as of March 31, 2022 from ₹94.94 million as of March 31, 2021 primarily due to increases in (i) current tax liabilities (net) to ₹64.87 million as of March 31, 2022 from ₹20.34 million as of March 31, 2021; (ii) provisions to ₹61.54 million as of March 31, 2022 from ₹50.97 million as of March 31, 2021; and (iii) other non-financial liabilities to ₹46.14 million as of March 31, 2022 from ₹23.63 million as of March 31, 2021.

Equity

Our total equity increased by 21.18% to ₹13,236.87 million as of December 31, 2023 from ₹10,922.99 million as of March 31, 2023 primarily due to increase in other equity to ₹12,748.43 million as of December 31, 2023 from ₹10,434.55 million as of March 31, 2023, which was primarily attributable to increases in (a) surplus in restated statement of profit and loss to ₹4,824.73 million as of December 31, 2023 from ₹2,973.07 million as of March 31, 2023 and (b) statutory reserve to ₹1,377.04 million as of December 31, 2023 from ₹906.80 million as of March 31, 2023.

Our total equity increased by 27.62% to ₹10,922.99 million as of March 31, 2023 from ₹8,559.33 million as of March 31, 2022 primarily due to increases in (i) equity share capital to ₹488.44 million as of March 31, 2023 from ₹456.09 million as of March 31, 2022, which was primarily attributable to the issuance of ₹32.35 million in new shares during the period; and (ii) other equity to ₹10,434.55 million as of March 31, 2023 from ₹8,103.24 million as of March 31, 2022, which was attributable to increases in (a) surplus in restated statement of profit and loss to ₹2,973.07 million as of March 31, 2023 from ₹1,944.15 million as of March 31, 2022, (b) statutory reserve to ₹906.80 million as of March 31, 2023 from ₹646.14 million as of March 31, 2022 and (c) securities premium account to ₹6,074.60 million as of March 31, 2023 from ₹5,020.25 million as of March 31, 2022.

Our total equity increased by 58.00% to ₹8,559.33 million as of March 31, 2022 from ₹5,417.16 million as of March 31, 2021 primarily due to increases in (i) equity share capital to ₹456.09 million as of March 31, 2022 from ₹375.21 million as of March 31, 2021, which was attributable to the issuance of ₹80.88 million in new shares during the period; and (ii) other equity to ₹8,103.24 million as of March 31, 2022 from ₹5,041.95 million as of March 31, 2021, which was attributable to increases in (a) surplus in restated statement of profit and loss to ₹1,944.15 million as of March 31, 2022 from ₹1,594.38 million as of March 31, 2021, (b) statutory reserve to ₹646.14 million as of March 31, 2022 from ₹555.88 million as of March 31, 2021 and (c) securities premium account to ₹5,020.25 million as of March 31, 2022 from ₹2,384.99 million as of March 31, 2021.

Liquidity and Capital Resources

Liquidity

As of December 31, 2023, we had cash available for use in our operations of ₹71.92 million. We currently invest our surplus cash in fixed deposits with various banks and debt mutual funds.

We regularly monitor our funding levels to help ensure we are able to satisfy the requirements for 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, recovery on our loan portfolio, proceeds from securitization and assignment of loans, issue of debentures, sales of equity securities and retained earnings.

Cash Flows

The following table summarizes our cash flows for the nine-month period ended December 31, 2023 and for the Financial Years 2021, 2022 and 2023:

	For the nine-month period ended December 31,	For the Financial Year		
	2023	2023	2022	2021
	(₹ in millions)			
Net cash used in operating activities……………………………..	(23,413.73)	(8,685.54)	(7,526.69)	(6,516.99)
Net cash from / (used in) investing activities……………………………..	488.61	509.29	(18.47)	324.09
Net cash from financing activities……………………………..	15,997.68	13,770.34	10,242.29	8,994.85
Net (decrease) / increase in cash and cash equivalents…………………….	**(6,927.44)**	**5,594.09**	**2,697.13**	**2,801.95**

Operating Activities

Net cash used in operating activities was ₹23,413.73 million for the nine-month period ended December 31, 2023. We had profit before tax of ₹3,073.37 million for the nine-month period ended December 31, 2023, which was primarily adjusted for impairment on financial instruments of ₹2,150.07 million and finance costs of ₹4,080.62 million, and working capital changes such as increase in loans of ₹27,748.74 million, which was partially offset by an increase in other liabilities of ₹142.47 million.

Net cash used in operating activities was ₹8,685.54 million for the Financial Year 2023. We had profit before tax of ₹1,693.07 million for the Financial Year 2023, which was primarily adjusted for impairment on financial instruments of ₹1,445.79 million and finance costs of ₹3,654.44 million, and working capital changes such as increase in loans of ₹12,178.62 million, which was partially offset by an increase in other liabilities of ₹1,378.29 million.

Net cash used in operating activities was ₹7,526.69 million for the Financial Year 2022. We had profit before tax of ₹561.46 million for the Financial Year 2022, which was primarily adjusted for impairment on financial instruments of ₹1,497.50 million and finance costs of ₹2,912.21 million, and working capital changes such as increase in loans of ₹9,220.45 million, which was partially offset by an increase in other liabilities of ₹234.09 million.

Net cash used in operating activities was ₹6,516.99 million for the Financial Year 2021. We had profit before tax of ₹570.12 million for the Financial Year 2021, which was primarily adjusted for impairment on financial instruments of ₹807.55 million and finance costs of ₹2,342.37 million, and working capital changes such as increase in loans of ₹7,763.27 million, which was partially offset by a decrease in other financial asset of ₹232.30 million.

Investing Activities

Net cash from investing activities was ₹488.61 million for the nine-month period ended December 31, 2023. This primarily resulted from redemption of security receipts (ARC) of ₹215.79 million, interests received on deposits of ₹240.80 million and redemption of fixed deposits of ₹50.30 million, partially offset by acquisition of fixed and intangible assets of ₹55.02 million.

Net cash from investing activities was ₹509.29 million for the Financial Year 2023. This primarily resulted from redemption in fixed deposits of ₹911.38 million and interest received on deposits of ₹361.42 million, partially offset by investment in security receipts (ARC) of ₹721.70 million.

Net cash used in investing activities was ₹18.47 million for the Financial Year 2022. This primarily resulted from investment in fixed deposits of ₹103.56 million and acquisition of fixed and intangible assets of ₹51.31 million, partially offset by interest received on deposits of ₹128.53 million.

Net cash from investing activities was ₹324.09 million for the Financial Year 2021. This primarily resulted from interest received on deposits of ₹177.10 million and redemption in fixed deposits of ₹167.17 million, partially offset by acquisition of fixed and intangible assets of ₹34.19 million.

Financing Activities

Net cash from financing activities was ₹15,997.68 million for the nine-month period ended December 31, 2023. This primarily resulted from proceeds from borrowings of ₹16,076.07 million.

Net cash from financing activities was ₹13,770.34 million for the Financial Year 2023. This primarily resulted from proceeds from borrowings of ₹12,763.79 million and proceeds from issue of shares of ₹1,086.70 million.

Net cash from financing activities was ₹10,242.29 million for the Financial Year 2022. This primarily resulted from proceeds from borrowings of ₹7,587.22 million and proceeds from issue of shares of ₹2,716.14 million.

Net cash from financing activities was ₹8,994.85 million for the Financial Year 2021. This primarily resulted from proceeds from borrowings of ₹9,065.09 million.

Capital Expenditure

Our capital expenditures primarily relate to tangible assets, such as furniture and fittings, office equipment, and computers for branches, and intangible assets, such as softwares. Cash outflows relating to acquisition of fixed and intangible assets amounted to ₹55.02 million, ₹69.28 million, ₹51.31 million and ₹34.19 million for the nine-month period ended December 31, 2023 and the Financial Years 2023, 2022 and 2021.

Contractual Obligations

The following table sets forth a summary of the maturity profile of our contractual obligations as of December 31, 2023:

Particular	**Payment due by period**				
	On demand	**Less than one year**	**One to five years**	**More than 5 years**	**Total**
Trade payable	-	2.99	-	-	2.99
Salaries and bonus payable	-	146.90	-	-	146.90
Lease liabilities	-	48.41	29.96	-	78.37
Payable towards assigned portfolio................	-	2,110.41	-	-	2,110.41
Interest accrued but not due on borrowings	-	196.56	523.76	-	720.32
Other financial liabilities…………………….	-	185.38	11.48	-	196.86
Provisions……………………………………	-	152.71	-	-	152.71
Other non-financial liabilities	-	81.57	-	-	81.57
Debt securities……………………………….	-	5,311.58	3,612.46	-	8,924.04
Borrowings (other than debt securities)……..	-	30,302.69	22,209.72	-	52,512.41
Subordinated liabilities……………………..	-	-	1,332.91	1,472.45	2,805.36
Total...	**0.00**	**38,539.20**	**27,720.29**	**1,472.45**	**67,731.94**

Contingent Liabilities and Commitments

As of December 31, 2023, we have contingent liabilities of ₹108.96 million in respect of income tax demand where the Company has filed appeal before the relevant tax authorities.

Capital to Risk Asset Ratios

Under the NBFC-SBR Master Directions, all NBFC-MFIs are required to maintain a minimum CRAR, consisting of Tier 1 and Tier 2 capital, that is not less than 15.00% of our aggregate risk weighted assets on-balance sheet. Our CRAR as of December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 are 18.64%, 21.97%, 24.06% and 22.24%.

	As of December 31,	As of March 31,		
	2023	2023	2022	2021
	(₹in millions)			
Tier I capital[1]	11,548.90	9,620.89	7,555.25	4,737.08
Tier II capital[2]	2,470.70	791.09	1,117.85	1,594.87
Total Tier I and Tier II capital	13,956.60	10,411.98	8,673.10	6,331.95
Total risk weighted assets	74,861.91	47,388.15	36,041.00	28,469.00
Tier I capital to risk assets ratio (%)	15.43%	20.30%	20.96%	16.64%
Tier II capital to risk assets ratio (%)	3.21%	1.67%	3.10%	5.60%
Total capital to risk assets ratio[3] (%)	18.64%	21.97%	24.06%	22.24%

Notes:

(1) Tier I capital include (i) paid-up capital (ordinary shares), statutory reserves, and other disclosed free reserves, if any; (ii) perpetual non-cumulative preference shares eligible for inclusion as Tier I capital, subject to applicable laws from time to time; (iii) innovative perpetual debt instruments eligible for inclusion as Tier I capital; and (iv) capital reserves representing surplus arising out of sale proceeds of assets, as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund as defined in the Master Circular on Prudential Norms on Capital Adequacy, Basel I Framework dated July 1, 2015 issued by the RBI.

(2) Tier II capital include undisclosed reserves, revaluation reserves, general provisions and loss reserves, hybrid capital instruments, subordinated debt and investment reserve account to the extent the aggregate does not exceed Tier I capital.

(3) The total capital to risk assets ratio is calculated as capital funds (Tier I capital plus Tier II capital) divided by risk-weighted assets (the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI).

Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to us. Our main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables. For a micro finance institution, this assumes more significance since the lending that is carried out is not backed by any collaterals.

Liquidity Risk

Liquidity risk is measured by our ability to accommodate decreases in purchased liabilities, and fund increases in assets. In assessing our liquidity position, consideration is given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. We maintain a portfolio of marketable assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. We also enter into direct assignment of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with our policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to us. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Currency Risk

Foreign currency risk arises majorly on account of foreign currency borrowings. Our foreign currency exposures are managed in accordance with our Foreign Exchange Risk Management Policy which has been approved by our Board of Directors. We have hedged our foreign currency risk on our foreign currency borrowings as on March 31, 2023 by entering into forward contracts with the intention of covering the entire term of foreign currency exposure . The counterparties for such hedge transactions are banks.

Unusual or Infrequent Events or Transactions

Except as disclosed in this Draft Red Herring Prospectus, to our knowledge, there have not been any unusual or infrequent events or transactions that have affected, or may in the future affect, our business operations or future financial performance.

Known Trends or Uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "- *Significant Factors Affecting Our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 397 and 30, respectively. To our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

Dependence on a Few Suppliers or Customers

We do not depend on a limited number of suppliers or customers for our revenues and operations.

New Products or Business Segments

Except as disclosed in "*Our Business*" on page 214, we have not announced and do not expect to announce in the near future any new products or business segments.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*" on page 30 and this section, there are no known factors that might affect the future relationship between cost and revenue.

Competitive Conditions

We expect to continue to compete with existing and potential competitors. For details, please refer to the discussions of our competition in "*Risk Factors*" and "*Our Business*" on pages 30 and 214, respectively.

Impact of Inflation

Although India has experienced an increase in inflation rates in recent years, inflation has not had a material impact on our business and results of operations.

Reservations, Qualifications, Matters of Emphasis or any Adverse Remarks

Except as set out below, there are no reservations, qualifications or any adverse remarks of our statutory auditor in its reports on our audited or reviewed financial statements for Fiscals 2021, 2022 and 2023, and the nine-months period ended December 31, 2023. Please also see "*Risk Factors – The audit reports on our audited special purpose financial statements for the nine-months period ended December 31, 2023 and our audited financial statements for Fiscal 2022 contain certain matters of emphasis and the audit reports on our audited financial statements for the last three Fiscals contains certain adverse remarks*".

Matters of Emphasis

Period	Reservations, qualifications, adverse remarks or matters of emphasis	Company's response to reservations, qualifications, adverse remarks or matters of emphasis, including any corrective measures	Impact on the financial statements and financial position of the Company
Nine-months period ended December 31, 2023	**Matters of emphasis:** We draw attention to Note No. 2.1 to the Special Purpose Financial Statements, which describes the basis of preparation. As stated thereunder, the comparative financial information has not been included in these financial statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of the company's state of affairs, profit, changes in equity and cash flows. Our opinion is not modified in respect of the above matter	Not applicable	Nil
Financial year ended March 31, 2023	**Nil**	Not applicable	Not applicable
Financial year ended March 31, 2022	**Matters of emphasis:** We draw attention to Note 2.3 to standalone financial statements which describes that the potential impact of the continuing Covid-19 pandemic on the Company's operations and financial results are dependent on future developments, which are highly uncertain.	-	Cannot be quantified
Financial year ended March 31, 2021	**Nil**	Not applicable	Not applicable

Adverse Remarks / Observations

Fiscal 2023

"(iii)(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest have been stipulated. Being a NBFC-MFI, there are instances of irregularities in repayment of principal amounts and receipt of interest as per stipulated terms. Having regard to the nature of business undertaken by the company, specific details of the irregularities are not reported, although particulars of overdue for more than ninety days as per books of accounts as at Balance Sheet date have been reported in para (d) below.

(iii) (d) In respect of loans granted by the Company, the total amount overdue for more than ninety days as per books of account as at the balance sheet date is as under:

No. of cases	Principal Amount Overdue	Interest Overdue	Total Overdue
76,278	Rs.1,050.38 Million	Rs.259.26 Million	Rs.1,309.64 Million

In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the principal and interest.

(vii)(a). As per the information and explanations furnished to us, and according to our examination of the records of the Company, the undisputed statutory dues including goods and service tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company have generally been regularly deposited by the company with the appropriate authorities and no undisputed amounts in respect of material statutory dues were in arrears as at 31st March, 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues referred to in sub-clause (a) that have not been deposited on account of any dispute as at 31st March, 2023 are as follows:

Nature of Statue	**Nature of Dues**	**Amount in Million ***	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Income Tax	58.52	FY 2016-17	CIT (A), Chennai
Income Tax Act, 1961	Income Tax	26.37	FY 2017-18	National Faceless Appeal Centre
Income Tax Act, 1961	Income Tax	2.50	FY 2019-20	National Faceless Appeal Centre
* net of amount paid under protest				

(ix)(a). During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company, noticed or reported during the year, except for 1 case of misappropriation of cash by employees of the Company aggregating to Rs. 0.25 Million identified by the management during the year, as stated in Note No. 57 to the accompanying financial statements".

Fiscal 2022

"(iii)(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest have been stipulated. Being a NBFC-MFI, there are instances of irregularities in repayment of principal amounts and receipt of interest as per stipulated terms. Having regard to the nature of business undertaken by the company, specific details of the irregularities are not reported, although particulars of overdue for more than ninety days as per books of accounts as at Balance Sheet date have been reported in para (d) below.

(iii) (d) In respect of loans granted by the Company, the total amount overdue for more than ninety days as per books of account as at the balance sheet date is as under:

No. of cases	Principal Amount Overdue	Interest Overdue	Total Overdue
1,43,600	Rs.1,208.02 Million	Rs.108.90 Million	Rs.1,316.92 Million

In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the principal and interest.

(vii) (a). As per the information and explanations furnished to us, and according to our examination of the records of the Company, the undisputed statutory dues including goods and service tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company have generally been regularly deposited by the company with the appropriate authorities and no undisputed amounts in respect of material statutory dues were in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues referred to in sub-clause (a) that have not been deposited on account of any dispute as at 31st March, 2022 are as follows:

Nature of Statue	**Nature of Dues**	**Amount in Million ***	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Income Tax	58.52	FY 2016-17	CIT (A), Chennai
Income Tax Act, 1961	Income Tax	26.37	FY 2017-18	National Faceless Appeal Centre
* net of amount paid under protest				

(ix)(a) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company, noticed or reported during the year, except for 8 case of misappropriation of cash by employees of the Company aggregating to Rs. 2.40 Million and 1 instance of fraud in respect of buyout loan portfolio committed by the transferor amounting to Rs.23.17 Million, reported by the management during the year, as stated in Note No. 55 to the accompanying financial statements.

Fiscal 2021

"(vii)(a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Goods & Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. There are no undisputed amounts payable in respect of the above as at March 31, 2021 for a period of more than six months from the date on when they become payable. There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and cess outstanding as at March 31, 2021 on account of any dispute except as given below.

Nature of Statue	Nature of Dues	Amount in Million *	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	73.15	FY 2016-17	CIT (A), Chennai

(x) To the best of our knowledge and according to the information and explanations given to us, the Company has noticed and reported fraud in the nature of cash defalcation by Officers/Employees amounting to Rs**. 1.21 Million** during the year."

Significant Developments after December 31, 2023

Except as stated below and elsewhere stated in this Draft Red Herring Prospectus, there are no significant developments that have occurred post December 31, 2023, that affect (a) the trading or profitability of our Company, (b) the value of our assets, or (c) our ability to pay our liabilities:

- Our Company had allotted 6,000,000 Equity Shares having face value of ₹ 10 to our Listed Corporate Promoter, Muthoot Finance Limited at an issue price of ₹ 500 for a total consideration of ₹ 3,000 million.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at December 31, 2023, on the basis of amounts derived from our Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Risk Factors*", "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", beginning on pages 30, 307 and 393, respectively.

(₹ in million, except ratios)

Particulars	Pre-Offer (as at December 31, 2023)	Post Offer(2)
Borrowings(1)		
Current borrowings* (A)	273.99	[●]
Non-current borrowings (including current maturities of long term nature) (B)	63,967.82	[●]
Total borrowings (C=A+B)	**64,241.81**	[●]
Shareholders' Funds		
Equity share capital* (D)	488.44	[●]
Other equity* (E)	12,748.43	[●]
Total Shareholders' Funds (F= D+E)	**13,236.87**	[●]
Non-current borrowings (including current maturities of long-term nature)/ Total Shareholders' Fund (G = B/F)	4.83	[●]
Total borrowings / Total Shareholders' Fund (H = C/F)	4.85	[●]

As certified by our Statutory Auditor, Varma & Varma, Chartered Accountants, pursuant to their certificate dated May 3, 2024.

(1) Both current and non-current borrowings include debt securities and borrowings (other than debt securities).All the loans availed by the company and outstanding as at December 31, 2023, have an original term of greater than 1 year, and hence, there are no figures to be reported under current borrowings.

(2) The corresponding post-offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.

** These terms carry the same meaning as per Schedule III of the Companies Act.*

FINANCIAL INDEBTEDNESS

We have availed loans and financing facilities in the ordinary course of business, primarily for onward lending to the borrowers of our Company and to meet its business requirements. For undertaking necessary activities in relation to the Offer, we have obtained the necessary consents from, and provided intimations to, the requisite lenders in terms of the relevant documentation governing their borrowings.

For details regarding the borrowing powers of our Board, please see "*Our Management – Borrowing powers of the Board*" on page 275.

A brief summary of our financial indebtedness as of March 31, 2024 is set out below:

Category of borrowing	Sanctioned amount*	Outstanding amount*
Fund Based facilities		
Secured		
Term Loans – Banks	106,524.38	59,546.82
Cash Credit – Banks	1,000.00	999.58
Term Loans – Financial Institutions**	2,700.00	1,969.45
NCDs***	3,000.00	2,989.65
Unsecured		
Term Loans – Financial Institutions	250.00	249.50
NCDs ***	7,590.00	6,981.22
Total	**121,064.38**	**72,736.22**

** As certified by Varma & Varma, Chartered Accountants, pursuant to their certificate dated May 3, 2024.*
*** Our Company has availed partial credit guarantee facility from Asian Development Bank against a borrowing of Rs.50 Cr from HSBC Limited as per the terms of agreement.*
****Includes both listed and unlisted non-convertible debentures*

Principal terms of the outstanding borrowings availed by our Company are disclosed below:

1. *Interest:* In terms of the facilities availed by our Company, the interest rate is typically the base rate of a specified lender (such as MCLR, T-Bill rate, RBI repo rate, etc.) and spread per annum, subject to a minimum interest rate. The spread varies between different facilities.

   Our Company has also issued NCDs various subscribers, for which our Company has entered into debenture trust deeds and in terms of these facilities, a specified interest or coupon rate is to be paid per annum. The coupon rate for such NCD facilities issued by our Company typically ranges from 9.35% per annum to 14.50% per annum. The interest rate for the term loans availed by our Company ranges from 8.80% per annum to 11.64% per annum. Further, for certain borrowings availed by our Company, additional interest rates have been stipulated on the occurrence of certain events of default including, but not limited to, payment related default and breach of terms and conditions.

2. *Tenor:* The tenure of the term loans availed by the Company typically ranges approximately 12 months to 72 months. The tenure of the NCDs & MLDs issued by the Company is typically ranges from 24 months to 84 months.

3. *Security:* In terms of our borrowings where security needs to be created, we are typically required to:

   (a) create of exclusive charge/hypothecation on the book debts and future receivables created out of the loan amount for a maximum security cover of 115%;

   (b) create hypothecation charge on identified, unencumbered receivables of the borrower;

   (c) provide irrevocable power of attorney in favour of the lender authorizing to recover the money directly from the borrower in the event of default;

   (d) create charge by the way of hypothecation on all specific standard loan assets of the Company, both present and future;

   (e) execute guarantee(s) in relation to certain borrowings of our Company;

   (f) provide demand promissory notes and letters of continuity for specified amounts in the form approved by the relevant lender; and

(g) Provide cash collaterals, post dated cheques and security cover.

The above-mentioned list is indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by our Company.

4. *Pre-payment and premature redemption:* The terms of certain facilities availed by our Company typically have prepayment provisions which allow for pre-payment of the outstanding loan amount, subject to such prepayment penalties and such other conditions as laid down in the facility agreements, on giving notice and/or obtaining prior approval from the concerned lender, as the case may be. The prepayment premium for the facilities availed, where specified, is typically charged at the rate of 0%-4% of the amount prepaid or the principal outstanding, often depending on the leftover tenor of the facilities, or at an amount decided at the discretion of such lender.

5. *Restrictive Covenants:* The facilities contain certain reserved matters, for which prior consent of the lenders is required. An indicative list of such reserved matters is disclosed below:

(i) Any change in the ownership, shareholding pattern and management control of our Company;

(ii) Amending the constitutional documents of our Company;

(iii) Undertaking any further capital expenditure except being funded by our Company's own resources;

(iv) Any change in general nature of business or diversifying into non-core areas viz business other than the current business;

(v) Undertaking new projects or expansion activities, including through investments in third parties and mergers and restructuring;

(vi) Repaying subordinated loans availed from directors/group companies;

(vii) Effecting any dividend payout / capital withdrawal, in case of delays in debt servicing or breach of financial covenants;

(viii) Entering into any scheme of amalgamation or merger or doing a buyback;

(ix) Winding up or liquidating our affairs or agreeing to settle any litigation / arbitration having material adverse effect;

(x) Paying any commission, brokerage or fees to its promoters / directors / guarantors / security providers;

(xi) Making any repayment of loans and deposits and discharge other liabilities; and

(xii) Paying dividend in case of delay of debt servicing or breach of any financial covenants.

(xiii) Dilution in the shareholding of Muthoot Finance Limited below the threshold prescribed.

The details provided above are indicative and there may be additional terms, conditions and requirements under the specific borrowing arrangements entered into by our Company.

6. *Events of default*: In terms of borrowing arrangements for the facilities availed by our Company, the occurrence of any of the following, among others, constitute an event of default:

(i) non-payment of any interest or instalment amount due;

(ii) breach of any financial covenants or material breach of any information undertaking;

(iii) failure to create and maintain / replenish financial reserves;

(iv) breach of any other obligation under any facility agreement, unless such breach is capable of remedy and is remedied within an agreed cure period;

(v) default with respect to project documents / approvals / plans which may have material affect;

(vi) cross-default and cross-acceleration with any other financial indebtedness of our Company;

(vii) any change of control or / and management of our Company without previous consent of the lender;

(viii) change in general nature or scope of business;

(ix) failure to create and perfect security as stipulated under the facility documents;

(x) failure to furnish a detailed end use statement of the facility to the lender as and when required;

(xi) any step taken or proceedings started for dissolution or winding up or for appointment of a receiver, judicial manager, trustee or similar officer;

(xii) breach of security arrangements; and

(xiii) any event that has a material adverse effect.

The above-mentioned list is indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Company.

7. *Consequences of occurrence of events of default:* In terms of borrowing arrangement for the facilities availed by our Company, upon the occurrence of events of default, the lenders may:

(i) accelerate the maturity of the facility;

(ii) enforce security interests under the security documents;

(iii) charge penal interest;

(iv) issue notices regarding the payment of proceeds of any insurance or compensation;

(v) appoint a nominee director(s) on the board of our Company;

(vi) call upon the guarantee providers to repay the outstanding obligations;

(vii) carry out technical, legal or financial inspection in respect of our Company with the assistance of the consultants at the cost of our Company;

(viii) disclose or publish the names of our Company and / or the directors on the board of our Company as wilful defaulters, in such manner and in such medium as the lenders and /or the RBI and / or CIBIL may, in their absolute discretion see fit; and

(ix) exercise all other remedies as available under applicable law.

The above-mentioned list is indicative and there may be additional consequences on the occurrence of an event of default under the various borrowing arrangements entered into by our Company. For further details of financial and other covenants required to be complied with in relation to our borrowings, see "*Risk Factors – We are subject to certain conditions under our financing arrangements, which could restrict our ability to conduct our business and operations in the manner we desire.*" on page 43.

Details of listed non-convertible debentures issued by the Company.

The following table sets forth the details of the listed outstanding non-convertible debentures and market linked debentures issued by our Company.

ISIN	Type of security	Stock exchanges	Scrip Code	Status
INE443L07166	MLD	BSE Limited	974336	Active
INE443L08131	NCD	BSE Limited	960082	Active
INE443L08156	NCD	BSE Limited	975003	Active
INE443L08164	NCD	BSE Limited	975148	Active

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, as on the date of this Draft Red Herring Prospectus, there are no outstanding (i) criminal proceedings (including matters which are at first information report ("**FIR**") stage even if no cognizance has been taken by any court) involving our Company, our Promoters and our Directors ("**Relevant Parties**") (ii) actions (including all penalties and show cause notices) taken by regulatory and, or, statutory authorities against the Relevant Parties; (iii) outstanding taxation matters involving the Relevant Parties related to any direct and indirect taxes in a consolidated manner, provided however, where any taxation matter involving any of the Relevant Parties exceed the respective Materiality Thresholds under (a) or (b) below (as applicable), individual disclosure of such matters has been included; (iv) other pending civil litigation or arbitration proceedings as determined to be material by our Board as per the Materiality Policy involving the Relevant Parties; or (v) litigation involving our Group Companies which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions, including penalties imposed by SEBI or the Stock Exchanges, against our Promoters in the last five Fiscals immediately preceding the date of this Draft Red Herring Prospectus including any outstanding action.*

For the purposes of (iv) above, in terms of the Materiality Policy adopted by our Board of Directors on April 26, 2024, any pending civil litigation / arbitration proceedings (other than litigations mentioned in points (i) to (iii) above) involving any of the Relevant Parties shall be considered "material" for the purposes of disclosure in the Offer Documents, if:

(a) *as regards our Company, our Promoters (other than our Listed Corporate Promoter) and our Directors, the aggregate monetary claim/ dispute amount / liability made by or against the) our Company, our Promoters (other than our Listed Corporate Promoter) and our Directors, as applicable, in any such pending civil litigation / arbitration proceeding is equal to or in excess of 1% of the restated profit for the period i.e. ₹ 13.03 million as per the last fiscal year in the Restated Financial Information; or*

(b) *as regards our Listed Corporate Promoter, the aggregate monetary claim / dispute amount/ liability made by or against our Listed Corporate Promoter, in any such pending civil litigation / arbitration proceeding exceeds the lower of the following:*

(i) two percent of turnover, being ₹ 2,395 million as per the last audited consolidated financial statements of our Listed Corporate Promoter; or

(ii) two percent of net worth, being ₹4,333.15 million as per the last audited consolidated financial statements of our Listed Corporate Promoter, except in case the arithmetic value of the net worth is negative; or

(iii) five percent of the average of absolute value of profit or loss after tax, being ₹1,919.99 million as per the last three audited consolidated financial statements of our Listed Corporate Promoter.

For the purpose of clause (iii) above, it is clarified that the average of absolute value of profit or loss after tax is to be calculated by disregarding the 'sign' (positive or negative) that denotes such value.

(c) *any monetary liability is not quantifiable, or does not fulfil the threshold as specified in paragraphs (a) or (b) above, as applicable, or wherein the Relevant Party is not a party, but the outcome of which could, nonetheless, directly or indirectly, or together with similar other proceedings, have a material adverse effect on the business, operations, results of operations, prospects, financial position or reputation of our Company.*

Additionally, in relation to FIRs involving our Company in the ordinary course of its business, consolidated disclosure of the matters including the consolidated amounts involved have been included. Further, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by governmental / statutory / regulatory / tax authorities / judicial / quasi-judicial / administrative or notices threatening criminal action) shall, unless otherwise decided by our Board, not be considered as material litigation, until such time that a Relevant Party is impleaded as a defendant in any proceedings before any judicial / arbitral forum.

Further in terms of the Materiality Policy, creditors of our Company to whom amount due by our Company is equal to, or in excess of, 5% of the total trade payables of our Company i.e. ₹ 0.15 million as at the end of the latest financial period included in the Restated Financial Information (i.e., as at December 31, 2023), would be considered as material creditors.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined herein in a particular litigation disclosure pertain to that litigation only.

A. Litigation involving our Company

Criminal Litigation

Outstanding criminal litigation against our Company

Nil

Outstanding criminal litigation by our Company

Our Company, in the ordinary course of its business, has filed 15 FIRs against its employees, *inter alia*, under Sections 34, 406, 408, 409 and 420 of the Indian Penal Code, 1860, before various police authorities alleging offences, *inter alia,* relating to criminal breach of trust, cheating, and misappropriation of funds by certain individuals. The total outstanding amount involved in relation to these FIRs is ₹ 6.17 million.

Actions (including all penalties and show cause notices) taken by regulatory and / or, statutory authorities

1. Our Company was issued a show cause notice under sections 45JA, 45L, 45M, 58B (5) (aa) and 58G of the Reserve Bank of India Act, 1934 ("**RBI Act**") dated December 1, 2023 ("**SCN**") alleging outsourcing of core business activities in non-compliance of Paragraph 2 of Annex XXV stating the prohibition on outsourcing of activities by NBFCs as provided under the Non- Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (reiterated under the Paragraph 2 of Annex Xlll of Master Direction - Reserve Bank of lndia (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023) and Sections 3(a)(v) and 8(b) of the Master Direction - Know Your Customer (KYC) Direction, 2016 ("**KYC Guidelines**"). Our Company has submitted a response dated December 12, 2023 to the said show cause notice ("**Response 1**") stating the outsourcing activities have been only to the extent of logistical convenience and outsourcing of any of the core business activities of our Company has not been done in violation of the said RBI guidelines. Subsequently, the RBI has sought further clarifications by way of its correspondence, to which our Company has submitted requisite responses. The matter is currently pending.

2. Our Company has received summons through a notice dated January 23, 2024 from Assistant Labour Commissioner, Bettiah, Bihar for alleged non-payment of the full and final settlement owed to Guddo Shah, a past employee of our Company. The matter is currently pending.

3. Mrs. Padmavathi, a past employee of our Company ("**Petitioner**") had filed a petition dated December 18, 2023 before the Joint Commissioner of Labour, Chennai ("**Petition**") for alleged non-payment of gratuity along with accusing our Company of mental agony and harassment and has sought compensation of ₹ 1.5 million along with the full payment of the gratuity due to her. Further to the Petition, our Company has received summons through a notice dated February 18, 2024 from Deputy Commissioner of Labour. The matter is currently pending.

Other pending material litigation involving our Company

Civil proceedings against our Company

Nil

Civil proceedings by our Company

Nil

B. Litigation involving our Promoters

Criminal Litigation

Outstanding criminal litigation against our Promoters

Muthoot Finance Limited

1. There is one complaint against our Listed Corporate Promoter, in the ordinary course of business, under sections 420, 421, 408, 120, 467 and 468 of the Indian Penal Code, 1860, as amended in relation to, *inter alia*, cheating, misappropriation of funds, theft, fraud, robbery, disposal of property. The matter is currently pending.

Outstanding criminal litigation initiated by our Promoters

Muthoot Finance Limited

1. Our Listed Corporate Promoter has, in the ordinary course of business, filed 22 complaints against various persons under section 138 of the Negotiable Instruments Act, 1881, as amended in relation to dishonour of cheques and recovery of dues. These matters are currently pending at different stages before various judicial authorities. The aggregate amount involved in these matters is ₹ 21.45 million.

2. Our Listed Corporate Promoter has, in the ordinary course of business, filed 10 complaints against various persons, including ex-employees, customers and other third parties under sections 420, 421, 408, 120, 467 and 468 of the Indian Penal Code, 1860, as amended in relation to, *inter alia*, cheating, misappropriation of funds of our Listed Corporate Promoter, theft, fraud, robbery, disposal of property. These matters are currently pending at different stages before various judicial authorities. The matters are currently pending at various stages.

3. Two stop memos dated November 18, 2013 and May 12, 2014 were issued by the Enforcement Directorate ("**ED**"), directing our Listed Corporate Promoter to not release certain pledged articles to one of the borrowers of the Listed Corporate Promoter, who availed certain loans from it. The ED proceeded in the matter and passed a provisional attachment order of the pledged articles dated August 21, 2015 ("**Attachment Order**") and upheld the Attachment Order by ways of its subsequent order dated December 30, 2015 ("**2015 Order**"). Our Listed Corporate Promoter has challenged the 2015 Order before the Appellate Tribunal (PMLA), New Delhi and the same is currently pending.

4. Our Listed Corporate Promoter has filed 24 criminal bail applications to avoid the arrest of managers with regard to the FIRs filed alleging that such managers of our Listed Corporate Promoter provided false information to the complainants inducing them to invest in the public issue of non-convertible debentures by SREI Equipment Finance Limited. These applications are pending at various forum.

5. In the ordinary course of business, various customers of our Listed Corporate Promoter pledge gold to avail financial assistance. In various instances, the police issues summons under Section 91 of the Code of Criminal Procedure, 1973, as amended ("**CrPC**") and seize the gold pledged with our Listed Corporate Promoter which is a subject matter of third-party litigations. In connection with this, our Listed Corporate Promoter has filed 11 custody petitions under sections 451, 457 and 452 of the CrPC before various judicial authorities across India for return of the seized gold. The matters are currently pending at various stages.

Actions (including all penalties and show cause notices) taken by regulatory and, or, statutory authorities

Muthoot Finance Limited

Notices received by our Listed Corporate Promoter

1. Our Listed Corporate Promoter had received a show cause notice dated May 15, 2019 from the Registrar of Companies ("**RoC**") in relation to alleged non-compliance with the provisions of section 134(3)(h) and section 188(1) of the Companies Act, 2013, as amended. The allegations by the RoC pertain to non-disclosure of a related party transaction in the Board's report of the Listed Corporate Promoter for the financial year ended March 31, 2017, for an acquisition by our Listed Corporate Promoter of the equity shares of Muthoot Insurance Brokers Private Limited for an aggregate consideration of ₹ 200 million at a price of ₹400 per share. The RoC had stated that such transaction cannot be termed as being in the "ordinary course of business" of our Listed Corporate Promoter, and therefore not exempt from attendant compliance requirements for related party transactions. Our Listed Corporate Promoter had submitted to the RoC on June 14, 2019 that: (a) such transaction was on an arms' length basis as determined by its audit committee and the provisions of section 188(1) of the Companies Act, 2013 are not applicable; (b)

the charter documents of our Listed Corporate Promoter lists insurance broking activities as one of its main objects; (c) the provisions of section 134(3)(h) are applicable only to transactions which are covered under section 188(1) of the Companies Act, 2013, and (d) the transaction involving the investment in the equity shares of Muthoot Insurance Brokers (P) Limited does not constitute a transaction falling under any of the matters specified under section 188(1) of the Companies Act, 2013, as amended and hence the provisions of section 188 are not applicable. As on the date of this Draft Red Herring Prospectus, no further communication has been received from the RoC. The matter is currently pending.

2. Our Listed Corporate Promoter had received a show cause notice dated May 15, 2019 from the RoC in relation to alleged non-compliance with the provisions of section 129(1) of the Companies Act, 2013, as amended stating that a diminution in value of the long term quoted investments were not reflected in our Listed Corporate Promoter's financial statements, therefore resulting in non-compliance with statutorily prescribed accounting standards. Our Listed Corporate Promoter had submitted to the RoC on June 14, 2019 that such diminution was temporary in nature and did not warrant any provisions in its financial statements, as per the accounting standards. As on the date of this Draft Red Herring Prospectus, no further communication has been received from the RoC. The matter is currently pending.

3. Our Listed Corporate Promoter had received show cause notices dated May 15, 2019 from the RoC in relation to alleged non-compliance with the provisions of section 134(3)(h) and section 188(1) of the Companies Act, 2013, as amended stating that our Listed Corporate Promoter had failed to furnish documentary evidence during an inquiry conducted by the RoC, to indicate that the rent and business promotion expenses made in the financial year ending March 31, 2017 were in its ordinary course of business and conducted on an arms' length basis. Our Listed Corporate Promoter had submitted detailed responses to the said show cause notices on June 14, 2019, listing out the commercial terms of such transactions on a sample basis. Our Listed Corporate Promoter had also stated that the commercial terms are similar to the terms entered into with unrelated parties and such transactions do not fall within the category of "material transactions" of a listed company as stipulated under the SEBI Listing Regulations. Additionally, our Listed Corporate Promoter had submitted that such related party transactions are in the ordinary course of business and conducted on an arms' length basis as scrutinised by our Listed Corporate Promoter's audit committee and therefore, the provisions of section 188(1) and section 134(3)(h) of the Companies Act, 2013 are not applicable. As on the date of this Draft Red Herring Prospectus, no further communication has been received from the RoC. The matter is currently pending.

4. Our Listed Corporate Promoter had received a show cause notice dated May 15, 2019 from the RoC in relation to alleged non-compliance with the provisions of Section 135 read with section 134(3)(o) of the Companies Act, 2013, as amended, alleging that it failed to spend a stipulated portion of its profits on corporate social responsibility during the financial years ending March 31, 2015, March 31, 2016 and March 31, 2017 and not furnished a justification for not spending such amount in the Board's report. Our Listed Corporate Promoter had submitted to the RoC on June 14, 2019, that details of its expenditure on corporate social responsibility along with justification of unspent amount for the relevant financial years has been included in the Board's report for such financial years. Such reports have also been annexed to the response dated June 14, 2019. As on the date of this Draft Red Herring Prospectus, no further communication has been received from the RoC. The matter is currently pending.

5. Our Listed Corporate Promoter had received a show cause notice dated May 15, 2019 from the RoC alleging that it had failed to pay interest on matured debentures as on the financial year ending March 31, 2017, resulting in the existing directors being potentially disqualified from re-appointment on the Board or from acting as directors of any company for a period of five years. Our Listed Corporate Promoter had submitted to the RoC on June 14, 2019, stating that it had always paid requisite amounts on matured debentures and any unpaid amounts, as reflected in its financial statements, are on account of such amounts being unclaimed due to technical reasons or rejections due to non-submission of discharged debenture certificates or non-availability of the debenture holder. Our Listed Corporate Promoter had submitted that it had not defaulted in redeeming any debentures and the unpaid balance is solely on account of unclaimed amounts by the debenture holders. As on the date of this Draft Red Herring Prospectus, no further communication has been received from the RoC. The matter is currently pending.

6. Our Listed Corporate Promoter had received a show cause notice dated July 26, 2019 from the RoC alleging that ithad failed to take any penal action against an alleged act of fraud amounting to ₹ 1.8 million by a former branch manager of our Listed Corporate Promoter, Ahmed Khan G at the Sultanpalya

Branch, Bangalore ("**Branch Manager**") and initiating proceedings under section 218, 447 of the Companies Act, 2013, as amended against it. Our Listed Corporate Promoter had submitted to the RoC August 21, 2019 that it had provided all assistance to the governmental authorities in the enquiry in relation to its management and affairs. Our Listed Corporate Promoter had further clarified that a police complaint had been filed against the Branch Manager on January 14, 2017 and that he had been dismissed from service with effect from January 1, 2017. Our Listed Corporate Promoter had also reported the alleged fraud in its fraud monitoring report submitted to the RBI. Further, the Branch Manager had been arrested and sent to police custody, pending hearing of the proceedings before the High Court of Karnataka, at Bangalore. Our Listed Corporate Promoter had clarified that it does not carry on its business for any unlawful or fraudulent purpose to attract penalties under section 206(4) or section 447 of the Companies Act, 2013, as amended. As on the date of this Draft Red Herring Prospectus, no further communication has been received from the RoC. The matter is currently pending.

7. Our Listed Corporate Promoter received a demand notice dated February 22, 2018 from the Bhainsa Municipality Corporation (the "**Corporation**") to pay certain fees in relation to tax on advertisements under Section 114 of the Andhra Pradesh Municipalities Act, 1965. Our Listed Corporate Promoter filed a writ petition in the Andhra Pradesh and Telangana High Court, praying that the Corporation be directed to not initiate any action against our Listed Corporate Promoter. The Andhra Pradesh and Telangana High Court granted an interim stay in the matter. The matter is currently pending.

8. Our Listed Corporate Promoter, in two instances, received summons from the Judicial Magistrate First Class, Thiruvananthapuram on direction from the labour department, under Section 22A of the Minimum Wages Act, 1948. Our Listed Corporate Promoter filed a writ petition to stay the proceedings, which was granted by the Kerela High Court. The matter is currently pending.

9. The Director, Financial Intelligence Unit, Department of Revenue, Government of India had issued an order bearing No. 1/DIR/FIU-IND/2013 dated February 14, 2013, imposing a fine of ₹ 26.97 million under section 13 of the Prevention of Money Laundering Act, 2002, as amended ("**PMLA**") for failing to furnish cash transaction reports for 2,697 cash transactions between the period of April 01, 2006 and November 30, 2010. Our Listed Corporate Promoter responded to the Director, Financial Intelligence Unit stating that they had no intentions to defy the law and deliberately act in its breach. Our Listed Corporate Promoter also raised certain legal grounds of challenge which were not upheld by the director of the Financial Intelligence Unit while passing the final order. Pursuant to this, our Listed Corporate Promoter appealed against the said order before the Hon'ble Appellate Tribunal under the PMLA at New Delhi in FPA-PMLA-457/DLI/2013 and MP-PMLA-1007/DLI/2014. The Tribunal by way of an order dated July 09, 2015, directed our Listed Corporate Promoter to pay an amount of ₹ 24.47 million within 4 weeks. Our Listed Corporate Promoter has however obtained a stay from the Delhi High court through an order dated August 07, 2015 after agreeing to deposit ₹ 5 million. The matter is currently pending.

10. The Labour Commissioner, Thiruvananthapuram alleged through a communication dated July 16, 2019 that our Listed Corporate Promoter had violated provisions of the Kerala Industrial Establishment (National and Festival Holidays) Act, 1958 (the "**Act**"). Subsequently, our Listed Corporate Promoter received show cause notices from various labour offices of several districts alleging the same ("**Notices"**). Pursuant to the Notices, criminal prosecutions were initiated before the Magistrates in different jurisdictions and summons were issued to office bearers and its directors. Our Listed Corporate Promoter had filed a writ petition before the Kerala High Court on December 20, 2021 praying to quash the proceedings initiated for the alleged violation of provisions of the Act. Kerala High Court granted interim stay by their order dated June 29, 2022 and December 20, 2022 and the matter is currently pending.

11. The State of Kerala issued a proposal under the Minimum Wage Act, 1948 (the "**Act**") to enhance the minimum wages of employees working in NBFCs and money lending institutions other than banks. The Kerala Non-Banking Finance Companies Welfare Association ("**KNBFC**"), along with our Listed Corporate Promoter challenged the proposal on the ground that it was introduced without following due statutory requirements at the Kerala High Court ("**Petition**"). Judgment in the case was pronounced on November 14, 2019 ("**Judgment**") and the said Judgment was challenged in the Supreme Court by way of three Special Leave Petitions which are pending consideration. The Government of Kerala vide notification dated January 16, 2020 ("**Notification**") revised the minimum wages, as applicable to NBFCs across the state in violation of the earlier Judgment of the High Court. An interim stay was granted by the Kerala High Court on the implementation of the notification by an order dated February

20, 2021. Despite this, the Labour Ddepartment consisting of various district labour officers and subordinate labour offices started issuing notices to various branches of our Listed Corporate Promoter alleging non-compliance of the requirements of Minimum Wages Act as per the notification. Following the notices, action was initiated by the Labour Department against it before various local Magistrates and the Minimum Wage Authority. A writ petition was filed in the Kerala High Court to quash the proceedings for the alleged violation of Minimum Wage Act, 1948 (WP (C) 29891/2021). Kerala High Court granted interim stay by the order dated June 29, 2022 and December 20, 2022 and the matter is currently pending.

Penalties levied by RBI

1. The RBI by way of its order dated November 19, 2020 imposed a monetary penalty of ₹ 1 million on our Listed Corporate Promoter, for non-compliance with directions issued by the RBI on maintenance of loan to value ratio in gold loans and on obtaining copy of PAN card of one of its borrower while granting gold loans in excess of ₹ 0.50 million. Our Listed Corporate Promoter has duly remitted the monetary penalty imposed by RBI.

Notice received by our Listed Corporate Promoter from the Competition Commission of India

1. Our Listed Corporate Promoter filed information dated September 10, 2021 ("**Information**") before the Competition Commission of India, New Delhi ("**CCI**") against the Trusteeship Association of India and others ("**TAI**") on the ground that TAI and its members have entered into an anti-competitive agreement, which is void under section 3 of the Competition Act, 2002, as amended ("**Act**"). Our Listed Corporate Promoter prayed before the CCI to, *inter alia,* (i) direct TAI and its members to not enter into an agreement fixing prices for providing trusteeship services; and (ii) direct TAI to discontinue the abuse of its dominant position. Pursuant to the Information, the CCI, by way of its order dated December 23, 2021 directed the Director General to investigate as it was of a view that there was a violation of section 3(3)(a) of the Act. Subsequently, the CCI, by way of an order dated March 29, 2022 directed our Listed Corporate Promoter to confirm if we had approached the SEBI vide a complaint dated August 31, 2021, in respect of the subject matter of the Information. Our Listed Corporate Promoter submitted a reply dated April 2, 2022 before the CCI. Thereafter, the CCI, by way of an order dated April 4, 2022 ("**Order**"), asked our Listed Corporate Promoter to show cause as to why action for the alleged violation of section 45 of the Act should not be initiated for failure to inform the CCI of its complaint dated August 31, 2022 before the SEBI. Our Promoter had filed a writ petition before the High Court of Kerala at Ernakulam ("**High Court**") against CCI and others, praying for, *inter alia*, (i) issuance of a writ of mandamus against the Order; (ii) issuance of a writ of certiorari to set aside the Order. The High Court passed an interim order dated May 10, 2022, staying the operations of the Order and all further proceedings thereon against our Listed Corporate Promoter. The High Court had passed its final order dated September 11, 2023 wherein the High Court was of the opinion that the Order was liable to be interfered with and was quashed directing the CCI to reconsider the matter and provide all parties an opportunity to be heard. The CCI had thereafter issued a show cause notice dated March 14, 2024 to our Listed Corporate Promoter as to why penalty in terms of the provisions of Section 45 of the Act should not be imposed on it. Our Listed Corporate Promoter had filed a reply dated April 10, 2024 with the CCI to the show cause notice received on March 14, 2024. Our Listed Corporate Promoter has denied the allegations and prayed to close the proceedings under Section 45 of the Act without imposing any penalties. The matter is currently pending.

Disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any of the Stock Exchanges

Nil

Other pending material litigation involving our Promoters

Muthoot Finance Limited

Civil proceedings against our Promoter

1. There are 154 cases filed against our Listed Corporate Promoter before various consumer forums under the Consumer Protection Act, 2019 (the "**Act**"), in the ordinary course of business, initiated by various

individuals/entities alleging violations of the provisions of the Act in relation to deficiency in services, exorbitant interest etc. These complaints are currently pending at different stages of adjudication before various consumer forums. The aggregate amount involved in these complaints is ₹ 34.83 million.

Civil proceedings initiated by our Listed Corporate Promoter

1. Our Listed Corporate Promoter has filed writ petitions (WP 23275 of 2021) before the High Court of Kerala at Ernakulam ("**Court"**) against Union of India and others ("**Respondents**") challenging the implementation of the circular bearing no. RBI/202-04-21/20 DOR.NO.BP.BC/7/21.04.048/2020-21 dated August 6, 2020 ("**First Circular**") modified by circular bearing no. RBI/2021-22/77 DOR.CRE.REC.35/21.04.048/2021-22 dated August 04, 2021 ("**Second Circular**") issued by the RBI. The Court issued interim directions on October 27, 2021 directing the Respondents to not take any coercive actions against our Listed Corporate Promoter. The petitions challenging the First Circular and Second Circular are currently pending.

2. Our Listed Corporate Promoter has filed 20 consumer complaints before various consumer forums under the Consumer Protection Act, 2019 (the "**Act**"), in the ordinary course of business, initiated against various individuals/entities alleging violations of the provisions of the Act in relation to deficiency in services, exorbitant interest etc. These complaints are currently pending at different stages of adjudication before various consumer forums. The aggregate amount involved in these complaints is ₹5.08 million.

Material tax litigation against our Listed Corporate Promoter

1. The Commissioner of Central Excise and Customs, Kochi had issued a show cause notice bearing reference no. 199/2012/ST dated October 22, 2012 directing our Listed Corporate Promoter to show cause for: (i) an amount of INR 1672.3 million as service tax (including education cess) not been paid by our Listed Corporate Promoter for the period from 2007-2008 to 2011-2012 in accordance with the provisions of the Finance Act, 1994 on account of providing taxable services (business auxiliary services) under the Finance Act, 1994 and (ii) penalties under sections 75, 76, 77, and 78 of the Finance Act, 1994 should not be levied against our Listed Corporate Promoter. Our Listed Corporate Promoter had filed its reply to the show cause notice on February 19, 2013 stating that (i) services as collection agent are not taxable as the same cannot be viewed as a separate and independent service being rendered by our Listed Corporate Promoter, the entire exercise is revenue neutral and the demand for service tax is time barred; and (ii) our Listed Corporate Promoter is not liable for payment of penalties as it had not defaulted under the provisions of the Finance Act, 1994. The Commissioner of Central Excise, Customs and Service Tax, Cochin had issued an order on December 30, 2014 disposing the show cause notice no. 199/2012 with a demand of ₹ 1,531,458,734 as service tax, education cess and secondary and higher education cess ("**SHEC**") payable on securitization transactions with banks for the period from 2007 to 2012, along with interest under section 75 of the Finance Act, 1994, penalty at the rate of ₹ 200 per day or 2% of tax for every month whichever is higher under section 76, ₹ 10,000 under section 77 and ₹ 153,14,58,734 under section 78 of the Finance Act, 1994. Total liability including tax, interest and penalty under various sections if confirmed is estimated as ₹ 4,895,883,216 till the date of demand. On writ petition, the High Court of Kerala by order WPI No. 6173 of 2015 dated March 02, 2015 directed our Promoter to file appeal before the Appellate Tribunal, without pre-deposit of tax. Appeal filed with CESTAT, Bangalore on March 31, 2015. The Government also had filed writ appeal before the High Court against the order of the Single Judge, on writ appeal by Government, the High Court had held that the Appellate Tribunal can take up the appeals filed by our Listed Corporate Promoter. The Tribunal in their interim order no. 22 to 36/2016, dated February 17, 2016 stated that pre-deposit as per section 35F of the Central Excise Act, 1944 is to be deposited by our Listed Corporate Promoter within 4 weeks from the date of the said order. Our Listed Corporate Promoter filed a writ petition before the High Court of Kerala on March 21, 2016, which was subsequently disposed off by order dated July 14, 2016 directing our Listed Corporate Promoter to pay pre-deposit as per section 35F. Our Listed Corporate Promoter had paid the pre-deposit using CENVAT credit by communication dated July 26, 2016 and accepted by the Tribunal. The appeal is currently pending.

C. Litigation involving our Directors

Criminal Litigation

Outstanding criminal litigation against our Directors

Nil

Outstanding criminal litigation initiated by our Directors

Nil

Actions (including all penalties and show cause notices) taken by regulatory and, or, statutory authorities

Nil

Other pending material litigation involving our Directors

Civil proceedings against our Directors

Nil

Civil proceedings initiated by our Directors

Nil

D. Tax proceedings against our Company, our Promoters and our Directors

Set out herein below are details of claims relating to direct and indirect taxes involving our Company, our Promoters and our Directors.

Nature of case	Number of cases	Demand amount involved* (in ₹ million)
Our Company		
Direct tax	4	108.96
Indirect tax	Nil	Nil
Our Promoters (other than Directors)		
Direct tax	1	39.83
Indirect tax	4	5,069.10
Our Directors (other than Promoters)		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil

**To the extent quantifiable*

Material taxation matters involving our Company

1. Our Company was issued an assessment order dated December 28, 2019 ("**Assessment Order**") under section 143(3) of the Income Tax Act, 1961 ("**IT Act**") by the Office of the Assistant Commissioner of Income Tax Corporate Circle, Chennai, for the assessment year 2017-18 for demand in relation to unexplained money under section 69A of the IT Act. Our Company had subsequently preferred an appeal against the Assessment Order before the Commissioner of Income-tax (Appeals) disputing the amount of ₹ 74.72 million and had paid an amount of ₹ 14.62 million under protest in this respect. The matter is currently pending for further adjudication.

2. Our Company was issued an assessment order dated April 23, 2021 under section 143(3) read with section 144B of the IT Act and a notice under section 156 of the IT Act by the National e-Assessment Centre, Delhi, for the assessment year 2018-19 raising a demand of ₹ 32.96 million. Our Company had preferred an appeal dated May 31, 2021 before the Commissioner of Income-tax (Appeals) disputing the raised amount and had filed an application for stay of demand dated August 4, 2021. Further, our Company had also filed a stay petition dated October 11, 2021 for the stay of the demand which was rejected *vide* the order of the Office of the Deputy Commissioner of Income Tax, dated October 22, 2021 and our Company was directed to pay 20% of the disputed amount i.e. ₹ 65.92 million, which was paid by our Company. Thereafter, our Company filed another application for the stay of the aforesaid demand dated October 26, 2021 before the Office of the Deputy Commissioner of Income Tax which was stayed *vide* the order of the Office of the Deputy Commissioner of Income Tax dated November 11, 2021. The matter is currently pending for further adjudication.

E. Outstanding dues to creditors

As per the Materiality Policy of our Company, a creditor of our Company shall be considered to be material ("**Material Creditors**") for the purpose of disclosure in this Draft Red Herring Prospectus, if amounts due to such creditor by our Company is equal to, or in excess of 5% of the total trade payables of our Company as at the end of the latest financial period mentioned in the Restated Financial Information (i.e., December 31, 2023). Accordingly, a creditor has been considered 'material' by our Company if the amount due to such creditor exceeds ₹ 0.15 million as on December 31, 2023. As of December 31, 2023, outstanding dues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

Sr. No.	Type of creditor	Number of cases	Amount outstanding (in ₹ million)
1.	Dues to micro, small and medium enterprises	0	0.00
2.	Dues to Material Creditor	5	2.79
3.	Dues to other creditors	4	0.20
	Total	**9**	**2.99**

The details pertaining to outstanding dues to Material Creditors, along with the name and amount involved for each such Material Creditor on the website of our Company at https://belstar.in/offerdocumentrelatedfilings. It is clarified that such details available on our Company's website do not form a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any source of information including our Company's website would be doing so at their own risk.

F. Litigation involving our Group Companies

There are no pending litigation involving our Group Companies which may have any material impact on our Company.

G. Material Developments

Except as disclosed in the section *"Management's Discussions and Analysis of Financial Condition and Results of Operations"* on page 393, there have been no material developments, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances, which materially and adversely affect, or are likely to affect our trading or profitability of our Company or the value of our assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Our Company requires various approvals, licenses, registrations, and permits issued by relevant governmental and regulatory authorities under various rules and regulations to carry out our present business activities and to undertake the Offer. Set out below is an indicative list of all material approvals, licenses, registrations, and permits obtained by our Company, which are material and necessary for undertaking our business, and except as mentioned below, no further material approvals are required to carry on our present business activities. Certain of our key approvals, licenses, registrations, and permits may expire periodically in the ordinary course and applications for renewal of such expired approvals are submitted in accordance with applicable requirements and procedures, as necessary. For further details, in connection with the applicable regulatory and legal framework within which we operate, see "Risk Factors" and "Key Regulations and Policies" on pages 30 and 247, respectively.

I. Material approvals in relation to the Offer

For details regarding the approvals and authorisations obtained by our Company in relation to the Offer, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 449.

II. Material approvals in relation to our Company

We require various approvals to carry on our business in India. We have received the following material government and other approvals pertaining to our business.

A. *Material approvals in relation to incorporation*

1. Certificate of incorporation dated January 11, 1988, issued by the Registrar of Companies, Karnataka at Bangalore to our Company, in its former name, being 'Belstar Investment and Finance Private Limited'.

2. Fresh certificate of incorporation dated October 3, 2019, issued by the Registrar of Companies, Tamil Nadu at Chennai to our Company, consequent upon change of name of our Company from 'Belstar Investment and Finance Private Limited' to 'Belstar Microfinance Private Limited'.

3. Fresh certificate of incorporation dated January 10, 2020, issued by the Registrar of Companies, Tamil Nadu at Chennai, consequent upon conversion of our Company from a private company to a public company.

4. Our Company has been allotted the corporate identity number U06599TN1988PLC081652.

For further details in relation to incorporation of our Company, see "*History and Certain Corporate Matters*" beginning on page 264.

B. *Material approvals in relation to our business*

The material approvals in relation to the business operations of our Company are set forth below:

1. The RBI had granted a certificate of registration to our Company dated December 12, 2013 pursuant to conversion to NBFC-MFI (with effect from December 11, 2013) bearing certificate of registration number B-07.00792 and a certificate of registration dated January 23, 2020, bearing registration number B-07.00792 to carry on the business of a non-banking financial institution without accepting public deposits, subject to the conditions mentioned therein.

2. The LEI code number 33580088YBI81NFI2N15 granted by the Legal Entity Identifier India Limited.

C. *Approval from Taxation Authorities*

1. The permanent account number of our Company is AAACB5855H.

2. The tax deduction account number of our Company is CHEB08268B.

3. Our Company has obtained goods and services tax registrations under the Central Goods and Service Tax Act, 2017, in relation to certain of our branches for our business operations in the following states and union territories:

State	GST Number
Andhra Pradesh	37AAACB5855H1ZL
Bihar	10AAACB5855H1Z1
Chhattisgarh	22AAACB5855H1ZW
Delhi	07AAACB5855H1ZO
Gujarat	24AAACB5855H1ZS
Haryana	06AAACB5855H1ZQ
Karnataka	29AAACB5855H1ZI
Kerala	32AAACB5855H1ZV
Madhya Pradesh	23AAACB5855H1ZU
Maharashtra	27AAACB5855H1ZM
Odisha	21AAACB5855H1ZY
Puducherry	34AAACB5855H1ZR
Punjab	03AAACB5855H1ZW
Rajasthan	08AAACB5855H1ZM
Tamil Nadu	33AAACB5855H1ZT
Tripura	16AAACB5855H1ZP
Uttarakhand	05AAACB5855H1ZS
Uttar Pradesh	09AAACB5855H1ZK
West Bengal	19AAACB5855H1ZJ

4. Our Company has obtained professional tax registrations, in relation to certain of our branches in the states and union territories of Tamil Nadu, West Bengal, Puducherry, Bihar, Karnataka, Madhya Pradesh, Kerala, Gujarat, Odisha, Maharashtra and Andhra Pradesh.

III. Labour-related approvals

Our Company has obtained registrations under various employee and labour-related laws including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees' State Insurance Act, 1948, and the relevant shops and establishments legislations.

IV. Material approvals for our branches

Our Company has obtained registrations in the ordinary course of business for our branches across various states and union territories in India including licenses for location of business issued by relevant municipal authorities under applicable laws, registrations under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and the Employees' State Insurance Act, 1948, and shops and establishment registrations issued under the relevant state legislations, as well as registrations from the state labour welfare boards. Certain licences may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for fresh registrations or for renewal of existing registrations or is in the process of making such applications. For further details, please see "*Risk Factors – We require certain statutory and regulatory approvals, licenses, registrations and permissions to conduct our business and an inability to obtain or maintain such approvals, licenses, registrations and permissions in a timely manner, or at all, may adversely affect our operations*" on page 55.

V. Material approvals applied for but not received

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, there are no material approvals which our Company has applied for, but which have not been received:

1. Registration of establishment under the respective state shops and establishments acts for certain of our branches in the states of Tamil Nadu, Puducherry, Bihar, Madhya Pradesh, Uttar Pradesh, Gujarat, Odisha, Rajasthan, Andhra Pradesh

2. Professional tax registrations under the applicable legislations applicable for

3. certain of our branches in the state of Gujarat.

4. Labour welfare board registrations under the applicable legislations applicable for certain of our branches in the state of Andhra Pradesh, Tamil Nadu, Bihar, Madhya Pradesh, Uttar Pradesh and Odisha.

VI. Material approvals expired and renewal to be applied for

As on the date of this Draft Red Herring Prospectus, there are no material approvals of our Company that have expired, and for which renewal is to be applied for.

VII. Material approvals required but not obtained or applied for

As on the date of this Draft Red Herring Prospectus, there are no material approvals of our Company that are required but not obtained or applied for.

VIII. Intellectual Property

As of the date of this Draft Red Herring Prospectus, we have no registered intellectual property. We are currently using the same logo as HIH India, the ultimate owner of its trademark, for which we are a licensee *vide* a trade mark licensing agreement dated March 20, 2024, pursuant to which we are granted the right to use such logo in relation to our business. For further details, see, "*Risk Factors – We depend on the recognition of the "Belstar" brand and the logo associated with our brand. Any failure to use, maintain and enhance awareness of the brand would adversely affect our ability to retain and expand our base of customers*" and "*History and Certain Corporate Matter – Other agreements"* on page 49 and 267, respectively.

Further, for risks associated with statutory and regulatory approvals please see, "*Risk Factors - We require certain statutory and regulatory approvals, licenses, registrations and permissions to conduct our business and an inability to obtain or maintain such approvals, licenses, registrations and permissions in a timely manner, or at all, may adversely affect our operations* " on page 55.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorised by our Board pursuant to the resolution passed at its meeting dated April 26, 2024 and by our Shareholders on May 2, 2024. Our Board has approved this Draft Red Herring Prospectus on May 2, 2024. The IPO Committee of our Company has approved this Draft Red Herring Prospectus in its meeting held on May 3, 2024. Further, our Board has taken on record the consent of the Selling Shareholders to participate in the Offer for Sale pursuant to a resolution passed at its meeting held on April 26, 2024.

Each of the Selling Shareholder have confirmed and approved its participation in the Offer for Sale in relation to its portion of the Offered Shares, as set out below:

Name of the Selling Shareholder	Aggregate amount of Offer for Sale (₹ million)	Number of Equity Shares offered in the Offer for Sale	Date of board resolution/ authorization to participate in the Offer for Sale	Date of consent letter
MAJ Invest Financial Inclusion Fund II K/S	1,750	[●]	April 30, 2024*	May 3, 2024
Arum Holdings Limited	970	[●]	May 2, 2024	May 3, 2024
Augusta Investments Zero Pte Ltd	280	[●]	May 2, 2024	May 3, 2024

* *Authorised by the board of directors of Fonden MIFIF II GP, the general partner of MAJ Invest Financial Inclusion Fund II K/S.*

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

In terms of the Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended, our Company is required to seek the RBI approval for change in the shareholding of our Company beyond 26% or more of the paid-up Equity Share capital of the Company pursuant to the Offer. Accordingly, our Company has filed an application dated May 2, 2024 with the RBI seeking approval in relation to the Offer.

Prohibition by SEBI, RBI or other Governmental Authorities

Our Company, Selling Shareholders, Promoters, members of the Promoter Group, persons in control of our Company, 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 Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Except for (i) Kuttikattu Rajappan Bijimon, George Alexander, and George Muthoot Jacob who are directors of Muthoot Securities Limited, which is a registered intermediary with SEBI and (ii) Vijay Nallan Chakravarthi who is a director of Affirma Capital Investment Adviser India Private Limited, which is a registered intermediary with SEBI, none of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against the Directors of our Company in the past five years preceding the date of this Draft Red Herring Prospectus.

Our Company, Promoters or Directors have neither been declared as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the RBI.

Our Directors are not associated with any unincorporated body that is accepting deposits, or with any company, the application for certificate of registration of which has been rejected by the RBI.

There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company, our Promoters, our Directors and members of Promoter Group and each of the Selling Shareholder severally and not jointly, severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for undertaking the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states the following:

"An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy-five per cent. of the offer to qualified institutional buyers and to refund the full subscription money if it fails to do so."

We are an unlisted company not satisfying the conditions specified in Regulation 6(1)(a) of the SEBI ICDR Regulations and are therefore required to meet the conditions detailed in Regulation 6(2) of the SEBI ICDR Regulations. As set forth below, while our Company had net tangible assets of more than ₹ 30 million, calculated on a restated basis, in the three preceding years, more than 50% of our net tangible assets were held in monetary assets.

Unless stated otherwise, the computation of net tangible assets, operating profit, net worth, monetary assets, as restated as derived from the Restated Financial Information, is set forth below:

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Net Tangible Assets (A) *(₹ in million)*	10,649.89	7,940.15	5,134.57
Operating Profit (B) *(₹ in million)*	1,626.53	549.44	554.75
Net Worth (C) *(₹ in million)*	**10,922.99**	**8,559.33**	**5,417.16**
Monetary Assets, as restated (D) *(₹ in million)*	13,261.25	8,578.54	5,777.85
Monetary Assets, as restated as a % of Net Tangible Assets (E)=(D)/(A) (in %)[#]	124.52%	108.04%	112.53%

Notes:

1. *Net tangible assets have been defined in Regulation 2(1)gg of the SEBI ICDR Regulations as the sum of all net assets of the Company, excluding intangible assets as defined in Indian Accounting Standard (Ind AS) 38.*
2. *Operating Profit = Net profit after Tax + Tax Expense – Other Income.*
3. *Net worth has been defined under Regulation 2(1)hh of the SEBI ICDR Regulations as 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, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
4. *Monetary assets means cash and cash equivalents, bank balance other than cash and cash equivalents and non-current bank balances.*

We undertake to comply with Regulation 6(2) of the SEBI ICDR Regulations. Not less than 75% of the Net Offer is proposed to be Allotted to QIBs. Provided that in accordance with Regulation 40(3) of the SEBI ICDR Regulations, the QIB Portion will not be underwritten by the Underwriters, pursuant to the Underwriting Agreement. in the event that we fail to do so, the full Bid Amounts shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations and other applicable laws. Further, not more than 15% of the Net Offer shall be available for allocation to NIBs of which one-third of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹1,000,000 provided that under-subscription in either of these two sub-categories of the Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not more than 10% 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. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations

Each of the Selling Shareholder has, severally and not jointly, confirmed that it has held its respective portion of Offered Shares for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus and that it is in compliance with Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered in the Offer for Sale.

Each of the Selling Shareholder has, severally and not jointly, confirmed compliance with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Further, in accordance with the conditions specified in Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees in the Offer shall be not less than 1,000 failing which the entire application monies shall be refunded forthwith, in accordance with the SEBI ICDR Regulations and other applicable laws.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and with ensure compliance with conditions specified in Regulation 7(2) of the SEBI ICDR Regulations.

Further, our Company confirms that it is not ineligible to undertake the Offer, in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable.

The details of compliance with Regulation 5 and Regulation 7 (1) of the SEBI ICDR Regulations are as follows:

a. None of our Company, Selling Shareholders, our Promoters, members of our Promoter Group or our Directors are debarred from accessing the capital markets by the SEBI;
b. None of our Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI;
c. Neither our Company nor our Promoters or Directors are categorised as a Wilful Defaulter or a Fraudulent Borrower;
d. Neither our Individual Promoter nor our Directors have been declared a fugitive economic offender (in accordance with Section 12 of the Fugitive Economic Offenders Act, 2018);
e. There are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;
f. Our Company, along with the Registrar to the Company, has entered into tripartite agreements dated April 26, 2024 and April 26, 2024 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;
g. The Equity Shares of our Company held by our Promoters are in dematerialised form;
h. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus; and
i. There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations 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.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED 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 THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED, AXIS CAPITAL LIMITED, HDFC BANK LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. 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 THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MAY 3, 2024, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THIS 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 THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC including in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the RoC including in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company, our Promoters, Directors and Book Running Lead Managers

Our Company, our Promoters, Directors and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Draft 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.belstar.in, or the website of any affiliate of our Company or the Selling Shareholders, would be doing so at their own risk. It is clarified that, each of the Selling Shareholders and their respective directors, partners, affiliates, associates and officers accept or undertake no responsibility for any statements other than those specifically made or undertaken or confirmed by such Selling Shareholders in relation to the Offered Shares.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the Book Running Lead Managers to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, the Book Running Lead Managers 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 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, the Book Running Lead Managers 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 Book Running Lead Managers and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, our Promoters, members of the Promoter Group and their directors and officers, group companies, affiliates or 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, its directors, the Promoters, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

Disclaimer from the Selling Shareholders

The Selling Shareholders accept no responsibility for statements made otherwise than in this Draft 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.belstar.com, or the respective websites of our Promoters, Promoter Group or any affiliate of our Company would be doing so at his or her own risk. The Selling Shareholders, their directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus, other than those specifically made or confirmed by the Selling Shareholders in relation to themselves as a Selling Shareholders and the Offered Shares.

Bidders will be required to confirm and will be deemed to have represented to the Selling Shareholders and their 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 their 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

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

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, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, state industrial development corporations, permitted insurance companies registered with IRDAI, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, permitted provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds (registered with the Pension Fund Regulatory and Development Authority established under Section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013, subject to applicable laws, with minimum corpus of ₹ 250 million), National Investment Fund, insurance funds set up and managed by the army and navy or air force of Union of India and insurance funds set up and managed by the Department of Posts, India registered with the Insurance Regulatory and Development Authority of India, systemically important NBFCs registered with the RBI and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions.

Neither the delivery of this Draft Red Herring Prospectus nor the offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date of this Draft Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.**

Eligibility and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in 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 in the United States. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons

reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in "offshore transactions" as defined in and in reliance on Regulation S and applicable laws of the jurisdictions where such offers and sales are made.

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.

All Equity Shares Offered and Sold in this Offer:

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company and the Book Running Lead Managers that it has received a copy of this Draft 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 and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

3. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

4. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

5. the purchaser acknowledges that our Company, the Book Running Lead Managers, 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.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any offshore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of RBI

The Company has valid certificates of registration dated December 12, 2013 (pursuant to conversion to NBFC-MFI with effect from December 11, 2013) and January 23, 2020 issued by the RBI under Section 45IA of the RBI Act. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representation made or opinions expressed by the Company and for discharge of liability by the Company.

Disclaimer clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within three Working Days from the Bid/ Offer Closing Date or within such other period as may be prescribed. Each of the Selling Shareholder confirms that it shall extend reasonable support and co-operation (to the extent of its portions of the Offered Shares) as required by law for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within two Working Days from the Bid/Offer Closing Date, or within such other period as may be prescribed.

If our Company does not Allot the Equity Shares within two Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Offer Accounts will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders as prescribed under applicable law.

Other than the listing fees which will be borne solely by the Company, all Offer Expenses including, among other things, filing fees, book building fees and other charges, fees and expenses payable to the SEBI, the Stock Exchanges, the Registrar of Companies and any other Governmental Authority, advertising, printing, road show expenses, accommodation and travel expenses, fees and expenses of the Indian legal counsel to the Company and the Indian and international legal counsel to the BRLMs, fees and expenses of the statutory auditors (including the Statutory Auditors), independent chartered accountant, registrar fees and broker fees (including fees for procuring of applications), bank charges, fees and expenses of the BRLMs, syndicate members, Self-Certified Syndicate Banks, other Designated Intermediaries and any other consultant, advisor or third party in connection with the Offer shall be borne by the Company and the Selling Shareholders in proportion to the number of Equity Shares issued and/or Offered Shares transferred by each of the Company and the Selling Shareholders in the Offer, respectively, except as may be prescribed by the SEBI or any other regulatory authority. All such payments shall be made by the Company in the first instance on behalf of the Selling Shareholders and the Selling Shareholders agrees that it shall reimburse the Company in proportion to the sale of its Offered Shares, for any expenses incurred by the Company on behalf of such Selling Shareholders. In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, subject to Applicable Law, all costs and expenses with respect to the Offer which may have accrued up to the date of such postponement, withdrawal, abandonment or failure shall be borne by the Company and Selling Shareholders in the manner mutually agreed between the Company and the Selling Shareholders. The Selling Shareholders agrees that it shall reimburse the Company for any expenses in relation to the Offer paid by the Company on behalf of the Selling Shareholders directly from the Public Offer Account in the manner as may be set out in the Cash Escrow and Sponsor Bank Agreement.

Consents

Consents in writing of: (a) our Directors, our Company Secretary and Chief Compliance Officer, Banker(s) to the Company, legal counsels appointed for the Offer, the Book Running Lead Managers, the Registrar to the Offer, Statutory Auditor, in their respective capacities, have been obtained; (b) consents of the Monitoring Agency; the Syndicate Members, the Banker(s) to the Offer/ Public Offer Account Bank(s)/ Escrow Collection Bank(s)/ Refund Bank(s), Sponsor Banks, to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, and such consents, which have been obtained, have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Our Company has received written consent dated May 2, 2024, from CRISIL, for inclusion of CRISIL Report on "*Report on Microfinance Industry in India – For Belstar Microfinance* " dated March, 2024 in this Draft Red Herring Prospectus.

Experts to the Offer

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

i. Our Company has received written consents dated May 3, 2024 from Varma & Varma, Chartered Accountants, to include their name as required under section 26 (5) of the Companies Act, read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated April 26, 2024 on our Restated Financial Information; and (ii) their report dated May 3, 2024 on the Statement of Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

ii. Our Company has received written consent dated May 2, 2024 from KSM Associates, to include their name as the practicing company secretary and as an "expert" as defined under Section 2(38) of the Companies Act, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

The above-mentioned consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years

Except as disclosed in "*Capital Structure"* on page 91, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. As on the date of this Draft Red Herring Prospectus, none of our group companies, subsidiaries or associate companies have any equity listed on any stock exchange.

Further, the equity shares of our Group Companies are not listed on any stock exchange. The debt securities of certain of our Group Companies, namely, Muthoot Homefin (India) Limited and Muthoot Vehicle & Asset Finance Limited are listed on the Stock Exchanges. However, as on the date of this Draft Red Herring Prospectus, Muthoot Homefin (India) Limited and Muthoot Vehicle & Asset Finance Limited have not made any debt issues during the last three years. For further details with respect to the list debt securities of our Group Companies, please see "*Group Companies*" on page 299.

Additionally, our Group Companies have not undertaken any capital issues (public, rights or composite) in the three immediately preceding years in respect of such debt securities.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public offer of the 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 for last five years by our Company.

Performance vis-à-vis objects – Public/ rights issue of our Company

Except as disclosed in "*Capital Structure"* on page 91, our Company has not undertaken a public or rights issue, as defined under the SEBI ICDR Regulations, in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoters of our Company

Our Company does not have any subsidiaries.

Our Company does not have a listed Promoter, except Muthoot Finance Limited, which has listed debt on the BSE.

Price information of past issues handled by the Book Running Lead Managers

A. **ICICI Securities Limited**

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by ICICI Securities 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 price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Jyoti CNC Automation Limited^^	10,000.00	331.00(1)	January 16, 2024	370.00	+78.07% [-0.87%]	+135.94% [+2.21%]	NA*
2	EPACK Durable Limited^	6,400.53	230.00	January 30, 2024	225.00	-19.96% [-1.64%]	-9.76% [+3.64%]	NA*
3	Apeejay Surrendra Park Hotels Ltd^^	9,200.00	155.00(2)	February 12, 2024	186.00	+17.39% [+3.33%]	NA*	NA*
4	Rashi Peripherals Limited^	6,000.00	311.00	February 14, 2024	335.00	-0.77% [+1.77%]	NA*	NA*
5	Jana Small Finance Bank Limited^	5,699.98	414.00	February 14, 2024	396.00	-5.23% [+1.77%]	NA*	NA*
6	Entero Healthcare Solutions Limited^	16,000.00	1,258.00(3)	February 16, 2024	1,149.50	-19.65% [+0.30%]	NA*	NA*
7	Juniper Hotels Limited^^	18,000.00	360.00	February 28, 2024	365.00	+43.76% [+1.71%]	NA*	NA*
8	Popular Vehicles and Services Limited^^	6,015.54	295.00	March 19, 2024	289.20	-15.59% [+1.51%]	NA*	NA*
9	Bharti Hexacom Limited^	42,750.00	570.00	April 12, 2024	755.20	NA*	NA*	NA*
10	JNK India Limited^^	6,494.74	415.00	April 30, 2024	621.00	NA*	NA*	NA*

**Data not available*
^BSE as designated stock exchange
^^NSE as designated stock exchange
(1) Discount of Rs. 15 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 331.00 per equity share.
(2) Discount of Rs. 7 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 155.00 per equity share.
(3) Discount of Rs. 119 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 1,258.00 per equity share.

2. *Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by ICICI Securities Limited:*

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%
2024-25*	2	49,244.74	-	-	-	-	-	-	-	-	-	-	-	-
2023-24	28	2,70,174.98	-	-	8	5	8	7	-	-	-	6	1	1
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

B. Axis Capital Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years 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 price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Bharti Hexacom Limited(1)	42,750.00	570.00	April 12, 2024	755.20	-	-	-
2	Gopal Snacks Limited! (1)	6,500.00	401.00	March 14, 2024	350.00	-18.13%, [+1.57%]	-	-
3	Jana Small Finance Bank Limited(1)	5,699.98	414.00	February 14, 2024	396.00	-5.23%, [+1.77%]	-	-
4	Apeejay Surrendra Park Hotels Limited@(2)	9,200.00	155.00	February 12, 2024	186.00	+17.39%, [+3.33%]	-	-
5	EPACK Durable Limited(1)	6,400.53	230.00	January 30, 2024	225.00	-19.96%, [+1.64%]	-9.76%, [+3.64%]	-
6	Medi Assist Healthcare Services Limited(1)	11,715.77	418.00	January 23, 2024	465.00	+22.32%, [+3.20%]	+15.66%, [+3.86%]	-
7	Azad Engineering Limited(1)	7,400.00	524.00	December 28, 2023	710.00	+29.06%, [-2.36%]	+153.72%, [+0.08%]	-

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
8	Happy Forgings Limited[(2)]	10,085.93	850.00	December 27, 2023	1,000.00	+14.06%, [-1.40%]	+4.44%, [+2.04%]	-
9	Muthoot Microfin Limited*[(1)]	9,600.00	291.00	December 26, 2023	278.00	-20.77%, [-0.39%]	-31.15%, [+2.10%]	-
10	Inox India Limited[(1)]	14,593.23	660.00	December 21, 2023	933.15	+32.01%, [+1.15%]	+70.81%, [+1.62%]	-

Source: www.nseindia.com and www.bseindia.com
[(1)]BSE as Designated Stock Exchange
[(2)]NSE as Designated Stock Exchange
[!] Offer Price was ₹ 363.00 per equity share to Eligible Employees
[@] Offer Price was ₹ 148.00 per equity share to Eligible Employees
** Offer Price was ₹ 277.00 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 Is[su]er [at] the[t]ime 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 issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited:*

Financial Year	Total no. of IPOs	Total funds raised (₹ 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			os. of IPOs trading at premium as n 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*	1	42,750.00	-	-	-	-	-	-	-	-	-	-	-	-
2023-2024	18	218,638.22	-	-	4	2	6	6	-	-	1	5	1	-
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.

C. HDFC Bank Limited

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by HDFC Bank Limited:*

Sr. No.	Offer Name	Offer Size (in ` Mn) #	Offer price (`)	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 price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	IRM Energy Limited	5,443.63	505	October 26, 2023	477.25	-7.20% [4.49%]	-0.25% [12.63%]	19.69% [18.45%]
2.	Sai Silks (Kalamandir) Limited	12,009.98	222	September 27, 2023	230.10	8.09% [-4.49%]	25.09% [7.54%]	-12.30% [10.15%]
3.	Aether Industries Limited	8,080.44	642	June 03, 2022	706.15	+21.00% [-5.13%]	+34.54% [+6.76%]	+40.15% [+12.40%]

#As per Prospectus

Source: www.nseindia.com and www.bseindia.com for price information and prospectus for offer details

Notes:

1. *Designated stock exchange of the respective issuer has been considered for the pricing information*
2. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days*
3. *In case of reporting dates falling on a trading holiday, values for immediately previous trading day have been considered*
4. *In IRM Energy Limited, the Issue price to eligible employees was ₹457 after a discount of ₹48 per equity share*

2. *Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by HDFC Bank Limited:*

Financial Year	Total no. of IPOs	Total amount of funds raised INR` in million)#	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%
2023-25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023-24	2	17,453.61	-	-	1	-	-	1	-	-	1	-	-	1
2022-23	1	8,080.44	-	-	-	-	-	1	-	-	-	-	1	-

#As per Prospectus

Notes:

1. *The information is as on the date of this Draft Red Herring Prospectus.*
2. *The information for each of the financial years is based on offers listed during such financial year.*

D. SBI Capital Markets Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Fnancial Year) handled by SBI Capital Markets 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 price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Bharti Hexacom Ltd@	42,750	570.00	April 12,2024	755.20	-	-	-
2	R K Swamy Limited(1) @	4,235.60	288.00	March 12, 2024	252.00	-	-	-
3	Entero Healthcare Solutions Ltd(2) @	1,6000.00	1,258.00	February 16, 2024	1,245.00	-19.65% [+0.30%]	-	-
4	Jana Small Finance Bank@	5,699.98	414.00	February 14, 2024	396.00	-5.23% [+1.77%]	-	-
5	Medi Assist Healthcare Services Ltd@	11,715.77	418.00	January 23, 2024	465.00	+22.32% [+3.40%]	+15.66% [4.06%]	-
6	Jyoti CNC Automation Limited#	10,000.00	331.00	January 16, 2024	370.00	+78.07% [-0.87%]	+135.94% [+2.21%]	-
7	Azad Engineering Limited@	7,400.00	524.00	December 28, 2023	710.00	+29.06% [-2.36%]	153.72% [+0.08%]	-
8	Muthoot Microfin Limited(3) @	9,600.00	291.00	December 26, 2023	278.00	-20.77% [-0.39%]	-31.15% [+2.10%]	-
9	Indian Renewable Energy Development Agency Limited#	21,502.12	32.00	November 29,2023	50.00	+204.06% [+8.37%]	+373.44% [+10.08%]	-
10	Updater Services Ltd@	6,400.00	300.00	October 4, 2023	299.90	-13.72%, [-1.76%]	+9.05% [+10.80%]	+6.77% [+12.92%]

Source: www.nseindia.com and www.bseindia.com

Notes:

* *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days isa trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*

** *The information is as on the date of this document.*

* *The information for each of the financial years is based on issues listed during such financial year.*

@ *The S&P BSE SENSEX index is considered as the Benchmark Index, BSE being the designated stock exchange*

\# *The Nifty 50 index is considered as the Benchmark Index, NSE being the designated stock exchange*

1 *Price for eligible employee was Rs 261.00 per equity share*

2 *Price for eligible employee was Rs 1,139.00 per equity share*

3 *Price for eligible employee was Rs 277.00 per equity share*

2. *Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by SBI Capital Markets Limited:*

Financial Year	**Total no. of IPOs**	**Total funds raised (₹ 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**			**os. of IPOs trading at premium as n 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%**
2024-25*	1	42,750	-	-	-	-	-	-	-	-	-	-	-	-
2023-24	12	1,32,353.46	-	2	5	2	2	1	-	-	1	3	-	1
2022-23	3	2,28,668.02	-	1	2	-	-	-	-	1	1	-	1	-

* *The information is as on the date of this Offer Document.*

Date of Listing for the issue is used to determine which financial year that particular issue falls into

Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the Book Running Lead Managers, as set forth in the table below:

Sr. No.	Name of Book Running Lead Managers	Website
1.	ICICI Securities Limited	www.icicisecurities.com
2.	Axis Capital Limited	www.axiscapital.co.in
3.	HDFC Bank Limited	www. hdfcbank.com
4.	SBI Capital Markets Limited	www.sbicaps.com

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange 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, subject to agreement with our Company for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process 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, PAN, UPI ID, 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, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Chief 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.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to the SEBI circular 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, SEBI 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 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 an 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 or 15% per annum of the application amount for the period of such delay. Further, in terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

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 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and the SEBI Master Circular.

Disposal of Investor Grievances by our Company

Our Company shall obtain authentication on the SEBI SCORES platform and will comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 and the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor grievances in the last three Financial Years prior to the filing of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus. 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 10 Working 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 appointed Sunil Kumar Sahu, as the Company Secretary and Chief Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For details, see "*General Information*" on page 81.

Our Company has also constituted a Stakeholders' Relationship Committee comprising of Kuttikattu Rajappan Bijimon, Chinnasamy Ganesan, Dr. Kalpanaa Sankar and Vijay Nallan Chakravarthi as members, to review and redress shareholder and investor grievances. For details, see "*Our Management*" on page 269.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Our Company has not sought nor applied for any exemption from SEBI from complying with any provisions of securities laws, as on the date of the Draft Red Herring Prospectus.

SECTION VII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered, Allotted and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, SEBI Listing Regulations, RBI Approval, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital, offer for sale, and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or 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 governmental, statutory or regulatory authorities while granting its approval for the Offer, to the extent and for such time as these continue to be applicable.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. For details in relation to the sharing of Offer expenses amongst our Company and each of the Selling Shareholders, see "*Objects of the Offer*" on page 106.

Ranking of the Equity Shares

The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares being offered and Allotted/ transferred in the Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, SCRA, SCRR, our MoA and AoA and shall be *pari passu* with the existing Equity Shares in all respects including voting and right to receive dividends. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" beginning on page 503.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the MoA and AoA and provisions of the SEBI Listing Regulations and any other guidelines, regulations or directions which may be issued by the Government in this regard. 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 laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" beginning on pages 303 and 503, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Offer Price, Price Band, Employee Discount (if any) and the minimum Bid Lot size for the Offer will be decided by our Company in consultation with the BRLMs, and advertised in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered 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 the same 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 respective websites of the Stock Exchanges. The Offer Price shall be determined by our Company in consultation with the Book Running Lead Managers, after the Bid/ Offer Closing Date on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process.

At any given point of time, there shall be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of the 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 or "e-voting", in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission, consolidation or sub-division, see "*Description of Equity Shares and Terms of Articles of Association*" on page 503.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations and the Listing Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated April 26, 2024 amongst our Company, NSDL and Registrar to the Company; and
- Tripartite agreement dated April 26, 2024 amongst our Company, CDSL and Registrar to the Company.

For details in relation to the Basis of Allotment, see "*Offer Procedure*" on page 479.

Employee Discount

Employee discount, if any, may be offered to Eligible Employees bidding in the Employee Reservation Portion respectively. Eligible Employees bidding in the Employee Reservation Portion respectively at a price within the Price Band can make payment at Bid Amount, that is, Bid Amount net of employee discount, if any, as applicable at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion respectively at the Cut-Off Price have to ensure payment at the Cap Price, less employee discount, if any, as applicable, at the time of making a Bid.

Market Lot and Trading Lot

Since trading of the Equity Shares on the Stock Exchanges is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in dematerialised and electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For further details on the Basis of Allotment, see "*Offer Procedure*" on page 479.

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 will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Chennai, India.

Period of operation of subscription list

See "– *Bid/ Offer Programme*" on page 469.

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 state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs"), pursuant to Section 4(a) U.S. Securities Act, and (ii) outside the United States, in offshore transactions, as defined in and in compliance with Regulation S and the applicable laws of the jurisdictions 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 investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, 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 to the exclusion of all other persons, unless the nomination is modified or cancelled in the prescribed manner. 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 modified by nominating any other person in place of the present nominee, by the holder of the Equity Shares who made the nomination, by giving a notice of such cancellation or variation to our Company. 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 Office or to the Registrar and Transfer Agent 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, the Board may thereafter withhold payment of all dividends, interests, bonuses or other monies 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 dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Programme

BID/OFFER OPENS ON	[●][1]
BID/OFFER CLOSES ON	[●][2] [3]

(1) Our Company in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations

(2) Our Company may consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations

(3) UPI mandate end time and date shall be at 5:00 pm IST on Bid/ Offer Closing Date, i.e. [●]

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to dematerialized accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

**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/Issue 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 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/Issue 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/Issue 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 Master Circular and 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 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/76 dated May 30, 2022 and SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.*

*The processing fees for applications made by the 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 and SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.*The above timetable other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, the Selling Shareholders or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within three Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI, 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 The, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. In terms of the SEBI Master Circular, our Company shall within four days from the closure of the Offer, refund the subscription amount received in case of non – receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. 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 Selling Shareholder, severally and not jointly, has specifically confirmed that it shall extend such reasonable support and co-operation in relation to their respective portion of the Offered Shares, as required by our Company and the BRLMs for 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 SEBI.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till 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.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within three Working Days from the Bid/ Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the listing timelines. Further, the issue procedure is subject to change to any revised SEBI circulars to this effect.

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 other than QIBs and NIIs	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of Physical Applications (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 ₹500,000)	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Bidders categories#	Only between 10.00 a.m. and up to 5.00 p.m. IST on Bid/ Offer Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIBs and Eligible Employees Bidding in the Employee Reservation Portion	Only between 10.00 a.m. and up to 5.00 p.m. IST

** UPI mandate end time and date shall be at 05:00 p.m. on 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 RIBs and Eligible Employees Bidding in the Employee Reservation Portion.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received RIBs and Eligible Employees 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.

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 in the relevant ASBA Account, as the case may be, 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 3:00 p.m. IST on the Bid/Offer Closing Date. Any time mentioned in this Draft 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, 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 and any revision in Bids will be accepted only during Working Days during the Bid/ Offer Period. Bidders may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE, respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

Our Company in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations. 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 but the Floor Price shall not be less than the Face Value of the Equity Shares. In all circumstances, the Cap Price shall be at least 105% of the Floor Price and less than or equal to 120% of the Floor Price.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company, in consultation with the BRLMs, for reasons to be recorded in writing, may extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public announcement 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 Designated Intermediaries and the Sponsor Bank(s), as applicable. In case of revision of Price Band, the Bid Lot shall remain the same.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date; or subscription level falls below aforesaid minimum subscription after the Bid/Offer Closing Date due to withdrawal of Bids or technical rejections or any other reason; or in case of devolvement of Underwriting, aforesaid minimum subscription is not received within 60 days from the date of Bid/Offer Closing Date or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Offer, our Company our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI Master Circular. If there is a delay beyond the prescribed time after our Company becomes liable to pay the amount, our Company and every Director of our Company, who are officers in default, shall pay interest at the rate of 15% per annum or such other amount prescribed under applicable law, including the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and the SEBI Master Circular.

In case of under-subscription in the Offer, Equity Shares up to 90% of the Fresh Issue ("**Minimum Subscription**") will be issued prior to the sale of Equity Shares in the Offer for Sale, provided that post satisfaction of the Minimum Subscription, Equity Shares held by the Selling Shareholders offered under the Offer for Sale will be Allotted on a pro-rata basis in a manner proportionate to their respective Offered Shares. The balance Equity Shares of the Fresh Issue (i.e., 10% of the Fresh Issue) will be offered only once the entire portion of the Offered Shares are Allotted in the Offer.

Each Selling Shareholder shall reimburse, severally and not jointly, and only to the extent of the Equity Shares offered by such Selling Shareholder in the Offer, any expenses and interest incurred by our Company on behalf of such Selling Shareholder for any delays in making refunds as required under the Companies Act and any other applicable law, provided that such Selling Shareholder shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of such Selling Shareholder in relation to its portion of the Offered Shares.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will 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.

No liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of its portion of the Offered Shares.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

Withdrawal of the Offer

The Offer shall be withdrawn in the event the requirement of the minimum subscription as prescribed under Regulation 45 of the SEBI ICDR Regulations is not fulfilled. Our Company in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue and the Selling Shareholders, reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would 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 SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Banks (in case of UPI Bidders), to unblock the bank accounts of the ASBA Bidders, And shall notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared, and the Stock Exchanges will also be informed promptly. In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+3 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it. Further, 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 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. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

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, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC.

Restrictions, if any on transfer and transmission of Equity Shares

Except for lock-in of the pre-Offer share capital of our Company, lock-in of our Promoters' minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 91 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Description of Equity Shares and Terms of Articles of Association"* on page 503.

New financial instruments

Our Company is not issuing any new financial instruments through this Offer.

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) aggregating up to ₹ 13,000 million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 10,000 million and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 3,000 million by the Selling Shareholders.

The Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed [●]% of our post-Offer paid-up Equity Share capital. The Offer less the Employee Reservation Portion is the Net Offer.

The Offer and Net Offer shall constitute [●]% and [●]% of the post-Offer paid-up Equity Share capital of our Company, respectively.

Our Company, in consultation with the Book Running Lead Managers, may consider undertaking a Pre-IPO Placement, at its discretion of such number of securities, for a cash consideration aggregating up to ₹ 2,000 million between the date of this Draft Red Herring Prospectus till the filing of the Red Herring Prospectus with the RoC, subject to the receipt of appropriate approvals. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under the Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the Book Running Lead Managers. On utilization of proceeds from the Pre-IPO Placement (if any) prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if any) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

The Offer is being made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations.

Particulars	Eligible Employees[#]	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation*[(2)]	Up to [●] Equity Shares[##]	Not less than [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and RIBs	Not more than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/allocation	The Employee Reservation Portion shall constitute up to [●]% of the post-Offer paid-up Equity Share capital of our Company	Not less than 75% of the Net Offer size shall be available for allocation to QIB Bidders. 5% of the Net QIB Portion shall 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 balance Net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not more than 15% of the Net Offer. Further, (a) one third of such 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 (b) two third of such 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 the sub-categories mentioned above may be allocated to applicants in the	Not more than 10% of the Net Offer less allocation to QIB Bidders and Non-Institution Bidders.

Particulars	**Eligible Employees#**	**QIBs(1)**	**Non-Institutional Bidders**	**Retail Individual Bidders**
			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 (net of the Employee Discount, if any). In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for a value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000	Proportionate as follows (excluding the Anchor Investor Portion): a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and b) up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from Mutual Funds at or above the Anchor Investor Allocation Price	The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: a) one third of the portion available to Non-Institutional Bidders being [●] Equity Shares are reserved for Bidders Biddings more than ₹200,000 and up to ₹1,000,000; and b) two third of the portion available to Non-Institutional Bidders being [●] Equity Shares are reserved for Bidders Bidding more than ₹1,000,000. The unsubscribed portion in either of the categories specified in (a) or (b) above, may be allocated to Bidders in the other sub- category of Non-Institutional Portion in accordance with SEBI ICDR Regulations. The allotment of specified securities to each Non-Institutional Bidder shall not be less than the minimum application size, subject to availability in the Non-Institutional Portion, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the SEBI ICDR Regulations. For details, see "*Offer*	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 479.

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
			Procedure" on page 479.	
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹500,000, less Employee Discount, if any	[●] Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000.	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Mode of Bidding	Through ASBA process only (except Anchor Investors). In case of UPI Bidders, ASBA process will include the UPI Mechanism.			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Mode of Allotment	Compulsorily in dematerialised form			
Allotment Lot	A minimum of [●] Equity Shares and in multiples of one Equity Share thereafter			
Trading Lot	One Equity Share			
Who can apply(4)	Eligible Employees	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, Mutual Funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions, societies, trusts, family offices and FPIs who are individuals, corporate bodies and family offices which are re-categorised as Category II FPIs and registered with SEBI.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
		Pension Fund Regulatory and Development Authority Act, 2013, National Investment Fund set up by the GoI through resolution F. No.2/3/2005-DD-II dated November 23, 2005, the 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, in accordance with applicable laws.		
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(3) **In case of all other Bidders:** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder or by the Sponsor Bank(s) through the UPI Mechanism (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form			

* *Assuming full subscription in the Offer.*

\# *Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹500,000. 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. 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, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of the Employee Discount, if any). Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. The undersubscribed 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.*

\#\# *Our Company and the Selling Shareholders in consultation with the BRLMs, may offer a discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required, and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date.*

(1) Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 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 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. 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.

(2) Subject to valid Bids being received at or above the Offer Price. This Offer is made in accordance with the Rule 19(2)(b) of the SCRR and is being made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company in consultation with the Book Running Lead Managers may 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-allotment 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 more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the 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.

(3) 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 price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN. For details of terms of payment of applicable to Anchor Investors, see General Information Document available on the website of the Stock Exchanges and the BRLMs. Anchor Investors are not permitted to participate in the Offer through the ASBA process. SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45

dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings, 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, 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. Further SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in public issues shall be processed only after the application monies are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIBs, NIB and RIB 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.

(4) In case of joint Bids, 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 beneficiary account held in joint names. The signature of only such First Bidder is required in the Bid cum Application Form and such First Bidder will 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 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. Further, a Bidder Bidding in the Employee Reservation Portion may also Bid under the Net Offer and such Bids shall not be treated as multiple Bids. To clarify, an Eligible Employee Bidding in the Employee Reservation Portion above ₹[●] (net of Employee Discount, if any) shall not be allowed to Bid in the Net Offer as such Bids shall be treated as multiple Bids.

*(5) Subject to valid bids being received at or above the Offer Price, undersubscription, if any, in any category, 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 applicable laws. In case of under-subscription in the Offer, Equity Shares up to 90% of the Fresh Issue ("**Minimum Subscription**") will be issued prior to the sale of Equity Shares in the Offer for Sale, provided that post satisfaction of the Minimum Subscription, Equity Shares held by the Selling Shareholders offered under the Offer for Sale will be Allotted on a pro-rata basis in a manner proportionate to their respective Offered Shares. The balance Equity Shares of the Fresh Issue (i.e., 10% of the Fresh Issue) will be offered only once the entire portion of the Offered Shares are Allotted in the Offer In the event of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in "Terms of the Offer" on page 467.*

Eligible Employees Bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount, at the time of making a Bid. Eligible Employees Bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid.

Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. Allotment to an Eligible Employee in the Employee Reservation Portion may not exceed ₹ 200,000 in value.

Only in the event of an under-subscription in the Employee Reservation Portion, post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 in value. Subsequent under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer.

The Bids by FPIs with certain structures as described under "*Offer Procedure - Bids by FPIs*" on page 487 and having same PAN will be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) will be proportionately distributed.

Bidders will be required to confirm and will be deemed to have represented to our Company, each of the Selling Shareholders, 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.

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 BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, 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 467.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a public announcement and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues 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 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 by UPI Bidders. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all 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/Applicants; (v) issuance of CAN and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications and electronic registration of bids; (ix)submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; (xiii) Designated Date; (xiv) disposal of applications; and (xv) interest in case of delay in Allotment or refund.

*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. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective until June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by UPI Bidders through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, had decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by UPI Bidders ("**UPI Phase III**") and modalities of the implementation of UPI Phase III was notified by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 and made effective on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023.*

The Offer will be undertaken pursuant to the processes and procedures under UPI Phase III on mandatory basis, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its 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 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, had introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. Subsequently, vide the SEBI RTA Master Circular, consolidated the aforementioned circulars to the extent relevant for RTAs, and rescinded these circulars. 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 ₹0.50 million shall use the UPI Mechanism. 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 only after application monies are blocked in the bank accounts of investors (all categories). These circulars are effective for initial public offers opening on/or after May 1, 2021, and the provisions of these circulars, as amended, are deemed to form part of this Draft Red Herring Prospectus.

In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI RTA Master Circular, 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 the said 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, in accordance with the SEBI Master Circular, the Bidder shall be compensated at a uniform rate of ₹100 per day 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. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide the SEBI Master Circular, has reduced the timelines for refund of Application money to four days.
The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

Our Company, the Selling Shareholders and the BRLMs, members of the syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the GID and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft 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 the Red Herring Prospectus and the Prospectus, when filed.

Further, our Company, the Selling Shareholders and the Members of the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

Book Building Procedure

This Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process and is in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein in terms of Regulation 32(2) of the SEBI ICDR Regulations, not less than 75% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price 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-allotment 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 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, subject to availability of Equity Shares in the respective categories, not more than 15% of the Offer shall be available for allocation to Non-Institutional Bidders 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 more than 10% of the 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. Further, up to [●] Equity Shares, aggregating up to ₹[●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price, if any.

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 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, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.

Bidders must ensure that their PAN is linked with Aadhaar ID and are in compliance with CBDT notification dated February 13, 2020, press release dated June 25, 2021, September 17, 2021, March 30, 2022 and March 28, 2023.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID (for UPI Bidders), 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 the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws. **Phased implementation of UPI**

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 UPI Bidders 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. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II until further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds was discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase.

Phase III: This phase has become applicable on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023, vide SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 ("**T+3 Notification"**). In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Offer shall be undertaken pursuant to the processes and procedures as notified in the T+3 Notification as applicable, subject to any circulars, clarification or notification issued by SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

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, in compliance with the SEBI RTA Master Circular in a format as prescribed by SEBI, from time to time, and such payment of processing fees to the SCSBs shall be made in compliance with circulars prescribed by SEBI and applicable law.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as the Sponsor Bank(s) to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the UPI Bidders.

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.

Pursuant to 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 and SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 ("**UPI Streamlining 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 Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Further, in terms of the UPI Circulars, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs. 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.

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 Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the Stock Exchanges (www.nseindia.com and 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, which shall include the UPI Mechanism in case of UPI Bidders. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

UPI Bidders must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain the UPI ID are liable to be rejected.

ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in their respective ASBA Accounts, or (ii) the UPI ID, as applicable in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected.

Since the Offer is made under Phase III of the UPI Circulars, ASBA Bidders may submit the ASBA Form in the manner below:

(i) UPI Bidders may submit their ASBA Forms with the 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.

(ii) QIBs and Non-Institutional Bidders (other than Non-Institutional Bidders using UPI Mechanism) may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

The ASBA Bidders, including UPI 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 number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, which shall be effective from September 1, 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, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs (except UPI Bidders). 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 Bank(s), as applicable at the time of submitting the Bid.

Anchor Investors are not permitted to participate in the Offer through the ASBA process. For Anchor Investors, the Anchor Investor Application Form will be available with the BRLMs.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including Eligible NRIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Portion), FPIs or FVCIs registered multilateral and bilateral development financial institutions applying on a repatriation basis	[●]
Anchor Investors	[●]
Eligible Employees Bidding in the Employee Reservation Portion	[●]

* *Excluding electronic Bid cum Application Forms*

Notes:

(1) Electronic Bid cum Application forms and the Abridged Prospectus will also be available for download on the websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com).

(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

(3) Bid cum Application Forms for Eligible Employees shall be available at the Registered Office of the Company.

In case of ASBA forms, the relevant Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. Further, SCSBs shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges and the Stock Exchanges validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. The Stock Exchanges shall accept the ASBA applications in their electronic bidding system only with a mandatory confirmation on application monies blocked. For UPI Bidders, the Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded. The Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate UPI Mandate Request to UPI Bidders for blocking of funds. For ASBA Forms (other than UPI Bidders) 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, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis through API integration to enable the Sponsor Bank(s) to initiate UPI Mandate Request to UPI Bidders for blocking of funds.The Sponsor Bank(s) 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 the UPI Bidders in case of failed transactions shall be with the concerned entity (i.e., the Sponsor Bank(s), 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 Bank(s) and the issuer bank. The Sponsor Bank(s) and the Bankers to the Offer shall provide the audit trail to the Book Running Lead Managers for analysing the same and fixing liability.

The Sponsor Bank(s) 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 Bank(s) will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the Book Running Lead Managers in the format and within the timelines as specified under the SEBI UPI Circulars. Sponsor Bank(s) 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 Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank(s) on a continuous basis.

For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in 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 and the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022. For all pending UPI Mandate Requests, the Sponsor Bank(s) shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm IST on the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders 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. Further, modification/cancellation of Bids (if any) shall be allowed in parallel during the Bid/Offer Period until the Cut-Off Time.

The Sponsor Bank(s) shall host a web portal 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.

The processing fees for applications made by the UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such SCSBs provide a written confirmation in compliance with the SEBI RTA Master Circular, in a format prescribed by SEBI or applicable law.

Pursuant to NSE circular dated August 3, 2022, the following is applicable to all initial public offers opening on or after September 1, 2022:

a. Cut-off time for acceptance of UPI Mandate shall be up to 5:00 pm on the initial public offer closure date and existing process of UPI bid entry by syndicate members, registrars to the offer and depository participants shall continue till further notice.

b. There shall be no T+1 mismatch modification session for PAN-DP mismatch and bank/ location code on T+1 day for already uploaded bids. The dedicated window provided for mismatch modification on T+1 day shall be discontinued.

c. Bid entry and modification/ cancellation (if any) shall be allowed in parallel to the regular bidding period up to 5:00 pm on the initial public offer closure day.

Exchanges shall display bid details of only successful ASBA blocked applications i.e. Application with latest status as RC 100 – Block Request Accepted by Investor/ Client.

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, subject to applicable laws.

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 the 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 pm IST 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.

Participation by Promoters and Promoter Group of the Company, the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this 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, where the allocation is on a proportionate basis or in any other manner as introduced under applicable laws and such subscription 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 to be made on a proportionate basis.

Neither (i) 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 associate of BRLMs or AIFs sponsored by the entities which are associate 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 associate of the BRLMs nor; (ii) any person related to the Promoters or Promoter Group shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoters or Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

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. Further, persons related to our Promoters and Promoter Group shall not apply in the Offer under the Anchor Investor Portion.

The Promoter Group will not participate in the Offer.

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 Book Running Lead Managers reserve 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 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 the Employee Discount, if any).

However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Allotment in the Employee Reservation Portion will be as detailed in the section "*Offer Structure*" on page 474.

However, Allotments to Eligible Employees in excess of ₹200,000 shall be considered on a proportionate basis, in the event of under-subscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. Subsequent under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer.

Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under the Employee Reservation Portion by Eligible Employees shall be:

(i) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).

(ii) Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the Employee Reservation Portion.

(iii) In case of joint bids, the Sole Bidder or the First Bidder shall be the Eligible Employee.

(iv) Bids by Eligible Employees may be made at Cut-off Price.

(v) Only those Bids, which are received at or above the Offer Price (net the Employee Discount, if any) would be considered for allocation under this portion.

(vi) The Bids 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 subject to a maximum Bid Amount of ₹500,000 (net the Employee Discount, if any).

(vii) Eligible Employees bidding in the Employee Reservation Portion can Bid through the UPI mechanism

(viii) If the aggregate demand in this portion 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.

(ix) Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

(x) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form or Revision Form

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, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000.

If the aggregate demand in this portion is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see "*Offer Procedure*" on page 479.

Bids by Eligible NRIs

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour). Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorise their respective SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders) 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 respective SCSBs (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders) 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. Eligible NRIs applying on a non-repatriation basis in the Offer through the UPI Mechanism are advised to enquire with their relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Participation of Eligible NRIs in the Offer shall be subject to compliance with the FEMA NDI Rules. In accordance with the FEMA NDI Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up Equity Share capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

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.

For further details of restrictions on investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 502.

Participation of Eligible NRIs in the Offer shall be subject to the FEMA NDI Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment. By way of Press Note 1 (2021 Series) dated March 19, 2021, issued by the DPIIT, it has been clarified that an investment made by an Indian entity which is owned and controlled by NRIs on a non-repatriation basis, shall not be considered for calculation of indirect foreign investment.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs should be made, in the individual name of the *Karta*. The Bidder/Applicant 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/applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

Bids by FPIs

An FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognised stock exchange in India, and/or may purchase or sell securities other than equity instruments.

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 terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our total paid-up Equity Share capital on a fully diluted basis. Further, in terms of the FEMA NDI Rules, the total holding by each FPI (or a group) shall be less than 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be sectoral caps applicable to our Company, which is 100% of the total paid-up Equity Share capital of our Company on a fully diluted basis.

In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

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 and the Selling Shareholders 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 ([●] in colour).

As specified in the General Information Document, it is hereby clarified that bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with SEBI master circular bearing reference number SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 ("**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids are liable to 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; (vii) Entities registered as Collective Investment Scheme having multiple share classes; (viii) Multiple branches in different jurisdictions of foreign bank registered as FPIs; (ix) Government and Government related investors registered as Category 1 FPIs; and (x) Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments.

To ensure compliance with the above requirement, 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 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 for issue procedure, as prescribed by SEBI 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 derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with Regulation 21(1) of the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA NDI Rules.

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 the Draft 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 the 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 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, AIFs, Mutual Funds, insurance companies, insurance finds set up by the army, navy or air force 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 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 (in each case, subject to applicable law and in accordance with their respective constitutional documents), 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, as applicable must be lodged along with the Bid cum

Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof.

Our Company in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations as amended, *inter alia*, prescribe the investment restrictions on VCFs, and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, subject to FEMA NDI Rules, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in an investee company directly or through investment in the units of other AIF. A Category III AIFs cannot invest more than 10% of the investible funds in an investee company directly or through investment in the units of other AIF. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Pursuant to the repeal of the SEBI VCF Regulations, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. Our Company, the Selling Shareholders, severally and not jointly, and the Book Running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA NDI Rules.

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.

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 reserve 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 which our Company in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**") and the Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, 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 less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves.

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; (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company; (iii) hold along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by asset management companies controlled by the bank, 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.

Further, the aggregate investment 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.

The banking company is required to submit a time-bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make investment in a (i) subsidiary or a financial services company that is not a subsidiary (with certain exceptions prescribed); and (ii) non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in para 5(a)(v)(c)(i) of the Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing numbers CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013, respectively, issued by SEBI. 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 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 reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended ("**IRDAI Investment Regulations**"), based on investments in the equity shares of a 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 shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Provident Funds/Pension Funds

In case of Bids made by provident funds/pension funds with 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, subject to applicable law, a certified copy of a 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 reserve the right to reject any Bid, without assigning any reason thereof.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditor, and (iv) such other approval as may be required by the Systemically Important Non-Banking Financial Companies, 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, subject to applicable law. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section, the key terms for participation by Anchor Investors are provided below.

1. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the Book Running Lead Managers.

2. 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.

3. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

4. Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.

5. Our Company in consultation with the BRLMs will 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 million; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and (c) in case of allocation above ₹2,500 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 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.

6. Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. 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 Book Running Lead Managers before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.

7. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

8. 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 Allocation 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 Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.

9. Equity Shares Allotted in the Anchor Investor Portion will be locked in, in accordance with the SEBI ICDR Regulations. 50% Equity Shares allotted to Anchor Investors shall be locked–in for a period of 90 days from the date of Allotment, whereas, the remaining 50% shall be locked-in for a period of 30 days from the date of Allotment.

10. Neither the (a) Book Running Lead Managers (s) or any associate of the Book Running Lead Managers (other than mutual funds sponsored by entities which are associate of the Book Running Lead Managers or insurance companies promoted by entities which are associate of the Book Running Lead Managers or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the Book Running Lead Managers or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which are associate of the Book Running Lead Managers) or pension fund sponsored by entities which are associate of the Book Running Lead Managers nor (b) the Promoters, Promoter Group or any person related to the Promoters or members of the Promoter Group shall apply under the Anchor Investors category.

11. 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.

The information set out above is given for the benefit of the Bidders. Our Company, the Selling Shareholders, severally and not jointly and the Book Running Lead Managers are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of this Draft 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 regulations, or as will be specified in the Red Herring Prospectus and the Prospectus.

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 Book Running Lead Managers 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 Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

The Offer shall be opened after at least three Working Days from the date of filing of the Red Herring Prospectus with the RoC.

General Instructions

QIB Bidders and Non-Institutional Bidders are not allowed to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. RIBs and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/ Offer Closing Date.

***Do's*:**

1. Ensure that your PAN is linked with Aadhaar ID and you are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press release dated June 25, 2021;

2. Check if you are eligible to apply as per the terms of the 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;

3. Ensure that you have Bid within the Price Band;

4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

5. Ensure that you (other than in the case of Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number) in the Bid cum Application Form if you are not an UPI Bidder in the Bid cum Application Form and if you are an UPI Bidder ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

6. UPI Bidders through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;

7. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the relevant Bidding Centre (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 GID;

8. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

9. Ensure that you mandatorily have funds equal to or higher than the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;

10. If the First Bidder is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number in the Bid cum Application Form (for all ASBA Bidders other than UPI Bidders);

11. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

12. Ensure that you request for and receive a stamped acknowledgement counterfoil or acknowledgment specifying the application number as a proof of having accepted Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

13. The ASBA bidders shall ensure that bids above ₹ 500,000, are uploaded only by the SCSBs;

14. 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 only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

15. UPI Bidders Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

16. 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;

17. UPI Bidders in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

18. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

19. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or 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, ensure that you authorise the UPI Mandate Request, including in case of any revision of Bids, raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

20. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/Dop/Cir-20/2008 dated June 30, 2008, 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 a SEBI circular no. MRD/DoP/SE/Cir- 8 /2006 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 IT 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 beneficial 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;

21. Ensure that the Demographic Details are updated, true and correct in all respects;

22. 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;

23. 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;

24. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents including a copy of the power of attorney, if applicable, are submitted;

25. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

26. UPI Bidders who wish to Bid should submit Bid with the Designated Intermediaries, pursuant to which the UPI Bidder should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in the UPI Bidder's ASBA Account;

27. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, 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, PAN and UPI ID, if applicable, available in the Depository database;

28. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Banks to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

29. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 5:00 p.m. IST on the Bid/ Offer Closing Date;

30. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;

31. 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;

32. Bids by Eligible NRIs for a Bid Amount of less than ₹200,000 would be considered under the retail category for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the non-institutional category for allocation in the Offer;

33. UPI Bidders shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, an 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 authorised the Sponsor Banks to block the Bid Amount mentioned in the Bid Cum Application Form; and

34. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders) 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).

35. Bidders (except UPI Bidders) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process. In case of RIBs, once the Sponsor Bank(s) issues the Mandate Request, the RIBs 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.

36. UPI Bidders who have revised their Bids subsequent to making the initial Bid should also approve the revised UPI Mandate Request generated by the Sponsor Bank(s) to authorize blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner.

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:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
3. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
4. Do not submit the ASBA Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centres;
5. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms;
6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
10. Do not submit the Bid for an amount more than funds available in your ASBA account;
11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
12. In case of ASBA Bidders, do not submit more than one ASBA Form from an ASBA Account;
13. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of UPI Bidders using the UPI Mechanism, in the UPI linked bank account where funds for making the Bid are available;
14. If you are an UPI Bidder, do not submit more than one Bid cum Application Form for each UPI ID;
15. Anchor Investors should not Bid through the ASBA process;
16. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
17. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
18. Do not submit the General Index Register (GIR) number instead of the PAN;
19. Do not submit incorrect details of the DP ID, Client ID, 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;

20. 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;

21. 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);

22. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

23. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

24. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

25. Do not Bid for Equity Shares more than what is specified for each category;

26. If you are a QIB, do not submit your Bid after 3 p.m. IST on the QIB Bid/Offer Closing Date (for online applications) and after 12:00 p.m. on the Bid/ Offer Closing Date (for Physical Applications);

27. 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 applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

28. 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 Bidder. RIBs or Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

29. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres. If you are UPI Bidder, do not submit the ASBA Form directly with SCSBs;

30. If you are an UPI Bidder which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

31. Do not Bid if you are an OCB;

32. UPI Bidders using the incorrect UPI handle or using a bank account of an SCSB and/ or mobile applications which is not mentioned in the list provided on the SEBI website is liable to be rejected;

33. Do not submit the Bid cum Application Forms to any non-SCSB bank;

34. Do not submit a Bid cum Application Form with third party ASBA Bank Account or UPI ID (in case of Bids submitted by UPI Bidder);

35. 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);

36. 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; and

37. 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.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for technical rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

(a) Bids submitted without instruction to the SCSBs to block the entire Bid Amount;

(b) Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

(c) Bids submitted on a plain paper;

(d) Bids submitted by UPI Bidders through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;

(e) 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 Bank(s));

(f) Anchor Investors should submit Anchor Investor Application Form only to the Book Running Lead Managers;

(g) 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;

(h) ASBA Form by the UPI Bidders using third party bank accounts or using third party linked bank account UPI IDs;

(i) ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

(j) Bids submitted without the signature of the First Bidder or Sole Bidder;

(k) The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

(l) Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;

(m) GIR number furnished instead of PAN;

(n) Bids by RIBs with Bid Amount of a value of more than ₹200,000;

(o) Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

(p) Bids accompanied by stock invest, money order, postal order, or cash; and

(q) Bids uploaded by QIBs and by Non-Institutional Bidders after 4.00 pm on the Bid/Offer Closing Date and Bids by RIBs and Eligible Employees uploaded after 5.00 p.m. on the Bid/Offer Closing Date, unless extended by the Stock Exchanges. On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received RIBs and Eligible Employees 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.

Further, in case of any pre-Offer or post -Offer related issues regarding share certificates/ demat credit/refund orders/unblocking etc., investors can reach out the Company Secretary and Chief Compliance Officer. For further details of the Company Secretary and Chief Compliance Officer, see "*General Information*" and "*Our Management*" on pages 81 and 269, respectively.

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 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. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Bidders shall be entitled to compensation 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 SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, the SEBI circular

SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchanges, along with the Book Running Lead Managers and the Registrar, shall ensure that the Basis of Allotment is finalised 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 offered through the Offer through the 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 1% of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIBs, Non-Institutional Bidders 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 Anchor Investors shall be on a discretionary basis.

The Allotment to each Non-Institutional Bidders shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis, in accordance with the conditions specified in the SEBI ICDR Regulations. The allotment of Equity Shares to each RIB shall not be less than the minimum bid lot, subject to the availability of shares in RIB category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Anchor Investor Escrow Accounts

Our Company in consultation with the BRLMs 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. For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Banks 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, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered 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. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Allotment advertisement

Our Company, the Book Running Lead Managers and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered Office is located) each with wide circulation

The information set out above is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders, severally and not jointly and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and Filing with the RoC

(a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement after the finalisation of the Offer Price, but prior to filing of the Prospectus.

(b) After signing the Underwriting Agreement, a Prospectus will be filed with the RoC in accordance with applicable law. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

For more information, see "*General Information*" on page 81.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). For more information, see "*Terms of the Offer*" on page 467.

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 the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within three Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) 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 unsuccessful Bidder within 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;
- Promoters' contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees;
- that if our Company does not proceed with the Offer after the Bid/ Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall be informed promptly;

- that if the Offer is withdrawn after the Bid/ Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event a decision is taken to proceed with the Offer subsequently; and

- Except for the Pre-IPO Placement, no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholders

Each Selling Shareholder severally and not jointly, in respect of itself as a Selling Shareholder and its portion of the Equity Shares offered by it in the Offer, undertakes the following in respect of itself and its respective portion of the Offered Shares:

- its Offered Shares are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;

- its Offered Shares are eligible for being offered in the Offer for Sale in terms of Regulation 8A of the SEBI ICDR Regulations;

- that it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to the respective portion of the Offered Shares;

- it is the legal and beneficial owner of the Offered Shares that such Offered Shares shall be transferred in the Offer, free from liens, charges and encumbrances; and

- it shall not have recourse to the proceeds of the Offer, until the final approval for listing and trading of the Equity Shares from the Stock Exchanges where listing is sought has been received.

The statements and undertakings provided above, in relation to the Selling Shareholders, are statements which are specifically confirmed or undertaken by the Selling Shareholders in relation to themselves and their respective portion of Offered Shares. All other statements or undertakings or both in this Draft Red Herring Prospectus in relation to the Selling Shareholders, shall be statements made by our Company, even if the same relate to the Selling Shareholders.

Utilisation of Offer Proceeds

Our Company and the Selling Shareholders, severally and not jointly, specifically confirm that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 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, 2013 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 ₹1.00 million or 1%

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 ₹5.00 million or with both.

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. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The Government of India makes policy announcements on FDI through press notes and press releases. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The DPIIT (formerly Department of Industrial Policy & Promotion) issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (the "**FDI Policy**"), which consolidates and supersedes all previous press note, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020.

In terms of Press Note 3 of 2020, dated April 17, 2020 ("**Press Note**"), issued by the DPIIT, the FDI Policy and the FEMA (Non-debt Instruments) Rules has been amended to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior 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 aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India. Further, in accordance with the amendment to the Companies (Share Capital and Debentures) Rules, 2014 vide notification dated May 4, 2022 issued by Ministry of Corporate Affairs, a declaration shall be inserted in the share transfer form stipulating whether government approval shall be required to be obtained under Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to transfer of shares, as applicable. 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.

As per the FEMA Non-debt Instruments Rules and FDI Policy read with Press Note, 100% foreign direct investment is permitted under the automatic route for NBFCs, however, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. 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 486 and 487, respectively.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. see "*Offer Procedure"* on page 479.

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 state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States, in offshore transactions, as defined in and in compliance with Regulation S and the applicable laws of the jurisdictions 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. The above information is given for the benefit of the Bidders. Our Company 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 Draft Red Herring Prospectus. Bidders are advised to make their independent investigations, seek independent legal advice about its ability to participate in the Issue 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 ARTICLES OF ASSOCIATION

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

BELSTAR MICROFINANCE LIMITED

The Articles of Association ("**Articles**") of Belstar Microfinance Limited ("**Company**") comprises of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to Applicable Law (*as defined below*), prevail and be applicable. However, Part B shall automatically terminate and cease to have any force and effect from the date of filing of the red herring prospectus with the registrar of companies for the initial public offering of the equity shares of the Company, without any further corporate or other action by the Company or by the shareholders.

PART A

I. OVERRIDING EFFECT

1. Regulations contained in Table 'F' in First Schedule to the Companies Act, 2013, to the extent applicable, shall apply to the Company so far only as they are not inconsistent with any of the provisions contained in these Articles.

2. In the event of any inconsistency between the provisions of these Articles and the Companies Act, 2013, the provisions of the Companies Act, 2013 shall prevail, unless the Companies Act, 2013 itself permits these Articles to prevail or to have different or more stringent requirements than those of the Companies Act, 2013.

II. DEFINITIONS AND INTERPRETATION

3. In these Articles, unless the context otherwise requires:

"**Act**"	the Companies Act, 2013 and any rules, regulations, circulars and notifications framed and issued thereunder;
"**AGM**"	the annual general meeting of the Company's shareholders;
"**Applicable Law**"	any common or customary law, constitutional law, any statute, regulation, resolution, rule, ordinance, communiqué, enactment, judgment, order, code, decree, directive, notification, clarification, guideline, policy, requirement or other governmental restriction in any form or decision of or determination by or interpretation of any of the foregoing by any Governmental Authority, now or hereafter in effect, in each case as amended, re-enacted or replaced;
"**Company**"	Belstar Microfinance Limited.
"**EGM**"	the extraordinary general meeting of the Company's shareholders;
"**General Meeting**"	either an EGM or an AGM;
"**Lien**"	any (i) mortgage, pledge, charge, option, assignment, hypothecation, security interest, title retention, preferential right, trust arrangement, right of set-off, claim, counterclaim or banker's lien, privilege or priority of any kind having the effect of

security, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy or any preference of one creditor over another arising by operation of Applicable Law or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, or (ii) any voting agreement, interest, option, right of first offer, refusal, call right, put right, tag along right, drag along right, or other restriction in favour of any Person, or (iii) any adverse claim as to title, possession or use, or (iv) an agreement in relation to perform any of the above;

"**Person**"	any natural person, corporation, company, partnership, firm, voluntary association, joint venture, charitable organization, non-governmental organization, trust, unincorporated organization, Governmental Authority or any other entity whether acting in an individual, fiduciary or other capacity; and
"**Transfer**"	to transfer, sell, convey, assign, create a Lien on, place in trust (voting or otherwise), transfer by operation of law or in any other way subject to any encumbrance or disposition, whether or not voluntarily.

4. In these Articles, unless the context otherwise requires:

(a) headings are for convenience only and do not affect the interpretation of these Articles;

(b) words importing the singular include the plural and vice versa;

(c) capitalised terms not defined above, but defined herein shall have the meaning set forth in the Articles;

(d) words "directly or indirectly" mean directly, or indirectly through one or more intermediary persons or through contractual or other legal arrangements, and "direct or indirect" have the correlative meanings;

(e) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the following business day if the last day of such period is not a business day;

(f) unless otherwise specified, whenever any payment is to be made or action taken under these articles is required to be made or taken on a day other than a business day such payment shall be made or action taken on the next business day

(g) use of the term "including" shall be read as "including, without limitation";

(h) a reference to a party to any document includes that party's successors and permitted assigns;

(i) words denoting any gender shall be deemed to include all other genders;

(j) The terms "hereof", "herein", "hereby", "hereto" and other derivatives or similar words, refer to this entire Articles;

(k) reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions;

(l) words denoting persons other than natural persons, shall also refer to natural persons and vice versa; and

(m) any reference to "writing" includes printing, typing, lithography and other means of reproducing words in a permanent visible form, but shall exclude text messages through SMS or any other software or mobile application offering services similar to SMS.

III. SHARE CAPITAL AND VARIATION OF RIGHTS

5. The authorized share capital of the Company shall be such amount and of such description as is stated for the time being or at any time in Clause-V of the Company's Memorandum of Association, with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with powers to divide the share capital, whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions, in such a manner as may, for the time being, be provided by the regulations of the Company and allowed by the Act.

6. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

7. The Company may, from time to time, increase its share capital by such sum to be divided into shares of such amount, as the resolution shall specify.

8. The Company may and shall have power to reorganize its share capital in any way and in particular by so altering the conditions of its Memorandum as to (i) increase, (ii) consolidate and divide, (iii) sub-divide or (iv) cancel the same as contemplated in Section 61 and 64 of the Act or to reduce it pursuant to Section 66 of the Act.

IV. SHARES

9. Subject to the provisions of the Act and these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons on such terms and conditions, either at a premium or at par or at a discount (subject to compliance with Sections 52 and 53 and other provisions of the Act), and in such proportion and at such time including preferential allotment, as they may deem fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or 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 so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. 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 a General Meeting. The Board may also allot shares to any person as payment or part payment for any property sold or for any goods or other assets supplied or for services rendered by him to the Company.

10. The Board of Directors may from time to time, subject to the terms on which any shares may have been issued and subject to provision of Section 49 of the Act, make such calls, as the Board thinks fit, upon the shareholders in respect of all money unpaid on the shares held by them, respectively, and not by the condition or allotment thereof made payable at fixed times, and such shareholders shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed. A call may be revoked or postponed at the discretion of the Board including waiving of interest on delayed payment of calls.

11. Subject to the provisions of the Act, any preference shares may, be issued on the terms and in such manner as the Company before the issue of shares may, by special resolution, determine.

12. Where at any time, the Company proposes to increase the subscribed share capital by the issuance/ allotment of further shares such further shares may be offered to:

(i) Persons who, at the date of offer, are holders of equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares by sending a letter of offer subject to the following conditions: (a) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than 15 (Fifteen) days or such lesser number of days as may be prescribed under the applicable laws and not exceeding 30 (Thirty) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; (b) the offer aforesaid 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 (a) shall contain a statement of this right, provided that the Board may decline, without assigning any reason therefore, to allot any Shares to any Person in whose favour any Member may renounce the Shares offered to him; and (c) after expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Members and the Company; The notice referred above shall be dispatched through procedure as per applicable laws.

(ii) employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to such conditions as may be prescribed under the Act and other applicable laws; or

(iii) any Persons, if authorized by a Special Resolution, whether or not those Persons include the Persons referred to in (i) or (ii) above, either for cash or for a consideration other than cash, at a price which will be determined in compliance with applicable laws.

Nothing mentioned above shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into Shares in the Company or to subscribe for Shares in the Company; provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution adopted by the Company in a General Meeting.

13. **Share Certificates:** (a) Unless shares have been issued in dematerialized form, every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided as the Directors may decide from time to time in accordance with the Act) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates unless prohibited by any provision of applicable law or any order of court, tribunal or other authority having jurisdiction, within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be or within a period of six months from the date of allotment in the case of any allotment of debenture, and as per the applicable law. Every certificate of shares shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two directors and the company secretary, wherever the company has appointed a company secretary provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.

(c) A director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

14. **Issue of new certificates in place of those defaced, lost or destroyed:** If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

    Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.

    The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

15. **The first named joint holder deemed Sole holder:** If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.

16. The Company shall not be bound to register more than three persons as the joint holders of any share.

17. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

18. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalment, every such instalment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

19. Notwithstanding anything contained in these Articles, the Directors of the Company may in their absolute discretion refuse sub-division or consolidation of share certificates or debenture certificates into denominations of less than the marketable lots except where such sub-division or consolidation is required to be made to comply with a statutory provision or an order of a competent court of law.

20. Notwithstanding anything contained herein, certificate, if required, for a dematerialised share, debenture and other security shall be issued in the name of the Depository, however, the Person who is the Beneficial Owner of such shares, debentures and other securities shall be entitled to all the rights as set out in these Articles.

V. ISSUE OF SHARE CERTIFICATE

21. Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the

Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

22. Issue of new certificate in place of one defaced, lost or destroyed

(i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board, which shall not exceed the maximum permissible amount prescribed under applicable law. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

(ii) 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.

(iii) The provisions of sub-Article (i) shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.

VI. FURTHER ISSUE OF SHARE CAPITAL

23. Where any increase of subscribed capital through further issue of shares is contemplated by the Board then such shares shall be offered, subject to the provisions of section 62 of the Act, and the rules made thereunder:

A. (i) Such further shares shall be offered to the persons who, at the date of offer, are holders of equity shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions mentioned in (ii) to (iv) below;

a. The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than seven days (or such lesser number of days as may be prescribed under the Act or the rules made thereunder, or other applicable law) and not exceeding thirty days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined.

   Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days, or such other time prescribed under applicable law, before the opening of the issue;

b. The offer aforesaid 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 sub-clause (ii) shall contain a statement of this right;

c. After the expiry of time specified in the notice aforesaid or on receipt of 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 Members and the Company; or

B. employees under any scheme of employees' stock option subject to Special Resolution passed by the shareholders of the Company and subject to the Rules and such other conditions, as may be prescribed under applicable law; or

any persons, if authorized 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 a consideration other than cash, subject to such conditions as may be prescribed under the Act and the rules made thereunder and any other applicable law

Unless the terms of the offer or issuance of shares otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person.

(ii) Nothing in sub-clause (iii) of Clause (i)(A) 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 compromised in the renunciation.

(iii) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares in the Company or to subscribe for shares of the Company:

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 such loans by a Special Resolution passed by the shareholders of the Company in a General Meeting.

(iv) Notwithstanding anything contained in this Article, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

(v) Mode of further issue of shares

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 and the Rules.

VII. SHARES AT THE DISPOSAL OF THE DIRECTORS

24. Subject to the provisions of these Articles and section 62 of the Act, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any one of them to such persons in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the section 53 of the Act) at a discount and at such times as they may from time to time think fit and proper and with the sanction of the Company in General Meeting to give to any person the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the

Company on payment in full or 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 so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

VIII. SECURITIES IN DEMATERIALISED FORM

25. **Securities in dematerialized Form**

(i) The Company shall recognise interest in dematerialised securities under the Depositories Act, 1996.

Subject to the provisions of the Act, either the Company or the investor may exercise an option to issue (in case of the Company only), deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable laws.

(ii) Dematerialisation/Re-materialisation of securities

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, re materialise its securities held in Depositories and/or offer its fresh securities in the dematerialised form pursuant to the Depositories Act, 1996 and the regulations framed thereunder, if any.

(iii) Option to receive security certificate or hold securities with the Depository

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its Record, the name of the allottees as the beneficial owner of that Security.

(iv) Securities in electronic form

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository.

(v) Beneficial owner deemed as absolute owner

Except as ordered by a court of competent jurisdiction or by applicable law required and subject to the provisions of the Act, the Company shall be entitled to treat the person whose name appears on the applicable register as the holder of any security or whose name appears as the beneficial owner of any security in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such securities or (except only as by these Articles otherwise expressly provided) any right in respect of a security other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any security in the joint names of any two or more persons or the survivor or survivors of them.

(vi) Register and index of beneficial owners

a) The Company shall cause to be kept a register and index of Members with details of securities held in materialised and dematerialised forms in any media as may be permitted by law including any form of electronic media in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996. The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index of Members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India, a branch Register of Members, of Members resident in that state or country.

The Register and Index of Beneficial Owners maintained by a depository under Section 11 of the Depositories Act, shall be deemed to be Register and Index of Members and Register and Index of Debenture-holders, as the case may be, for the purpose of the Act.

IX. LIEN

26. The Company, subject to applicable law, shall have a first and paramount lien:

    (a) on every Share / debentures (not being a fully-paid share / debentures), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that Share / debentures including interest on belated payment of calls; and

    (b) on all shares / debentures (not being fully-paid shares / debentures) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company;

    Provided that the Board of Directors may at any time declare any Share / debentures to be wholly or in part exempt from the provisions of this Article.

27. The fully paid shares will be free from all lien, while in the case of partly paid shares, the company's lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such shares

28. The Company's lien, if any, on a Share / debentures shall extend to all dividends payable and to bonus shares declared thereon in respect of such shares.

29. a) The proceeds of the sale shall be received by the Company and applied in the payment of such part of the amount in respect of which the lien exists as is presently payable.

    b) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the shareholder immediately after the date of sale.

30. For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfilment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

X. CALLS ON SHARES

31. (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 day’s 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.

32. 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 by installments.

33. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

34. (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 appointed for payment thereof to the time of actual payment at twelve 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.

35. (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 these regulations, be deemed to be a call duty made and payable on the date on which by the term of issue such sum becomes payable.

(ii) in case of non-payment of such sum, all the relevant provisions of these regulations as to payment of the interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

36. Payment in Anticipation Of Call May Carry Interest

The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

37. 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.

XI. TRANSFER OF SHARES

38. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share. Subject to the restriction on transferability of shares contained elsewhere in these Articles, an instrument of Transfer in the prescribed form, duly executed by both the transferor and the transferee and accompanied by such evidence as the Board may reasonably require to show other right of the transferor to make the Transfer shall be lodged with the Company and only thereupon shall the Board proceed to consider the registration of Transfer. The Company shall also use a common form of transfer, as prescribed under the Act.

39. In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at its discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

40. Subject to the provisions of Section 59, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within thirty days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. However, the registration of transfer shall not be refused on the

ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever.

41. Until the name of the transferee is entered in the register of members or the register and index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996, the transferor shall be deemed to be the holder of the shares concerned.

42. The Company shall treat the registered holder of any shares as the absolute owner thereof and shall not, accordingly, except as ordered by a court of competent jurisdiction or as by statute required be bound to recognize any equitable or other claim or interest in such shares on the part of any other person.

43. Subject to the restriction on transferability of shares contained elsewhere in this Article, the Board may decline to recognize any instrument of Transfer unless—

(a) The instrument of Transfer is in writing and in the form as prescribed in rules made under sub-Section (1) of Section 56;

(b) The instrument of Transfer is accompanied by such evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) The instrument of Transfer is in respect of only one class of Shares.

XII. ALTERATION OF CAPITAL

44. 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 their resolution.

45. Subject to the provisions of the Act, the Company may, by ordinary resolution-

(a) Consolidate, divide and sub-divide all or any of its share capital into shares of larger amount than its existing shares and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference or special advantage in relation to dividend, capital or otherwise as compared with the others;

(b) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;

(c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

(d) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act; and

(e) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

46. Where shares are converted into stock,—

(a) 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.

(b) 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.

(c) Such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

47. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law,

1. Its share capital;

2. Any capital redemption reserve account; or

3. Any share premium account.

XIII. CAPITALISATION OF PROFITS

48. (i) The Company in general meeting may, upon the recommendation of the Board and subject to Applicable Laws, resolve –

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in Article 22(ii) amongst the shareholders who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards--

(a) paying up any amounts for the time being unpaid on any shares held by such shareholders respectively;

(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such shareholders in the proportions aforesaid;

(c) partly in the way specified in Article 22(ii)(a) and partly in that specified in Article 22(ii)(b);

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to shareholders of the Company as fully paid bonus shares;

(e) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

49. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall –

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power--

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the shareholders entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on the shareholders.

XIV. BUY-BACK OF SHARES

50. Subject to the provisions of Sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

XV. TRANSMISSION OF SHARES

51. On the death of a shareholder, the survivor or survivors where the shareholder was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the Shares. Nothing in this Article 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.

52. Any person becoming entitled to a Share in consequence of the death or insolvency of a shareholder may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, 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 shareholder could have made.

53. 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 shareholder had transferred the Share before his death or insolvency.

54. If the person so becoming entitled shall elect to be registered as holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If the person aforesaid shall elect to Transfer the Share, he shall testify his election by executing a Transfer of the Share. All the limitations, restrictions and provisions of these regulations relating to the right to Transfer and the registration of transfers of Shares shall be applicable to any such notice or Transfer as aforesaid as if the death or insolvency of the shareholder had not occurred and the notice or Transfer were a Transfer signed by that shareholder.

55. A person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to Transfer the Share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share, until the requirements of the notice have been complied with.

56. 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.

XVI. FORFEITURE OF SHARES

57. If any shareholder fails to pay any call or installment on or before the day appointed for the payment of the same, the directors may, at any time thereafter during such time as the call or installment remains unpaid,

serve a notice on such shareholder requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

58. The notice shall name a day (not being less than fourteen days from the date of the notice) on or before which the payment required by the notice is to be made and the place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

59. If the requirements of any such notice as aforesaid be not complied with, any Share in respect of which such notice has been given may any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture subject to the provisions of the Act.

60. When any shares shall have been so forfeited, notice of the resolution shall be given to the shareholder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

61. Any Share so forfeited shall be deemed to be property of the Company and the directors may sell or otherwise dispose of the same in such manner as they think fit.

62. The Directors may, at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof on such conditions as they think fit.

63. Any shareholder whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, notwithstanding the forfeiture remain liable to pay and shall forthwith pay to the Company any calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment at 12 percent per annum, and the Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at time of forfeiture but shall not be under any obligation to do so.

64. The forfeiture of a Share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share, except only such of those rights as by these Articles are expressly served.

65. A duly verified declaration in writing that the declarant is a Director or secretary of the Company and has been duly authorized by the Board, and that certain shares in the Company have 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 shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such Share and shall not be bound to see to the application of the purchase money nor shall his title to such Share be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposal.

XVII. BORROWING POWERS

66. Subject to Section 73, 74 and 179 of the Act, and Rules made thereunder and directions issued by the Reserve Bank of India, the Board may and shall have power, at any time and from time to time, to raise or borrow any sum or sums of money and may secure the repayment of such moneys in such manner and upon such terms and conditions, in all respects, as they may deem fit and, in particular, by the issue of the debentures or debenture stock or bonds or by making, drawing, accepting or endorsing promissory notes or bills of exchange, giving or issuing, if deemed necessary, any properties, assets, or revenues of the Company, present or future, including its uncalled capital, as security and may guarantee the whole or any part of the loan or debt raised or incurred or any interest payable thereon by means of mortgage or hypothecation of/or charge upon any such property, assets or revenues.

67. Subject to the applicable provisions of the Act and other applicable law, any of the debentures, debenture stock or bonds referred to in Section 45, may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any special

privileges as to redemption, surrender, drawings, allotment of shares and attending (but not voting) at general meetings of the Company, appointment of directors or otherwise as the Board may deem fit. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution. If it is provided by the trust deed securing or otherwise in connection with an issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company then in case of any and every such issue of debentures, the person having such power may exercise such power from time to time and appoint a director accordingly.

68. The rights and powers of raising or borrowing money may, with the approval of the Directors, be exercised by any Director or any person authorized by the Board, and any such money may be raised or borrowed from any person, firm, Company, bank or shareholders of the Company.

XVIII. ACCOUNTS AND AUDIT

69. The Directors shall cause to be kept proper books of account in accordance with Section 128 of the Act

70. The Directors shall as required by the applicable provisions of the Act, cause to be prepared and laid before the Company in General Meeting such profit and loss account, balance sheet and reports as are referred to therein.

71. Once at least in every year the accounts and books of the Company shall be examined and the correction thereof ascertained by one or more Chartered Accountants whose appointment, duties and powers shall be regulated in accordance with Section 139 to 148 of the Act.

72. The Board shall, from time to time, determine whether and to what extent and at what time and places and under what conditions or regulations, the accounts and the books of the Company or any of them shall be open to the inspection of shareholders not being Directors.

73. No shareholder (not being a Director) shall have any right of inspecting any accounts or books or documents of the Company except as conferred pursuant to the proceeding regulation or authorized by the Board or by the Company in General Meeting.

XIX. DIVIDENDS AND RESERVES

74. Subject to Section 123 of the Act, the Board may declare such dividends (including interim dividends) as appear to them to be justified by the profits of the Company for the relevant financial year.

75. Subject to the provisions of the Act, the Board may, before deciding upon any dividends, set aside out of the profits of the Company such sums as they think proper as reserve or reserves which shall, at the direction of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for depreciation, meeting contingencies or for equalizing dividends and, pending such application, may, at their 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, deem fit.

76. The Board may also carry forward any profits, which it may think prudent not to be divided without setting them aside as reserve.

77. The Board may deduct from any dividend payable to any shareholder 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 and any tax to be deducted there from to be remitted to Government. Interim and Final Dividend declared by the Board shall be within five days transferred to a separate bank account as required under the Act.

78. Every such cheque or warrant shall be made payable to the address of the person first named in the share register

79. 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.

80. For the purpose of voting at the General Meeting, on a poll being demanded, the holder of equity shares in person or by proxy shall have one vote for every Share held by him. Holders of preference shares, as and when issued, shall not have any voting rights.

81. Subject to provision of the Act, no dividend shall bear interest against the Company.

82. Unpaid or Unclaimed Dividend

(a) Where the Company has declared a dividend but which has not been paid or claimed within thirty days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called " Unpaid Dividend Account"

(b) The company shall, within a period of ninety days of making any transfer of an amount under sub- section (1) to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the company, if any, and also on any other website approved by the Central Government for this purpose, in such form, manner and other particulars as may be prescribed.

(c) If any default is made in transferring the total amount referred to in sub-section (1) or any part thereof to the Unpaid Dividend Account of the company, it shall pay, from the date of such default, interest on so much of the amount as has not been transferred to the said account, at the rate of twelve per cent. per annum and the interest accruing on such amount shall ensure to the benefit of the members of the company in proportion to the amount remaining unpaid to them.

(d) Any money transferred to the unpaid dividend account of a Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under section 125 of the Act and the Company shall send a statement in the prescribed form of the details of such transfer to the authority which administers the said fund and that authority shall issue a receipt to the Company as evidence of such transfer.

(e) All shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more shall be transferred by the Company in the name of the Investors Education and Protection Fund subject to the provisions of the Act and Rules.

83. No unclaimed or unpaid dividend shall be forfeited by the Board.

XX. WINDING UP

84. (i) If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the shareholders in specie or in kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders of different classes of shareholders.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator shall think fit but so that no shareholder shall be compelled to accept any shares or such other securities whereon there is any liability

XXI. SECRECY AND INDEMNITY

85. Subject to the provisions of Chapter XX of the Act and rules made thereunder –

(a) Every shareholder or Director, of the Company shall be bound to observe strict secrecy respecting all transactions of the Company and shall not reveal any of the matters that may come to his knowledge in the discharge of his duties or otherwise except when so required by the directors or by the general meeting or by a court of law and except in so far as may be necessary in order to comply with any of the provisions of these Articles.

(b) Every officer or Agent of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the Court or the Tribunal.

PART B

I. OVERRIDING EFFECT

1. Notwithstanding anything contained in these Articles:

(a) All actions under these Articles shall be carried on in abidance with Applicable Laws.

(b) In the event of any inconsistency between the provisions of these Articles and the Act, the provisions of the Act shall prevail, unless the Act itself permits these Articles to prevail or to have different or more stringent requirements than those of the Act.

(c) In the event of any inconsistency between Part A and Part B of these Articles, the provisions of this Part B shall prevail.

II. DEFINTIONS AND INTERPRETATION

2. Unless defined elsewhere under these Articles (including Part-A), the words capitalized in this Article 2 of Part B shall have the meaning set forth below:

"**2022 Affirma SSA**" means the share subscription agreement entered into on May 30, 2022 by the Company and the KS Group with Affirma

"**2021 Affirma SSA**" means the share subscription agreement entered into on August 24, 2021 inter alia, between the Company, the KS Group and Arum, and as amended on 25 February 2022;

"**Accounting Standards**" shall mean the Indian Accounting Standards as set out in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time;

"**Act**" the Companies Act, 2013 and any rules, regulations, circulars and notifications framed and issued thereunder, to the extent notified and amended, modified or supplemented from time to time;

"**Adjourned Board Meeting**" as set forth in Article 18 (b) (*Quorum at Board Meetings*);

"**Adjourned General Meeting**" as set forth in Article 12(f) (*General Meetings*);

"**Affected Shareholder**" as set forth in Article 22 (a)(ii) (*Consent Rights*);

"**Affiliate**" with respect to: (i) any Person (other than a natural Person), any Person directly or indirectly Controlling, Controlled by, or under common Control with, that Person; and (ii) a Person being a natural person, shall include Relatives of such Person. For the purposes of these Articles, "**Relatives**" shall have the same meaning as ascribed to it in the Act; provided that: (a) when used with respect to MIFIF, the term "**Affiliate**" shall, in addition to the foregoing, include any fund, collective investment scheme, trust, partnership (including any co-investment partnership), special purpose or other vehicle or any subsidiary or Affiliate of any of the foregoing, which is managed and/ or advised by MIFIF's group or MIFIF's general partner, investment manager and/ or investment advisor but shall not include the portfolio companies of MIFIF or its Affiliates; (b) the KS Group shall be deemed to be Affiliates of each other; and (c) when used with respect to

	Affirma, the term “Affiliate” shall, in addition to the foregoing, include any fund, collective investment scheme, trust, partnership (including any co-investment partnership), special purpose or other vehicle or any subsidiary or Affiliate of any of the foregoing, which is managed and/ or advised by Affirma’s group or Affirma’s general partner, investment manager and/ or investment advisor but shall not include the portfolio companies of Affirma or its Affiliates;
“**Affirma**”	means collectively, (i) Arum Holdings Limited, a company organized and existing under the laws of South Korea and having its registered office at 17th Fl., SCFB HQ building, 47 Jong-ro, Jongno-gu, Seoul, 03160, Republic of Korea ("**Arum**”); and (ii) Augusta Investments Zero Pte Ltd, a company organized and existing under the laws of Singapore and having its registered office at 152 Beach Road #06-03/04 Singapore 189721 and its Affiliates;
“**Affirma Investment Price**”	as set forth in Article 4(c) (*Exit Right of the KS Group*);
“**Affirma Invitee**”	as set forth in Article 13(e) (*Board Composition*);
“**Affirma Nominee Director**”	as set forth in Article 13(e) (*Board Composition*);
“**Affirma Shares**”	the Shares as may be subscribed to or acquired by Affirma from time to time;
“**AGM**”	the annual general meeting of the Company's shareholders;
“**Anti-Corruption Laws**”	collectively, (i) the principles set out in the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; (ii) the Foreign Corrupt Practices Act of 1977, as amended, or any rules or regulations thereunder; (iii) the UK Bribery Act 2010, as amended, or any rules or regulations thereunder; (iv) the India Prevention of Corruption Act 1988, as amended, or any rules or regulations thereunder; and (v) any other applicable anti-bribery and/or anti-bribery laws, statutes, rules, regulations, ordinances, judgments, orders, decrees, injunctions, and writs of any governmental authority of any jurisdiction applicable to Company (whether by virtue of jurisdiction or organization or conduct of business);
“**AML/CFT Laws**”	all law relating to money laundering and countering the financing of terrorism applicable to the Company, including all money laundering-related and countering the financing of terrorism laws and regulations of any jurisdictions where the Company conducts business or owns assets; and any related or similar law issued, administered or enforced by any governmental agency of any jurisdictions where the Company conducts business or owns assets;
“**Approvals**”	any consent, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Governmental Authority or from any other Person, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents, or any other approval, consent, ratification, waiver, notice or other authorization of or from or to any Person that may be required for any purpose for any purpose including but not limited to, (ii) the consummation of the transactions contemplated by the Transaction Documents; and (iii) carrying on the Business in a lawful manner;
“**Auditor**”	the statutory auditor of the Company;

“**Authorised Representative**”	as set forth in Article 23(b) (*Information Rights*);
“**Board of Directors**” or “**Board**”	the board of directors of the Company nominated and elected from time to time in accordance with Article 13 (*Board Composition*);
“**BRLM**”	as set forth in Article 10(c)(ii) (*Exit*);
“**Business**”	the business of providing scalable microfinance services to entrepreneurs that are part of a Self-Help Group (SHG) or Joint Liability Group (JLG) programme, and such other microfinance activities permitted under law to be undertaken by a non-deposit taking non-banking financial company micro finance institution;
“**Business Plan**”	means the business plans as agreed between the Shareholders;
“**Business Day**”	a day on which banks generally are open in Chennai (India), Denmark and Singapore, for the transaction of normal banking business;
“**Buyer**”	as set forth in Article 6(b) (Tag-Along Rights);
“**Buy Back Notice**”	as set forth in Article 10 (d)(i) (Exit);
“**Buy Back Shares**”	as set forth in Article 10 (d)(i) (Exit);
“**CRAR**”	means Capital to Risk Assets Ratio calculated as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
“**Cause**”	a finding by the Board of Directors that: (a) the Key Person has materially breached the terms of her Employment Agreement and there has been a failure to cure the same within thirty (30) days following a written notice to the Key Person; or (b) the Key Person has engaged in fraud, embezzlement, theft, commission of a felony in the course of employment or service or association with the Company; or (c) any voluntarily resignation by the Key Person from employment with the Company at any time during the Lock-In Period.
“**Chairman**”	the chairman of the Board appointed from time to time in accordance with Article 15 (*Chairman*);
“**Charter**”	the memorandum of association and the articles of association of the Company;
“**Client**”	any borrower, investee or other Person financed directly or indirectly by the Relevant Financing Operations;
“**Company Offering**”	a public offering and sale of Equity Shares or Share Equivalents of the Company including, but not limited to (a) a QIPO, (b) an offering of Shares sponsored, placed or facilitated by the Company on behalf of such other security holder(s) and (c) any follow-on public offering of the Company's Shares;
“**Competing Business**”	means the business of micro-finance as permitted by the Reserve Bank of India to be undertaken by a non-banking micro finance institution.
“**Competitor**”	means any Person who undertakes the Business, wherein at least thirty percent (30%) of the loan portfolio of such Person is from Tamil Nadu. It is

clarified that for the purposes of Article 7(c)(iv) (Right of First Refusal) and Article 8(e) (Right of First Offer) the term Competitor shall not include a fund (or any other legal entity other than a fund, provided that such other legal entity is an investor with similar objectives as Affirma or MIFIF and carries out minority investments / acquisitions in the financial inclusion sector) that does not hold or beneficially own or control more than 50% of the shareholding of a Person engaged in the Competing Business;

"**Connected Concerns**"	collectively, Hand in Hand India, Hand in Hand Consulting Services Private Limited, Hand in Hand Academy for Social Entrepreneurship and any of their Affiliates;
"**Consummation of the QIPO**"	shall mean the receipt of final listing and trading approval from each of the Stock Exchanges for the listing and trading of the Shares of the Company pursuant to the QIPO.
"**Control**"	the possession, directly or indirectly, by a Person of the power to direct or cause the direction of the management and policies of another Person through the ownership of voting securities, control of majority of the directors of the board or any other analogous governing body or otherwise, provided that the direct or indirect ownership of twenty-six percent (26%) or more of the voting share capital of a Person is deemed to constitute control of that Person;
"**Deadlock**"	as set forth in Article 23(f)(i) (Deadlock);
"**Deadlock Notice**"	as set forth in Article 22 (f)(i) (Deadlock);
"**Deed of Adherence**"	the deed of adherence executed in the form and manner as agreed to by the Shareholders;
"**Default Notice**"	as set forth in Article 11 (b) (Event of Default);
"**Designated Person**"	as set forth in Article 7 (c)(ii) (Right of First Refusal);
"**Director**"	a director of the Company nominated and elected from time to time in accordance with Article 13 (Board Composition);
"**Effective Date**"	the date on which Affirma acquires and/or subscribes to the Shares of the Company pursuant to the 2021 Affirma SSA;
"**EGM**"	the extraordinary general meeting of the Company's shareholders;
"**Equity Share**"	an equity share in the Company with a face value of INR 10 (Rupees Ten) each;
"**Employment Agreement**"	the employment contract entered into by the Company with the Key Person on August 29, 2018;
"**ESOP**"	shall mean any employee stock option created and approved by the Company;
"**Exercise Period**"	as set forth in Article 6(c) (i) (Tag-along Rights);
"**Exit Date**"	mean the earlier of (a) expiry of a period of nine months from the date of filing of the draft red herring prospectus by the Company with the Securities and Exchange Board of India in relation to the QIPO or such other extended

date as mutually agreed to amongst the Parties in writing, or (b) the date when the board of directors of the Company decides to withdraw the QIPO;

"**Existing Shareholder**"	as set forth in Article 8 (b) (Right of First Offer);
"**Exiting Shareholder Group**"	as set forth in Article 10 (e) (Exit);
"**Export Control Laws**"	the laws and regulations implementing export, re-export, and transfer restrictions, licensing and notice requirements, including the U.S. Export Administration Regulations administered by the U.S. Department of Commerce's Bureau of Industry and Security, the ITAR administered by DDTC, the EU Dual Use Regulation (Regulation (EC) 428/2009), and all comparable laws under any other applicable jurisdiction;
"**Fair Market Value**"	the fair market value, determined by an Independent Valuer in accordance with the provisions of Article 10 (k) for the purposes of Article 22 (f) or Article 4 (Exit Right of the KS Group) or Article 10 (Exit), as the case may be;
"**Financial Year**"	the accounting year of the Company commencing each year on April 1 and ending on the following March 31;
"**Fully Diluted Basis**"	with respect to any calculation of the number of outstanding Equity Shares of the Company, calculated as if all Share Equivalents outstanding on the date of calculation have been exercised or exchanged for or converted into the maximum number of Equity Shares possible under the terms thereof;
"**General Meeting**"	either an EGM or an AGM;
"**Governmental Authority**"	any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person, whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank);
"**INR**" or "**Rupees**"	the lawful currency of India;
"**Independent Valuers**"	the following: a. Goldman Sachs Group, Inc.; b. Morgan Stanley; c. Barclays Investment Bank; d. Credit Suisse Group; e. J.P. Morgan Chase & Co.; f. Edelweiss Financial Services Limited; g. Kotak Investment Banking; h. Axis Capital Limited; i. ICICI Securities Limited; j. Avendus Capital Private Limited; k. JM Financial; l. Citibank; m. Any of KPMG, PricewaterhouseCoopers, Deloitte & Touche or Ernst & Young and/or their affiliated or associated firms in India; or n. Any other valuer as mutually agreed by the relevant Shareholders and the Company;
"**Indication of Interest**"	as set forth in Article 8 (d)(i) (Right of First Offer);
"**Indication of**	

Non Acceptance”	as set forth in Article 8 (d)(ii) (Right of First Offer);
“**Initial Board Meeting**”	as set forth in Article 18(b) (Quorum at Board Meetings);
“**Initial Employment Term**”	as set forth in Article 21 (b) (Management of the Company);
“**Initial General Meeting**”	as set forth in Article 12(f) (General Meetings);

“**Insolvency Event**” any of the following events:

a. the Majority Shareholder (i) is unable to pay its debts or suspends making payments on any of its debts, as they fall due and payable, and such debts are not paid to or waived by the creditor within sixty (60) days of the date on which they become due and payable, or (ii) admits inability to pay its debts as they fall due and payable or, by reason of financial difficulties reschedules its indebtedness. It is clarified that any re-organization of loans and restructuring of accounts in the ordinary course of business in accordance with the directions issued by RBI shall not be considered as an insolvency event;
b. the Majority Shareholder voluntarily files or institutes a petition or proceeding seeking a judgment of insolvency or an order for winding up or any other relief under the Insolvency and Bankruptcy Code, 2016;
c. any Person (i) files or institutes against the Majority Shareholder, a petition or proceeding seeking a judgment of insolvency or an order for winding up or any other relief under any bankruptcy or insolvency laws or other laws affecting creditor rights on account of a failure by the Majority Shareholder to pay an amount, when due and payable, and any such petition or proceeding is not dismissed within 45 (forty-five) days (in case the petition is filed by a financial creditor) or within 60 (sixty) days (in case the petition is filed by an operational creditor), or such person obtains an admission order or interlocutory order in connection with such petition or proceeding (including for the appointment of a provisional liquidator, receiver or manager in respect of the relevant party or any of its assets), and provided that if any such order is an ex parte order passed by a court, such order is not stayed or dismissed within a period of thirty (30) days, in each case excluding all court holidays, or (ii) obtains a judgment of insolvency or a winding up order in respect of the Majority Shareholder from a court of competent jurisdiction and such judgment of insolvency or winding up order is not stayed or dismissed within a period of thirty (30) days;
d. any corporate action, legal proceedings or other procedure or step is taken, or notice is given in relation to a composition or arrangement with all or substantially all of the creditors of the Majority Shareholder (in respect of relief in respect of debt repayment obligations);

“**IRR**” means, as of any date of determination, an annual compounded pre-tax internal rate of return as of such date calculated using the xIRR function in Microsoft Excel on the amount invested by Affirma in the Company pursuant to the 2021 Affirma SSA and the 2022 Affirma SSA on the assumption that Affirma shall sell all of the Shares acquired pursuant to the 2021 Affirma SSA and 2022 Affirma SSA in the said offering at the price set out in the red herring prospectus (expressed as a negative number) as the investment “outflows” and proceeds received on or prior to such date by Affirma including dividends interest, all receipts in cash and kind (other than any payments related to indemnity), securities (valued at issue price), liquidity proceeds and liquidation proceeds of the Company distributed to Affirma with respect to their investment in the Company (expressed as a

	positive number) as the investment "inflows". All IRR calculations shall be in INR terms;
"**Issuance Notice**"	as set forth in Article 5 (b) (Preemptive Rights);
"**Joint Exit Drag Along Right**"	as set forth in Article 10(e)(i)(C) (Exit);
"**Joint Exit Drag Buyer**"	as set forth in Article 10 (e) (Exit);
"**Joint Exit Drag Notice**"	as set forth in Article 10 (e)(i) (Exit);
"**Joint Exit Drag Price**"	as set forth in Article 10 (e)(i)(B) (Exit);
"KS Group"	shall mean and include Dr. Kalpanaa Sankar, Mr. C.V. Sankar, and Sarvam Financial Inclusion Trust;
"**KS Group Liquidity Shares**"	as set forth in Article 4 (a) (Exit Right of the KS Group);
"**KS Group Nominee Director**"	as set forth in Article 13 (c) (Board Composition);
"**KS Group Shares**"	the Equity Shares and/or Share Equivalents held by the KS Group at any given time;
"**KS Group Transferee**"	as set forth in Article 10 (e) (Exit Right of the KS Group);
"**KS Group Transferee Construct**"	as set forth in Article 10 (e) (Exit Right of the KS Group);
"**Key Management** Person"	means any of the Key Person, the chief executive officer, the chief financial officer of the Company and any other senior management employee of the Company designated as such by the Board;
"**Key Person**"	Dr. Kalpanaa Sankar;
"**Key Subsidiary**"	any Subsidiary if, as of the end of the then most recently completed Financial Year of the Company: (i) the assets of such Subsidiary account for more than 10% (ten percent) of the total consolidated assets of the Company; or (ii) the income of such Subsidiary accounts for more than 10% (ten percent) of the Company's total consolidated income from continuing operations before income taxes, extraordinary items and the cumulative effect of changes in accounting principles;
"**Lien**"	any (i) mortgage, pledge, charge, option, assignment, hypothecation, security interest, title retention, preferential right, trust arrangement, right of set-off, claim, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy or any preference of one creditor over another arising by operation of Applicable Law or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, or (ii) any voting agreement, interest, option, right of first offer, refusal, call right, put right,

	tag along right, drag along right, or other restriction in favour of any Person, or (iii) any adverse claim as to title, possession or use, or (iv) an agreement in relation to perform any of the above;
"**Liquidation Event**"	any liquidation, winding up or insolvency or other analogous insolvency proceeding of the Company or any Key Subsidiary, whether voluntary or involuntary;
"**Lock-In Period**"	as set forth in Article 10 (Exit Right of KS Group);
"**Losses**"	all actual losses, liabilities, obligations, claims, demands, actions, suits, judgments, awards, fines, penalties, fees, settlements and proceedings, fines, costs, expenses, damages, Taxes including those resulting from actions, proceedings, claims, interests and penalties with respect thereto and out-of-pocket expenses, including reasonable attorneys' and accountants' fees and disbursements but excluding indirect, consequential, special, exemplary, or remote damages or losses;
"**Maj Invest Group**"	includes (i) MIFIF, Maj Invest Holding A/S, Fondsmæglerselskabet Maj Invest A/S (investment advisor to MIFIF), Maj Invest Equity A/S (fund manager to MIFIF), Maj Bank A/s ("MIFIF Group"); and (ii) Affiliates of any and all members of MIFIF Group;
"**Majority Shareholder**"	means Muthoot Finance Limited;
"**Majority Shareholder Nominee Director**"	as set forth in Article 13(b) (Board Composition);
"**Majority Shareholder Shares**"	the Equity Shares or Share Equivalents as may be subscribed to and/or acquired by the Majority Shareholder from time to time;
"**Maximum CRAR**"	thirty percent (30%);
"**MIFIF**"	means Maj Invest Financial Inclusion Fund II K/S
"**MIFIF Invitee**"	as set forth in Article 13 (d) (Board Composition);
"**MIFIF Nominee Director**"	as set forth in Article 13 (d) (Board Composition);
"**MIFIF Shares**"	the Equity Shares or Share Equivalents as may be subscribed to and/or acquired by MIFIF from time to time;
"**New CEO**"	as set forth in Article 21 (b) (Management of the Company);
"**New Securities**"	as set forth in Article 5(e) (Preemptive Rights);
"**Non-Selling Shareholder**"	as set forth in Article 6 (b) (Tag Along Rights);
"**Non-Transferring Party**"	as set forth in Article 7 (b) (Right of First Refusal);
"**Observer**"	a non-voting observer to the Board or committees of the Board;
"**Offer Notice**"	as set forth in Article 7 (c)(i) (Right of First Refusal);
"**Offer Acceptance Notice**"	as set forth in Article 7 (c)(ii) (Right of First Refusal);
"**Offer Period**"	as set forth in Article 7 (c)(ii) (Right of First Refusal);

"**Offer Price**"	as set forth in Article 8 (d)(i) (Right of First Offer);
"**Person**"	any natural person, corporation, company, partnership, firm, voluntary association, joint venture, charitable organization, non-governmental organization, trust, unincorporated organization, Governmental Authority or any other entity whether acting in an individual, fiduciary or other capacity;
"**Pre-emptive Period**"	as set forth in Article 5 (b) (Preemptive Rights);
"**Prospective Buyer**"	as set forth in Article 8 (e) (Right of First Offer);
"**QIPO**"	shall mean an initial public offering comprising a fresh issuance of equity shares or an offer for sale by the existing shareholders, or both, undertaken by the Company in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act, 2013
"**Related Party**"	any Person that: (i) is an Affiliate of another specified Person; (ii) serves as a director, officer, partner, executor, or managing trustee of such specified Person; (iii) in which such specified Person holds a material interest; or (iv) that holds a material interest in such specified Person. With respect to an individual, "Related Party" shall include any individual who is member of such individual's family, and any Person who is a Related Party of that family member. For the purpose of this definition, "material interest" shall mean a direct or indirect ownership of voting shares representing at least ten percent (10%) of the outstanding voting power or equity of a Person;
"**Relevant Financing Operations**"	all of the financing operations of the Company;
"**Relevant Market**"	Bombay Stock Exchange and National Stock Exchange, or any other reputable and internationally recognized automated quotation system(s) or stock exchange(s) as agreed to by the Shareholders and the company in accordance with these Articles;
"**Reserved Matter**"	as set forth in Article 22 (Consent Rights);
"**ROFO**"	means the right of first offer exercised in accordance with Article 8;
"**ROFO Acceptance Notice**"	as set forth in Article 8(e) (Right of First Offer);
"**ROFO Notice**"	as set forth in Article 8 (c) (Right of First Offer);
"**ROFO Period**"	as set forth in Article 8 (d) (Right of First Offer);
"**ROFO Response Period**"	as set forth in Article 8 (e) (Right of First Offer);
"**ROFO Transfer Shares**"	as set forth in Article 8 (c) (Right of First Offer);
"**ROFO Transfer Period**"	as set forth in Article 8 (f) (Right of First Offer);
"**ROFR**"	means the right of first refusal exercised in accordance with Article 7;
"**Sale Shares**"	as set forth in Article 7 (c)(i)(i) (Right of First Refusal);
"**Sanctions Laws**"	laws and regulations implementing economic embargoes or international trade sanctions of any nation, including any economic or financial sanctions administered by OFAC, the U.S. Department of State, the UN, the EU, or any member state thereof, the United Kingdom, or any other national economic sanctions authority applicable to the activities of the Company;

"**Secondary Sale**"	as set forth in Article 10(fa)(i) (Exit);
"**Selling Shareholder**"	as set forth in Article 6(b) (Tag-along Rights);
"**Share Capital**"	the total paid up share capital of the Company determined on a Fully Diluted Basis;
"**Share Equivalents**"	preference shares, bonds, loans, warrants, options or other similar instruments or securities which are convertible into or exchangeable for, or which carry a right to subscribe for or purchase, Equity Shares or any other shares of the Company convertible into or exercisable or exchangeable for Equity Shares;
"**Shares**"	Equity Shares and Share Equivalents;
"**Shareholders**"	collectively, the KS Group, MIFIF, Affirma, the Majority Shareholder and any other shareholder of the Company as mutually agreed by the aforementioned Parties;
"**Shareholder Entitlement**"	as set forth in Article 5(a) (Preemptive Rights);
"**Shell Bank**"	a bank incorporated in a jurisdiction in which it has no physical presence, and which is not an Affiliate of a regulated (i) bank; or (ii) financial group;
"**Subsidiary**"	with respect to the Company, an Affiliate that is construed as a 'subsidiary' of the Company within the meaning of the Act;
"**Super Majority Matter**"	as set forth in Article 22 (b) (Consent Rights);
"**Tag Right**"	as set forth in Article 6(a) (Tag-Along Rights);
"**Tag Shares**"	as set forth in Article 6 (c)(ii) (Tag-Along Rights);
"**Target CRAR**"	twenty six percent (26%);
"**Tax**"	any and all forms of direct and indirect taxes and stamp duty and any interest, fines, penalties, assessments, or additions to Tax resulting from, attributable to or incurred in connection with any proceedings, contest, or dispute in respect thereof;
"**Third Party**"	any Person other than the KS Group, the Majority Shareholder, MIFIF, Affirma and the Company and in relation to each of them, their respective Affiliates;
"**Threshold CRAR**"	twenty percent (20%);
"**Threshold Shareholding**"	shall mean (i) in relation to the Majority Shareholder and its Affiliates, a minimum shareholding equal to not less than five percent (5%) of the Paid up Share Capital on a Fully Diluted Basis; (ii) in relation to the KS Group and its Affiliates, a minimum aggregate shareholding of the KS Group equal to not less than five percent (5%) of the Paid up Share Capital on a Fully Diluted Basis; (iii) in relation to MIFIF and its Affiliates, a minimum shareholding equal to not less than eight point five percent (8.5%) of the Paid up Share Capital on a Fully Diluted Basis and (iv) in relation to Affirma and its Affiliates, a minimum shareholding equal to not less than eight point five percent (8.5%) of the Paid up Share Capital on a Fully Diluted Basis;
"**Trade Sale**"	(i) any amalgamation, merger, consolidation, reconstitution, restructuring or similar transaction that results in a change in Control of the Company or any

	Key Subsidiary, (ii) the sale or transfer of all or substantially all of the Business, operations or assets of the Company or its Key Subsidiaries, taken as a whole, (iii) any transaction involving the sale of Shares of the Company by the Shareholders that results in a change in Control of the Company or any Key Subsidiary, in each case, whether effected in one or a series of transactions;
"**Transaction Documents**"	shall have such meaning as agreed to by the Shareholders;
"**Transfer**"	to transfer, sell, convey, assign, create a Lien on, place in trust (voting or otherwise), transfer by operation of law or in any other way subject to any encumbrance or disposition, whether or not voluntarily;
"**Transfer Notice**"	as set forth in Article 6 (c)(i) (Tag-along Rights);
"**Transfer Shares**"	as set forth in Article 6 (a) (Tag-along Rights);
"**Transferring Party**"	as set forth in Article 7 (b) (Right of First Refusal); and
"**Transferring Shareholder**"	as set forth in Article 8 (b) (Right of First Offer).

3. In these Articles, unless the context otherwise requires:

(a) headings are for convenience only and do not affect the interpretation of these Articles;

(b) words importing the singular include the plural and vice versa;

(c) capitalised terms not defined above, but defined herein shall have the meaning set forth in the Articles;

(d) the term "shareholder", when not capitalised, shall mean any shareholder of the Company other than the defined term "Shareholders";

(e) words "directly or indirectly" mean directly, or indirectly through one or more intermediary persons or through contractual or other legal arrangements, and "direct or indirect" have the correlative meanings;

(f) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the following business day if the last day of such period is not a business day;

(g) unless otherwise specified, whenever any payment is to be made or action taken under these articles is required to be made or taken on a day other than a business day such payment shall be made or action taken on the next business day

(h) use of the term "including" shall be read as "including, without limitation";

(i) words denoting any gender shall be deemed to include all other genders;

(j) The terms "hereof", "herein", "hereby", "hereto" and other derivatives or similar words, refer to this entire Articles;

(k) reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions;

(l) words denoting persons other than natural persons, shall also refer to natural persons and vice versa; and

(m) any reference to "writing" includes printing, typing, lithography and other means of reproducing words in a permanent visible form, but shall exclude text messages through SMS or any other software or mobile application offering services similar to SMS.

III. FURTHER ISSUE AND TRANSFER OF SHARES

4. **Exit Right of the KS Group:**

(a)The KS Group shall not Transfer their Shares without the consent of the other Shareholders at any time until the (A) consummation of a Company Offering or (B) until the cessation of Affirma as a Shareholder ("**Lock In Period**"). However, the KS Group shall be entitled to sell upto 5% of the Share Capital of the Company cumulatively held by them as on the Closing Date, that is 24,42,203 Equity Shares ("**KS Group Liquidity Shares**"), at any time including during the Lock In Period, to any Person in the manner set out in this Article 4.

(b) The sale of the KS Group Liquidity Shares shall not require the consent of the Shareholders and shall not attract the provisions of Article 6 (*Tag Along Rights*) and Article 7 (*Right of First Refusal*). The sale of the KS Group Liquidity Shares shall be subject to the provisions of Article 8 (*Right of First Offer*). It is hereby clarified that the sale of the KS Group Shares (other than the KS Group Liquidity Shares) by any of the KS Group(s) during the Lock In Period shall require written consent of the Majority Shareholder, MIFIF and Affirma.

(c) Pricing of the KS Group Liquidity Shares: If the sale of the KS Group Liquidity Shares occurs within 2 (two) years from the Closing Date, the per Share price of the KS Group Liquidity Shares shall not be lower than the per Share price at which Shares are acquired by Affirma under the 2021 Affirma SSA and 2022 Affirma SSA ("**Affirma Investment Price**"). If the sale of the KS Group Liquidity Shares occurs after 2 (two) years from the Closing Date, the KS Group Liquidity Shares can be sold at a price that is not lower than the prevailing Fair Market Value.

(d) In the event that the Majority Shareholder does not acquire all the KS Group Liquidity Shares pursuant to Article 8 (*Right of First Offer*), then, the KS Group shall offer their remaining Shares to Affirma and MIFIF in accordance with Article 8 (*Right of First Offer*). In the event that neither the Majority Shareholder nor Affirma nor MIFIF has acquired all the Shares of the KS Group, the KS Group shall be entitled to freely Transfer such number of KS Group Shares which have not been acquired by Majority Shareholder, Affirma and MIFIF to any other Third Party as may be identified by the KS Group.

(e) In the event the KS Group Transfers the KS Group Liquidity Shares to a Third Party, provided such Transfer is in accordance with this Article 4 and Article 8 (*Right of First Offer*), such Third Party shall be treated as an 'investor' ("**KS Group Transferee**"). The KS Group Transferee shall be entitled to the rights and obligations set out in Article 23 (*Information Rights*) Articles 5 (*Preemptive Rights*), 6 (*Tag Along Rights*), 10(f) (*Strategic Drag Along Right*) and 10(c) (*Exit*), (collectively the "**KS Group Transferee Construct**"). In the event the KS Group Transfers the KS Group Liquidity Shares to any Shareholder, then the rights of the Shareholder as set out in these Articles shall apply and the shares from the KS Group shall be considered for any shareholding thresholds.

5. **Preemptive Right**.

(a) No issuance of New Securities shall be approved or carried out by the Board or the Company without the consent of the Shareholders per Article 22 (a) (*Consent Rights*), which consent shall extend to the allottee, the nature of the issuance, the issuance price and any other terms of the issuance. Each of the Shareholders shall have the right to subscribe to their respective pro rata share of New Securities (as defined below) in proportion to their *inter-se* shareholding ("**Shareholder Entitlement**").

(b) If the Company proposes to issue New Securities, it shall give the Shareholders written notice ("**Issuance Notice**") of its intention, describing the New Securities, the price, and their general terms of issuance, and specifying each Shareholder's Shareholder Entitlement to the issuance. The Shareholders shall have the option of subscribing to (a) their Shareholder' Entitlement specified in the Issuance Notice; and (b) any portion of the entitlement of any other Shareholder of the Company should such entitlement be available on account of the non-exercise or partial exercise of the Shareholder Entitlement of any Shareholder, no later than thirty (30) days from the date of receipt of the Issuance Notice ("**Pre-emptive Period**").

(c) Within thirty (30) days of the expiry of the Pre-emptive Right Period, the Company shall complete the issuance of the New Securities to the Shareholders in the manner each Shareholder has exercised his rights under this Article 5. All consents and Approvals required in issuing the New Securities shall be obtained by the Company.

(d) The Company shall not undertake any issue of any New Securities in contravention of the provisions of this Article 5.

(e) "**New Securities**" shall mean any Shares; provided that the term "New Securities" does not include:

(i) Equity Shares (or options to purchase Equity Shares) issued or issuable to officers, Directors and employees of, or consultants to, the Company pursuant to the Company's ESOP;

(ii) issuance of Shares pursuant to a Company Offering; and

6. **Tag-Along Rights**.

(a) (i) If any of the KS Group proposes to Transfer (directly or indirectly) any Shares (other than the KS Group Liquidity Shares) to a Third Party Transferee, the Majority Shareholder may participate in such Transfer in accordance with this Article 6; (ii) If the Majority Shareholder proposes to Transfer (directly or indirectly) any Shares to a Third Party Transferee, each of the KS Group, MIFIF, and Affirma shall be entitled to sell such number of Shares as set out in this Article 6 ("**Tag Right**"). The Shares that are proposed to be sold by the Selling Shareholder shall be referred to as the "**Transfer Shares**".

(b) The Shareholder proposing to Transfer their Shares shall be referred to as the "**Selling Shareholder**". The Third Party Transferee to whom the Selling Shareholder proposes to Transfer their Shares shall be referred to as the "**Buyer**". The non-selling Shareholder entitled to participate in the Transfer of Shares to the Buyer, pursuant to Article 6 (a) shall be referred to as the "**Non-Selling Shareholder**".

(c) (i) The Selling Shareholder will promptly but in any case, not later than thirty (30) days prior to the proposed date of closing of any such Transfer give notice (the "**Transfer Notice**") to the Non-Selling Shareholder. The Transfer Notice shall describe in reasonable detail the proposed Transfer, including but not limited to the number of Transfer Shares, the consideration to be paid, other material terms and conditions of the proposed Transfer, and the name and address of the Buyer. The Non-Selling Shareholder shall have the right to participate in the proposed Transfer by notifying the Selling Shareholders within a period of thirty (30) days from such Non-Selling Shareholder's receipt of the Transfer Notice (the "**Exercise Period**") of the number of Shares it wishes to Transfer.

(ii) If the Non-Selling Shareholder decides to exercise its Tag Rights, the number of Shares that such Non-Selling Shareholder shall be entitled to sell ("**Tag Shares**"), shall bear to the total number of Shares held by the Selling Shareholder, in the same proportion which the number of Transfer Shares proposed to be sold by the Selling Shareholder bears as a percentage to the total Shares held by the Selling Shareholder. If the proposed Transfer of the Transfer Shares and the Tag Shares would result in a change of Control of the Company the relevant Non-Selling Shareholder may Transfer up to all of the Shares held by the Non-Selling Shareholder in priority and preference to any other Shareholder. If the proposed Transfer of the Tag Shares would account for the Shareholding of the Non-Selling Shareholder to fall below five percent (5%) of the Share Capital, or if the Majority Shareholder sells its Shares to any entity that carries on the Competing Business or is a Competitor, the relevant Non-Selling Shareholder may Transfer up to all of the Shares held by such Non-Selling Shareholder in priority and preference to any other Shareholder. If the Buyer refuses to purchase all the Shares that the Non-Selling Shareholder proposes to Transfer pursuant to this Article 6 (c)(ii), the number of Shares that the Non-Selling Shareholder is entitled to Transfer to the Buyer shall be reduced in proportion of their *inter-se* shareholding (on a Fully Diluted Basis) in the Company**.**

(iii) Any Transfer by the Non-Selling Shareholder shall be made at the same price and on the same terms and conditions as described in the Transfer Notice. However, such Non-Selling Shareholder shall not be required to make any representation or warranty to the Buyer, other than as to good title to any Shares that the Non-Selling Shareholder proposes to Transfer, absence of Liens with respect to such Shares, and customary representations concerning the Non-Selling Shareholder's power and authority to undertake the proposed Transfer, and the validity and enforceability of such Non-Selling Shareholder's obligations in connection with it.

(d) The Selling Shareholders shall have a period of thirty (30) days from the expiration of the Exercise Period in which to Transfer to the Buyer the Shares proposed to be Transferred (including, if applicable, any Shares to be Transferred by the Non-Selling Shareholder), upon terms and conditions (including consideration for the Transfer) no more favorable than those specified in the Transfer Notice. If the Selling Shareholders do not complete the Transfer within such period, then the Transfer Notice shall be null and void and it shall be necessary for the Selling Shareholders and the Non-Selling Shareholders to once again comply with the terms and provisions of this Article 6. Provided that where the Transfer of Shares proposed to be Transferred (including, if applicable, any Shares to be Transferred by the Non-Selling Shareholder), requires prior legal, governmental or regulatory consent, the timelines to Transfer the Shares as set out in this Article 6 shall stand extended to include the time taken to procure such consents.

(e) To the extent that any Buyer refuses to purchase Shares from the Non-Selling Shareholder (upon exercise of its tag-along rights) hereunder, the Selling Shareholder/s shall not Transfer to that Buyer any of its/their Shares unless, prior to or simultaneously with such Transfer, the Selling Shareholder acquires from Non-Selling Shareholder the Shares that the Non-Selling Shareholder wishes to Transfer as set out in this Article 6 on the same terms and conditions as applicable to the sale of Shares of the Selling Shareholder to the Buyer.

(f) In the event the KS Group Transfers' part or all the KS Group Liquidity Shares to Majority Shareholder, MIFIF, Affirma or KS Group Transferee, the Tag Along Right under this Article 6 shall not be applicable.

7. **Right of First Refusal**.

(a) Without prejudice to the rights set out in Article 6 (*Tag-Along Rights*), (i) In the event the Majority Shareholder proposes to Transfer, either directly or indirectly, any or all of its Shares held in the Company, either directly or indirectly, to any Third Party (not being its Affiliate), then the KS Group will have a ROFR in respect of such Transfer; (ii) In the event MIFIF proposes to Transfer, at any time prior to March 31, 2023 and no QIPO has been completed, any or all of its Shares held in the Company, either directly or indirectly, to any Third Party (not being its Affiliate), the Majority Shareholder shall have a ROFR in respect of such Transfer; (iii) In the event any of the KS Group propose to Transfer at any time any or all of its Shares (other than the KS Group Liquidity Shares) held in the Company, either directly or indirectly, to any Third Party (not being its Affiliate), then the Majority Shareholder shall have a ROFR in respect of such Transfer.

(b) The Majority Shareholder in Article 7(a)(i), MIFIF in Article 7 (a)(ii), the KS Group in Section 3.04(a)(iii); shall be referred to as the "**Transferring Party**". The KS Group in Article 7 (a)(i) and the Majority Shareholder in Article 7 (a)(ii) and Article 7 (a)(iii) shall be referred to as the "**Non-Transferring Party**".

(c) The process to be followed for the exercise of the ROFR shall be in the manner set out below:

(i) The Transferring Party proposing to Transfer all or any Shares shall first give a written notice of the same (hereinafter referred to as "**Offer Notice**") to the Non-Transferring Party. The Offer Notice shall state (i) the number of Shares proposed to be Transferred (hereinafter referred to as the "**Sale Shares**") and the total number of such Shares that the Transferring Party owns at that time on a Fully Diluted Basis, (ii) the name and address of the proposed Third Party transferee, (iii) the proposed offer in writing including the proposed price and other relevant terms, form of consideration, timing and transaction structure offered by such proposed transferee.

(ii) The Non-Transferring Party shall be entitled to respond to the Offer Notice by serving a written notice (the "**Offer Acceptance Notice**") on the Transferring Party prior to the expiry of thirty (30) days from the date of receipt of the Offer Notice (the "**Offer Period**") specifying the intention to purchase, any or all of the Sale Shares. The Non-Transferring Party shall also have the right to designate any Affiliate to purchase the Sale Shares (such Affiliate or the Company hereinafter referred to as the ("**Designated Person**")).

(iii) Upon receipt of the Offer Acceptance Notice, the Sale Shares shall be transferred by the Transferring Party to the Non-Transferring Party or such Designated Person, within a period of 90 (ninety) days from the receipt of the Offer Acceptance Notice at the same price and on the same terms as are mentioned in the Offer Notice. In the event the Non-Transferring Party or such Designated Person fails to purchase the Sale Shares after the delivery of the Offer Acceptance Notice within the aforesaid 90-day period (for reasons solely attributable to such Non-Transferring Party or Designated Person), the Non-Transferring Party shall lose its rights under this Article 7.

(iv) If the Non-Transferring Party fails to respond to the Offer Notice by serving an Offer Acceptance Notice on the Transferring Party within the Offer Period, or otherwise fails to complete the purchase of the Sale Shares within the 90-day period specified in (iii) above or as applicable, exercise its rights under Article 6 (*Tag-Along Rights*), the Transferring Party shall be entitled to Transfer the Sale Shares to the proposed Third Party transferee mentioned in the Offer Notice for the price, form of consideration and same terms, as specified in the Offer Notice, provided that the Third Party is not involved in a Competing Business or is a Competitor.

(d) If completion of such Transfer to the proposed transferee does not take place within the period of one hundred and eighty (180) days following the expiry of the Offer Period, the Transferring Party's right to sell the Sale Shares to such Third Party shall lapse and the provisions of sub-articles 7 (c) (i), (ii), (iii) and (iv) shall once again apply to the Sale Shares; provided that, where such Transfer to the proposed transferee requires prior legal, governmental or regulatory consent, the timelines to Transfer the Shares as set out in this Article 7 shall stand extended to include the time taken to procure such consents.

(e) Any sale of Shares by the Transferring Party under this Article 7 shall be subject to the Third Party transferee executing a Deed of Adherence.

8. **Right of First Offer**.

(a) In the event (i) MIFIF proposes to Transfer its Shares at any time after March 31, 2023 or in the event Affirma proposes to Transfer its Shares at any time after the Effective Date (other than pursuant to the Company Offering), the Majority Shareholder shall have the right of first offer in respect of the Shares proposed to be Transferred by MIFIF or Affirma as the case may be; (ii) the KS Group propose to Transfer any or all of its KS Group Liquidity Shares held in the Company, either directly or indirectly, to any Third Party (not being its Affiliate), then the Majority Shareholder shall have a ROFO in respect of such Transfer; (iii) the KS Group propose to Transfer any of their KS Group Liquidity Shares and any or all of such Shares have not been acquired by the Majority Shareholder pursuant to Article 8 (a)(ii), Affirma and MIFIF shall have a pro rata ROFO in respect of such Transfer and (iv) in the event the KS Group propose to Transfer their Shares (not being the KS Group Liquidity Shares) after the expiry of the Lock In Period, then the Majority Shareholder shall have a ROFO in respect of such Transfer, as set out in this Section below.

(b) MIFIF or Affirma in Article 8 (a)(i), KS Group in Article 8 (a)(ii), Article 8 (a)(iii) and Article 8 (a)(iv) shall be referred to as the "**Transferring Shareholder**". The Majority Shareholder in Article 8 (a)(i), Article 8 (a)(ii) and Article 8 (a)(iv), Affirma and MIFIF in Article 8 (a)(iii) shall be referred to as the "**Existing Shareholder**".

(c) The Transferring Shareholder shall first give a written notice ("**ROFO Notice**") to the Existing Shareholder specifying the number of Shares proposed to be Transferred ("**ROFO Transfer Shares**") and the number and class of Shares the Transferring Shareholder owns at that time on a Fully Diluted Basis.

(d) Within a period of thirty (30) days from the date of receipt of the ROFO Notice ("**ROFO Period**"), the Existing Shareholder shall have the option to either: (i) serve an irrevocable and binding written notice on the Transferring Shareholder ("**Indication of Interest**") indicating the price at which it is willing to purchase all the ROFO Transfer Shares ("**Offer Price**") and the terms and conditions of such purchase; or (ii) serve a notice on the Transferring Shareholder stating that they are not offering to purchase all the ROFO Transfer Shares ("**Indication of Non Acceptance**"). Further, if the Existing Shareholder fails to deliver the Indication of Interest within the ROFO Period, it shall be deemed on the last day of such period to have served an Indication of Non Acceptance.

(e) If the Existing Shareholder has delivered an Indication of Interest and the Transferring Shareholder finds the Offer Price acceptable, the Transferring Shareholder shall within thirty (30) days from the date of receipt of the Indication of Interest ("**ROFO Response Period**") issue a notice ("**ROFO Acceptance Notice**") to the Existing Shareholder indicating its willingness to sell to the Existing Shareholder such number of the ROFO Transfer Shares as set out in the Indication of Interest. If Transferring Shareholder declines to accept the Indication of Interest, it shall be entitled to sell all and not less than all of the ROFO Transfer Shares to any Third Party provided such Third Party is not involved in a Competing Business or is a Competitor ("**Prospective Buyer**"), at a price higher than the Offer Price and on terms more favourable to the Transferring Shareholder than as set out in the Indication of Interest. The sale to the Prospective Buyer shall be completed within one hundred and eighty (180) days from the end of the ROFO Period.

(f) Pursuant to the delivery of the ROFO Acceptance Notice to the Existing Shareholder, the completion of Transfer of the ROFO Transfer Shares to the Existing Shareholder(s) shall be effected within a period of 90 (ninety) days from the date of delivery of the ROFO Acceptance Notice ("**ROFO Transfer Period**").

(g) In the event the sale to the Prospective Buyer is not completed within the one hundred and eighty (180) day period set out in Article 8(e) above, the provisions of this Article 8 shall once again apply to the ROFO Transfer Shares.

(h) Where the Existing Shareholder/ Prospective Buyer requires prior legal, governmental, or regulatory or its shareholders' consent for acquiring the ROFO Transfer Shares pursuant to this Article 8, the timelines to Transfer the ROFO Transfer Shares as set out in this Article 8 shall stand extended to include the time taken to procure the Approval.

(i) Any sale of Shares by the Transferring Shareholder under this Article 8 shall be subject to the Prospective Buyer executing a Deed of Adherence.

(j) It is hereby clarified that in the event the Majority Shareholder either does not elect to acquire the KS Group Liquidity Shares or does not acquire all the KS Group Liquidity Shares, the KS Group shall be obligated to offer the unoffered / remaining KS Group Liquidity Shares to the MIFIF and Affirma in accordance with the terms of this Article 8 prior to Transferring such Shares to a Third Party. The pricing of the KS Group Liquidity Shares shall at all times be governed by the provisions of Article 4(c).

9. **Transferability of the Shares of the Shareholders.**

a) Save and except as expressly provided otherwise, the Shares of the Shareholders shall be freely transferable. Provided that in the event of Transfer of Shares by any Shareholder to its Affiliate, the Shareholders hereby warrant that in the event that such transferee ceases to be an Affiliate of the transferor Shareholder, the transferor Shareholder shall cause the Shares to be Transferred from such transferee to the transferor Shareholder.

b) Any transferee of the Majority Shareholder Shares who has acquired only a part (but not all) of the Majority Shareholder Shares shall only be entitled to the rights and obligations of the Majority Shareholder provided in Article 5 (*Preemptive Rights*), 6 (*Tag Along Rights*), 7(*Right of first refusal*), 8 (*Right of first offer*), 10 (*Company Offering*). Any transferee of all (but not part of the) the Majority Shareholder Shares shall be entitled to all the rights and obligations of the Majority Shareholder in these Articles.

c) Any rights and obligations enjoyed by the KS Group and their transferees (other than the KS Group Transferee) shall be as mutually agreed thereto; provided however such rights and obligations cannot be in excess of or more favourable than the rights provided in these Articles. It is clarified that the transferee of the KS Group' Shares shall not be designated or be deemed to be a promoter and the transferee's shares shall not be subject to any lock-in obligations as imposed on the KS Group pursuant to these Articles or as imposed by law on a promoter.

d) Subject to Article 9 (b) and (c) and Article 4 (e), no Transfer of the Affirma Shares, MIFIF Shares, Majority Shareholder Shares or the KS Group Shares shall be effected by Affirma, MIFIF, the Majority Shareholder or the KS Group, respectively, and/or approved by the Board unless (X) such Transfer is in compliance with the terms of these Articles and (Y) Affirma, MIFIF, Majority Shareholder or the KS Group (as applicable) and its / their respective transferee has executed a Deed of Adherence.

e) Without prejudice to the above, any Transfer by any Shareholder of its rights (in whole or in part) to a transferee, shall be subject to the following conditions: (i) such Transfer of rights shall be accompanied by a Transfer of Shares (whether in whole or in part); (ii) if the Transfer by a Shareholder is in part (and not whole), the rights of such Shareholder shall be exercised by such Shareholder and its transferees jointly acting as a single block and not in a several and individual manner.

f) The Transfer restrictions in these Articles shall not be capable of being avoided by holding Shares indirectly through any Person that can itself be Transferred in order to dispose of an interest in the Shares free of such restrictions; provided however, this Article or any other provision of these Articles shall not restrict, in any way, the right of (X) MIFIF to Transfer the MIFIF Shares if the entire portfolio of MIFIF is being transferred including pursuant to any reorganization or restructuring, or to one or more limited partners of MIFIF or to another investment fund managed by the Maj Invest Group in connection with the process of winding-up MIFIF; and (Y) Affirma to Transfer the Affirma Shares if the entire portfolio of Affirma is being transferred including pursuant to any reorganization or restructuring, or to one or more limited partners of Affirma or to another investment fund managed by the investment manager and/or advised by an investment advisor in connection with the process of winding-up Affirma.

g) No Shareholder shall make a proposed sale other than in the manner set out in these Articles and if purported to be made, such sale shall be void and shall not be binding on the Company and the other Shareholders and shall be deemed to be a breach of the terms of these Articles.

10. **Exit**.

(a) MIFIF and Affirma each being a fund with a limited lifetime, has to ensure an exit for all its investments including its investment in the Company, within a limited period. To this end, the exit may be availed either through a QIPO or through a sale of Shares of MIFIF and Affirma and their Affiliates to any Third Party on or before the Exit Date.

(b) In the event QIPO has not been completed by the Exit Date, MIFIF and Affirma and their Affiliates in the Company shall be entitled to exit through any of the following methods:

(i) By way of an initial public offering at Fair Market Value as determined in accordance with Article 10(k). It is clarified that the Company shall initiate the initial public offering at the request of any Shareholder to the Company;

(ii) By way of buyback;

(iii) By way of a strategic sale;

(iv) By way of strategic drag along right;

(v) By way of secondary sale;

(vi) By way of sale of Shares of MIFIF and Affirma and their Affiliates to any Third Party.

(c) *Company Offering*: In the event of any Company Offering (whether a QIPO or an initial public offering under this Article 10 (c), the following terms shall apply:

(i) The exact timing of the Company Offering shall be determined by the Board in consultation with the IPO Committee having due regard to the prevailing market conditions at the time of the Company Offering.

(ii) The QIPO shall be managed by lead managers ("**BRLMs**") who shall be the merchant bankers of good repute and shall hold a valid registration as a merchant banker in accordance with the terms of the Securities and Exchange Board of India (Merchant

Bankers) Regulations, 1992.

(iii) The Board shall also decide on:

A. ***the price (subject to complying with the QIPO requirement) and other terms and conditions of the Company Offering;***

B. ***the Relevant Market on which the Equity Shares is/are to be listed;***

C. ***any other matters related to the Company Offering.***

(iv) The Company Offering may be either through a new issue of Shares or by way of an offer for sale of the Shares held by the Shareholders, or a combination of both.

(v) In the event that the Company Offering undertaken by the Company under this Article 10 is through an offer for sale, or a combination of a fresh issue and an offer for sale, of Shares, the Shareholders undertake to exercise their respective voting rights (at the Board and Shareholder levels) to ensure that Majority Shareholder, MIFIF and Affirma and their Affiliates are entitled to offer their Shares (in whole or in part) in priority to the Shares held by any other Shareholder in the ratio of the amount invested by them in the Company as agreed to by the Shareholders in writing. For the avoidance of doubt, it is clarified that the reference to amount invested shall mean the amount invested only to the extent of the Shares held by Majority Shareholder, MIFIF and Affirma as on the date of such offer for sale. The right of the KS Group to offer their Shares in any Company Offering shall be subject to the right of the Majority Shareholder, MIFIF and Affirma and their Affiliates to first offer upto all their Shares at such public offering in accordance with this Article 10. The KS Group shall offer as many Shares in the Company Offering as may be required under law to enable the QIPO or the initial public offering as the case may be.

(vi) the Company shall:

A. ensure that the total offer of Shares to the public shall constitute not less than such percentage (as prescribed under then prevalent rules and Applicable Law) of the total post issue paid-up Share Capital so as to comply with the listing requirements of the recognized stock exchange and the Securities Exchange Board of India;

B. provide information and ensure compliance with all applicable provisions under the guidelines and regulations existent at the time of the Company Offering and subsequent listing of the Equity Shares for trading on the Relevant Market;

C. obtain such consents and Approvals as may be necessary to complete the Company Offering;

D. not unreasonably withhold consent and do all acts and deeds required to effect the Company Offering, including preparing and signing the relevant offer documents, conducting road shows, facilitating site visits and management meetings, entering into such agreements, arrangements or documents as required, providing all necessary information and documents necessary for preparing the offer document, obtaining such regulatory or other consents and doing such further acts or deeds as may be necessary or are customary in transactions of such nature, or do all acts necessary to facilitate the Company Offering;

(vii) MIFIF and Affirma shall only provide standard representations and warranties as may be customary to the investor selling shareholders in the QIPO agreements and as may be mutually decided between the parties to such QIPO agreements in accordance with requirements under Applicable Laws.

(viii) All costs and expenses relating to the QIPO shall be borne in accordance with the offer agreement to be executed in relation to the QIPO.

(d) *Buyback*:

(i) **On and after the Exit Date, MIFIF and/or Affirma shall severally, be entitled to require the Company to buy-back up to all of their Shares, in accordance with the Act, at the Fair Market Value by issuing a written notice ("Buy Back Notice") to the Company, Majority Shareholder and the KS Group (with a copy to the MIFIF and/or Affirma) specifying the number of Shares to be bought back ("Buy Back Shares"). Within ten (10) days of the date of issue of the Buy Back Notice, MIFIF and/or Affirma and the Company shall jointly appoint an Independent Valuer to determine the Fair Market Value. If MIFIF and/or Affirma and the Company are unable to mutually agree upon and appoint an Independent Valuer within this time period, then MIFIF, Affirma and the Company shall each be entitled to appoint an Independent Valuer to determine the Fair Market Value. The average of the values determined by each of the Independent Valuers shall be the final Fair Market Value at which the Buy Back Shares will be bought back by the Company. The valuation reports of each of the Independent Valuers shall contain facts, figures, assumptions and all such other details justifying the valuations arrived at.**

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(ii) **The KS Group and the Majority Shareholders shall ensure that the Company buys back the Buy Back Shares in the following manner:**

A. **Within thirty (30) days of determination of the Fair Market Value in the manner set out above in Article 10 (d)(i) and upon MIFIF and Affirma, acting reasonably, being satisfied with such Fair Market Value, the KS Group and the Majority Shareholder shall cause the Company and the Company shall consummate the buy back of all the Buy Back Shares at the Fair Market Value by using all of its surplus funds, free cash flows and reserves to buy-back such Buy Back Shares.**

B. **It is clarified that the obligation to buyback the Buy Back Shares shall continue to subsist as long as MIFIF and Affirma are Shareholders in the Company. The Company, the Majority Shareholder and the KS Group shall take their best efforts to complete the buyback of Buy Back Shares either in a single tranche or in multiple tranches as permitted under Applicable Law. The pricing of each tranche of Buy Back shall be the prevailing Fair Market Value.**

C. **Where Affirma and MIFIF have both issued a Buy Back Notice within the same 30 days time period, the Company shall buy-back a pro- rata number of Shares from each of them on the basis of their shareholding in the Company. Further, until the exit of Affirma and MIFIF in accordance with Article 10 (d), the Company shall not incur any capital expenditure that is not in the ordinary course of business and any capital expenditure that impacts the reserves of the Company.**

D. **The KS Group and the Majority Shareholder shall undertake all such steps and extend all such co-operation as may be required for the purpose of expeditiously completing their obligations under this Article 10 such as exercise of voting rights at Board and Shareholder level in a manner to give effect to the buy-back. The KS Group and the Majority Shareholder shall abstain and shall cause all other Shareholders to abstain from offering their Shares in a buy-back of Shares by the Company as provided in Article 10 (d)(i) above.**

E. **It is clarified that all Shareholders shall exercise their voting/consent rights at Board and Shareholder level and as required under Article 22 (*Consent Rights*) in a manner so as to facilitate and to give effect to the provisions of this Article 10 (d); it being further clarified that the buy-back undertaken pursuant to this Article 10 (d) shall not be treated as a Super Majority Matter under Article 22 (b) (*Consent Rights*).**

F. **In the event the Buy Back occurs in tranches, the rights of MIFIF and Affirma as set out in these Articles shall be applicable to each of them until the completion of Buy Back of all of their Shares and in the event any of their shareholding falls below the Threshold Shareholding on account of the fact that the Buy Back is**

being completed in tranches, then MIFIF and Affirma shall be entitled to exercise their rights in these Articles as if their shareholding is equal to the Threshold Shareholding.

G. It is clarified that in the event MIFIF or Affirma (as the case may be) does not require the Company to buy-back its Shares, the other Shareholder i.e. Affirma or MIFIF (as the case may be) shall be entitled to require the Company to buy-back up to all of its Shares in accordance withthe requirement under Article 10 (d) to the extent such rights are available to MIFIF or Affirma (as the case may be).

(e) *Strategic Sale*. Notwithstanding anything contained in these Articles, in the event MIFIF, Affirma and the Majority Shareholder ("Exiting Shareholder Group") proposes to enter into any transaction resulting in the joint sale and Transfer of all and not less than all of the Shares held by the Exiting Shareholder Group in the Company to the same Third Party purchaser ("Joint Exit Drag Buyer"), the procedure set out below shall apply:

(i) The Exiting Shareholder Group, shall notify the Company, KS Group Transferee (if any) and the KS Group of the decision of the Exiting Shareholder Group to sell all and not less than all of their Shares in the Company to the Joint Exit Drag Buyer ("**Joint Exit Drag Notice**") and such notice shall include (A) details of the identity, name and address of the Joint Exit Drag Buyer; (B) terms and conditions of the sale, the consideration for the Shares which shall be payable only in cash ("**Joint Exit Drag Price**"), as agreed between the Joint Exit Drag Buyer and the Exiting Shareholder Group for the purchase of the Shares held by the Exiting Shareholder Group; and (C) If they elect to do so, the notice shall notify the intention of the Exiting Shareholder Group of the election to require the KS Group and/or KS Group Transferee (if any) to sell all and not less than all of the Shares held by the KS Group and/or KS Group Transferee (as the case may be) in the Company to the Joint Exit Drag Buyer (the "**Joint Exit Drag Along Right**") on the same terms as set out in the Joint Exit Drag Notice.

(ii) Upon delivery of the Joint Exit Drag Notice indicating the KS Group and/or KS Group Transferee (as the case may be) to sell all and not less than all of their Shares to the Joint Exit Drag Buyer, the KS Group and/or KS Group Transferee (as the case may be) shall be required to Transfer the Shares held by the KS Group and/or KS Group Transferee (as the case may be) to the Joint Exit Drag Buyer, upon the same terms and conditions (including, without limitation, the Joint Exit Drag Price, which shall be payable only in cash).

(f) ***<u>Strategic Drag Along Right</u>***

In the event the Company has failed to provide an exit (including a partial exit) to Affirma in respect of any of the Shares held by Affirma by March 31, 2025 through any of the modes set out herein in Article 10, and:

(i) A Third Party has provided an offer to purchase all and not less than all of the Shares of Affirma ("**Affirma Shares**").

(ii) In addition to the Affirma Shares, the Third Party is seeking to acquire such number of Shares, so as to purchase an aggregate of not less than 26% of the paid capital of the Company on a Fully Diluted Basis.

(iii) Affirma shall first approach MIFIF to offer the MIFIF Shares to the Third Party as part of the Transfer of Affirma Shares by Affirma and MIFIF shall notify its intention to participate in such Transfer within 5 days of receipt of the offer from Affirma.

(iv) All other Shareholders have either declined to sell their Shares to the Third Party or have not responded to participate in such Transfer within 5 days of receipt of the offer from Affirma or if any other Shareholder is willing to sell their Shares, such sale combined with 100% of the Affirma Shares constitutes less than 26% of the paid capital of the Company on a Fully Diluted Basis.

(v) The Company is not seeking to issues its Shares to the Third Party, then, Affirma shall have a right to direct the KS Group to Transfer their Shares to the Third Party along with the Affirma Shares (and the Shares of any other Shareholder who has agreed to co-sell along with Affirma Shares in accordance with sub-article (iii) and/or (iv) above) and the KS Group shall be obligated to Transfer it Shares to the Third Party.

(vi) It is clarified that if the Company has provided an exit to Affirma for a part of the Shares held by Affirma, then the right of Affirma in this sub-article shall no longer be applicable.

(vii) In the event the aggregate shareholding of Affirma, the KS Group added with the Shares of any other Shareholder who has agreed to co-sell along with the Affirma Shares is less than 26% of the paid capital of the Company on a Fully Diluted Basis, Affirma shall have a right to direct the KS Group Transferee to Transfer such number of Shares to the Third Party as explained below. The KS Group Transferee shall only be required to Transfer its Shares to the extent of any dilution in the KS Group's locked in shareholding on account of an issuance of Shares that has occurred prior to the exercise of this Article.

(viii) In the event Affirma directs the KS Group' and the KS Group Transferee (if required) to Transfer their respective Shares to the Third Party (as the case may be), it shall be binding and obligatory on the KS Group' or the KS Group Transferee (as the case may be) to Transfer the relevant number of the Shares to the Third Party.

(ix) The sale of the KS Group' Shares and Shares of the KS Group Transferee shall be on the same price and terms as the sale of the Affirma Shares and any other Shareholder co-selling along with Affirma Shares.

(x) It is clarified that the KS Group and the KS Group Transferee (if required) shall only be required to sell such number of Shares simultaneously with the Affirma Shares to the Third Party such that the Third Party's shareholding in the Company after such sale equals 26% of the paid-up capital of the Company on a Fully Diluted Basis. It is agreed that in the event the KS Group transfers the KS Group Liquidity Shares to any existing Shareholder of the Company, the condition set out above in Article 10 (f)(vi) shall continue to be applicable to such existing Shareholder only to the extent specified in this Article and to the extent of the KS Group Liquidity Shares acquired by the existing Shareholder.

(fa) <u>*Secondary Sale:*</u>

(i) The Company shall make best efforts to provide an exit to MIFIF and Affirma from the Company by facilitating a sale of the Shares held by MIFIF and Affirma to a Third Party ("**Secondary Sale**").

(ii) MIFIF and Affirma shall be entitled to appoint a banker to assist them with the Secondary Sale process, as may be decided by them at their discretion, and shall deal with transferee and the banker as they may deem fit;

(iii) It is clarified that there is no obligation on the Company or the KS Group to procure a Secondary Sale in any issuance of Shares done by the Company and the Secondary Sale will be made available purely at the discretion of the Company and the Third Party.

(iv) Company and the KS Group shall ensure that full access (subject to customary confidentiality provisions), cooperation and assistance is provided to Persons conducting a due diligence on behalf of any prospective purchaser;

(v) Company and the KS Group may be required to enter into a share purchase agreement and such other ancillary documents as may be reasonably required by the proposed transferee of the Shares of MIFIF and Affirma.

This Article 10 (fa) is without prejudice to the rights of MIFIF and Affirma contained elsewhere in these Articles (including specifically in the preceding provisions of this Article 10).

(g) The KS Group, the Majority Shareholders and the Company shall extend full co-operation and do all such acts as is required and necessary including exercising their voting rights (at the Board and Shareholder levels), and to cause the Board to take all steps necessary to afford Affirma and MIFIF an exit and for achieving the same, shall among other required acts, also facilitate access for due diligence requirements of purchasers, provide all necessary information and documents, customary representations and warranties relating to the Business and operations of the Company, prepare and sign the offer documents/prospectus as maybe needed in compliance with Applicable Law, as per the specified time periods mentioned therein. Further, the KS Group, the Majority Shareholders and the Company shall obtain all Approvals including regulatory or other governmental approvals and do such further reasonable acts or deeds as may be necessary or are customary in transactions of such nature to facilitate such a sale and afford Affirma and MIFIF an exit. In any method of exit as set out in this Article 10 (*Exit*), MIFIF, Affirma and their Affiliates shall not be obligated to provide any representations, warranties or indemnities, except in relation to clear title (i.e., authority / capacity and no Encumbrance) of all of their Shares. For the purposes of QIPO, MIFIF, Affirma and their Affiliates shall provide standard representations and warranties as may be customary to the investor selling shareholders in the QIPO agreements and as may be mutually decided between the parties to such QIPO agreements in accordance with requirements under Applicable Laws.

(h) The KS Group and Majority Shareholder each acknowledge and agree that, giving due regard to the facts and circumstances existing at the time of initiation of the Company Offering, in the event SEBI or the Applicable Law or BRLMs requires the KS Group' Shares, and if Shares held by the KS Group are not sufficient, then the Majority Shareholder (in addition to the KS Group) shall at all times tender its Shares for the purpose so stipulated and shall be subject to such obligations such as promoter lock-in obligations and other conditions as stipulated under the relevant SEBI regulations. The KS Group and Majority Shareholder each acknowledge and agree that, giving due regard to the facts and circumstances existing at the time of initiation of the Company Offering, SEBI or the Applicable law or book running lead managers shall determine who is to be named as a "promoter" of the Company. MIFIF and Affirma shall not be deemed to be a "promoter" of the Company or part of the "promoter group" or "persons acting in concert with the KS Group of the Company"; for the purpose of any Company Offering or any other exit route set out in this Article 10 (*Exit*) and none of the Shares held by MIFIF and Affirma shall be subject to any statutory or regulatory moratorium imposed in connection with such Company Offering as is applicable to a "promoter", and no declaration or statement shall be made that may result in MIFIF and Affirma being deemed a promoter, either directly or indirectly, in filings with any Governmental Authority, offer documents or otherwise, with a view to ensuring that restrictions under Applicable Law to promoters do not apply to MIFIF and Affirma, which is a financial investor in and not the KS Group of the Company.

(i) Unless mandatorily required under Applicable Law, the KS Group and Majority Shareholders shall ensure that the Shares held by MIFIF and/or Affirma are not subject to any restriction (including that of lock-in or other restriction), which are applicable to promoters under any Applicable Law. <u>For the avoidance of doubt, the Shares held by MIFIF and/or Affirma (to the extent not transferred as part of the offer for sale in the QIPO) shall be subjected to the lock-in requirements, post Consummation of the QIPO, applicable under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018</u>.

(j) Notwithstanding anything contained in these Articles, in the event of issuance of Shares to a Third Party by the Company whether in connection with a Company Offering or otherwise the Company has received an offer from the new investor to purchase the Shares of the Company, the Majority Shareholder, MIFIF and Affirma shall be entitled to sell their Shares to such Third Party investor in the ratio of the amount invested by each of them in the Company as agreed to by the Shareholders in writing. For the avoidance of doubt, it is clarified that the reference to amount invested shall mean the amount invested only to the extent of the Shares held by Majority Shareholder, MIFIF and Affirma as on the date of such sale.

(k) (i) For avoidance of doubt, should Approval of a Governmental Authority be required for a Transfer of Shares under these Articles, the transferor or the transferee or both together, as the case may be, and, where necessary, the other Shareholders shall take in good faith all such reasonable actions as may be necessary or desirable to obtain such Approval.

(ii) The Fair Market Value to be determined by the Independent Valuer under these Articles shall be based on an entire Company equity valuation and internationally accepted pricing and valuation methodologies and principles. If at any point in time an Independent Valuer is appointed for the purposes of determining the valuation of the Company / Fair Market Value:

- **(A) immediately upon the appointment of the Independent Valuer, the Company shall, and the KS Group shall cause the Company to, provide all required information to the Independent Valuer, including without limitation the then approved / prevalent Business Plan;**
- **(B) the Fair Market Value shall be determined on a date which shall not be earlier than thirty (30) days, or as extended by mutual written agreement, from the date on which such Transfer of Shares is to take place. To this end and for the purposes of Article 10 (d), if (X) the audited accounts on the basis of which calculation with reference to buy back of Equity Shares is to be done is more than six (6) months old from the date of offer for buy back made by the Company in accordance with Article 10 (d); and (Y) the unaudited accounts, which may be relied on in such case, is older than six (6) months from the date of offer for buy back made by the Company in accordance with Article 10 (d), then the Independent Valuer shall, at the cost of the Company, procure the completion of, the audit of accounts of the Company up to a date which shall not be earlier than thirty (30) days from the date of opening of the offer for buy back; and**
- **(C) the Independent Valuer appointed is an expert and not an arbiter and (a) any valuation provided by the Independent Valuer will not be the subject matter of arbitration proceedings pursuant to these Articles; and (b) the valuation so determined by such**

Independent Valuer shall be final and binding on all Shareholders except in case of Article 10 (d) in which case the average of the values determined by each of the Independent Valuers shall be final and binding on all Shareholders.

IV. EVENT OF DEFAULT

11. **Event of Default**.

(a) An Event of Default shall mean any of the following:

(i) the Company, the Majority Shareholders or the KS Group commit a material breach of the Transaction Documents, and if such material breach is capable of remedy, fails to remedy the breach within thirty (30) days of being specifically required in writing to do so by MIFIF or Affirma, or such other longer period as provided under Applicable Law in respect of the breach in question; or

(ii) an Insolvency Event occurs in respect of the Majority Shareholder.

(b) On or any time after the occurrence of an Event of Default, MIFIF or Affirma may (in its sole and absolute discretion) serve a notice in writing (a "**Default Notice**") on the Majority Shareholder, the KS Group and the Company informing that an Event of Default has occurred. Upon such issuance of the Default Notice, (x) MIFIF will cease to have any obligations under these Articles save and except in relation to Articles 7 (*Right of First Refusal*) and 8 (*Right of First Offer*) (without prejudice to any of its rights under these Articles, Applicable Law, equity and otherwise); (y) the right of MIFIF to require the Company to buy back its Shares under Article 10 (d) will be accelerated such that all references to the Exit Date in Article 10 (d) will be automatically deemed to be a reference to the date of the Default Notice; and (z) Affirma shall have the right to appoint 1 (one) director to the Board, in addition to the Affirma Nominee Director appointed pursuant to Article 13(a)(iv) (*Board Composition*) aggregating to a total of 2 (two) directors nominated by Affirma to be appointed to the Board.

(c) The provisions of this Article 11 do not affect the right of MIFIF or Affirma subsequently to claim indemnity or other compensation for the breach or, where appropriate, to seek an immediate remedy of an injunction, specific performance or similar court order to enforce the Company's obligation of buyback. However, the right to subsequently claim indemnity or other compensation shall be effective only if, the buy-back, has not been consummated within a period of 30 (thirty) days from the date of determination of the Fair Market Value.

V. GENERAL MEETING

12. Meetings of Shareholders

(a) Not less than twenty-one (21) days prior written notice of all General Meetings shall be given to the Shareholders at their respective addresses notified by them to the Company in writing. The notice shall include an agenda/explanatory statement setting out the business proposed to be transacted at the General Meeting and the text of any resolutions proposed to be passed at such meeting.

(b) Subject to Applicable Law, General Meetings may be convened at a shorter notice with consent of such number of Shareholders as prescribed by the Act.

(c) Subject to Article 12(b), an agenda setting out the business proposed to be transacted at a General Meeting shall be circulated by the Company to each Shareholder at least twenty one (21) days prior to the date of the General Meeting. No business shall be transacted at any General Meeting duly convened and held other than those specified in the notice.

(d) The Board shall provide the Company's previous Financial Year's audited financial statements to all Shareholders at least twenty one (21) days before the AGM is held, to approve and adopt such audited financial statements.

(e) The quorum for a General Meeting shall be as set out in the Act. Where any matter listed in Article 23(*Consent Rights*) is on the agenda for such General Meeting, the quorum shall include a representative of the Majority Shareholder and the KS Group and as long as they hold their Threshold

Shareholding, MIFIF and Affirma, unless such presence has been waived in writing by the Majority Shareholder, the KS Group, MIFIF or Affirma, as the case may be.

(f) In the absence of a valid quorum at a General Meeting duly convened and held ("**Initial General Meeting**"), the meeting shall be adjourned to the same time or place not earlier than seven (7) days but no later than twenty-one (21) days thereafter, as the Chairman may determine ("**Adjourned General Meeting**") and a written notice of such time and place for the Adjourned General Meeting shall be provided to each of the Shareholders and the Shareholders present shall constitute quorum for such Adjourned General Meeting, provided that no item not part of the agenda for the Initial General Meeting shall be taken up at the Adjourned General Meeting and the Shareholders present shall constitute quorum at the Adjourned General Meeting. Subject to Article 23(*Consent Rights*) below, the Shareholders shall be entitled to proceed with the matters set out in the agenda of such Adjourned General Meeting. All matters at a General Meeting shall be decided by such majority of Shareholders present and voting as set out in the Act, except for the matters listed in Article 23(*Consent Rights*) which shall be approved in the manner set out therein.

VI. DIRECTORS AND BOARD MEETINGS

13. Board Composition

(a) Subject to Applicable Law, the number of Directors comprising the Board shall not be more than eleven (11) Directors. On the Effective Date, the Board shall be reconstituted to consist of not more than eleven (11) Directors in the following manner.

- (i) Subject to Article 13 (b), the Majority Shareholder shall be entitled to nominate three (3) Directors (including alternate directors in place of such nominated Directors);
- (ii) Subject to Article 13(c), the KS Group shall be entitled to nominate two (2) Directors (including alternate Directors in place of such nominated Directors);
- (iii) Subject to Article 13 (d), MIFIF shall be entitled to nominate one (1) Director (including alternate Directors in place of such nominated Director);
- (iv) Subject to Article 13 (e), Affirma shall be entitled to nominate one (1) Director (including alternate Directors in place of such nominated Director); and
- (v) The Board shall consist of four (4) independent Directors, who shall be appointed in a General Meeting.

Provided that, the composition of the Board shall, at all times, be in compliance with the corporate governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Appointment to the Board

(b) For so long as the Majority Shareholder holds Shares corresponding to at least its Threshold Shareholding, it shall have the right, but not the obligation, exercisable at any time by written notice to the Company, to appoint a maximum of three (3) directors (each, a "**Majority Shareholder Nominee Director**", which term shall include any alternate Director nominated by the Majority Shareholder in his/her place).

(c) For so long as the KS Group, collectively, hold Shares corresponding to at least their Threshold Shareholding, the KS Group shall collectively, have the right to appoint a maximum of two (2) directors ("**KS Group Nominee Directors**").

(d) For so long as MIFIF holds Shares corresponding to at least its Threshold Shareholding, MIFIF shall be entitled to appoint one (1) Director on the Board ("**MIFIF Nominee Director**", which term shall include any alternate Director nominated by MIFIF in his/her place).

(e) For so long as Affirma holds Shares corresponding to at least its Threshold Shareholding, Affirma shall be entitled to appoint one (1) Director on the Board ("**Affirma Nominee Director**", which term shall include any alternate Director nominated by Affirma in his/her place).

(f) Notwithstanding anything contained in this Section 2.01, the right to nominate the Majority Shareholder Nominee Director, KS Group Nominee Directors, MIFIF Nominee Director and Affirma Nominee Director under this Section 2.01 shall survive post the Consummation of the QIPO and post the Consummation of the QIPO shall be subject to the approval of the shareholders by way of a special resolution at the first general meeting held by the Company post listing on the stock exchanges, which shall be placed before the shareholders by way of separate resolutions for approval.

(a) ***Creditor Nominee Directors***

(i) Any banking or non-banking financial institution that is a lender of the Company or any person holding debentures of the Company and acting through a debenture trustee (each, a "**Creditor**"), shall have the right, subject to the provisions of their applicable facility agreement or debenture trustee agreement, to appoint nominee directors on the Board of the Company ("**Creditor Nominee Director**").

(ii) Creditors may remove or require the removal of their respective Creditor Nominee Director by written notice and nominate another individual as Creditor Nominee Director in their place, and all the Company and its Board shall exercise all rights and powers available to them to cast their votes to give effect thereto. In the event of resignation, retirement or vacation of office of a Creditor Nominee Director, the relevant Creditor shall be entitled to appoint another Creditor Nominee Director in place of such resigning/retiring/vacating Creditor Nominee Director, and the Company shall exercise all rights and powers available to it and the Board shall cast their votes to give effect thereto. The Company shall have no power to remove a Creditor Nominee Director.

(iii) The appointment of Creditor Nominee Directors shall be subject to all applicable laws, including the Companies Act, 2013 and rules made thereunder, regulations and other delegated legislation passed by the Securities and Exchange Board of India, and other delegated legislation passed by the Reserve Bank of India.

(iv) Any Creditor desirous of exercising their right to appoint a Creditor Nominee Director shall communicate this, in writing, to the Company, addressed to the Company Secretary of the Company, identifying the individual(s) required to be appointed on the Board as Creditor Nominee Director(s).

(v) The Company, the Board, and all Directors of the Company shall do all such acts and deeds as may be necessary, including by exercise of voting rights, to give effect to this Article and ensure the appointment of Creditor Nominee Directors.

(vi) Each Creditor Nominee Director shall be entitled to attend all Board Meetings and meetings of the Committees of the Board of which he or she is a member and he or she and the Creditor appointing such Creditor Nominee Director shall also be entitled to receive notice of all Board meetings, meetings of committees on which the Creditor Nominee Director is a member, and of all shareholder meetings, in accordance with the applicable laws."

<u>Nomination of Observers</u>

(f) If the Majority Shareholder decides not to appoint a Majority Shareholder Nominee Director, then for such time that the Majority Shareholder has not appointed a Majority Shareholder Nominee Director and for as long as such Majority Shareholder holds Shares corresponding to at least its Threshold Shareholding, it shall have the right, but not the obligation, to appoint an Observer to the meetings of the Board and the committees. The Observer of the Majority Shareholder shall be entitled to: (i) receive notice of any meeting of the Board and the committees that the Observer of the Majority Shareholder is entitled to attend (which notice shall be accompanied by all documents provided to other Directors, in accordance with Article 17 (b) (*Meetings of the Board*)); and (ii) attend all the meetings of the Board and the committees of the Board.

(g) In the event Affirma's shareholding falls below its Threshold Shareholding but it holds at least five (5%) of the Share Capital, Affirma shall have the right, but not the obligation, to appoint an Observer to the Board. For so long as Affirma holds Shares corresponding to at least its Threshold Shareholding, Affirma shall be entitled to appoint an Observer to the committees of the Board where Affirma does not have the right to appoint a member pursuant to Article 13 (i) to (n) which shall include the meetings of the Audit Committee during such periods of time when it is not a member of the Audit Committee. The Observer of Affirma shall be entitled to: (i) receive notice of any meeting of the Board or any committees that the Observer of Affirma is entitled to attend (which notice shall be accompanied by all documents provided to other Directors, in accordance with Article 17(b) (*Meetings of the Board*)); and (ii) attend all the meetings of the Board of which Affirma or its Affirma Nominee Director is not a member.

(h) In the event MIFIF's shareholding falls below its Threshold Shareholding but it holds at least five (5%) of the Share Capital, MIFIF shall have the right, but not the obligation, to appoint an Observer to the Board. For so long as MIFIF holds Shares corresponding to at least its Threshold Shareholding, MIFIF shall have the right, but not the obligation, to appoint an Observer to attend the (i) meetings of the Nomination and Remuneration Committee and (ii) the meetings of the Audit Committee during such periods of time when it is not a member of the Audit Committee. The Observer of MIFIF shall be entitled to receive notice of any committees that the Observer is entitled to attend (which notice shall be accompanied by all documents provided to other Directors, in accordance with Article 17(b) (*Meetings of the Board*)).

(i) Composition of Audit Committee: The Audit Committee shall be comprised as follows:

A. The KS Group and the Majority Shareholder shall as long as they are entitled to nominate Directors to the Board, be entitled to appoint one of the KS Group Nominee Directors, the Majority Shareholder Nominee Directors, respectively to the Audit Committee;

B. MIFIF and Affirma shall each be entitled to appoint an Observer to the Audit Committee in accordance with Article 13(h) and (g), respectively;

C. At least $2/3^{rd}$ of the Audit Committee shall be constituted by the Independent Directors and one of the Independent Directors shall be the Chairman of the committee.

If however, pursuant to Applicable Law, the Audit Committee cannot be constituted as set out above, one of the Majority Shareholder Nominee Directors (if so nominated by the Majority Shareholder) and a KS Group Nominee Director shall be a member of the Audit Committee at all times.

(j) Composition of Risk Management Committee: The KS Group, Majority Shareholder, Affirma and MIFIF shall, as long as they are entitled to nominate Directors to the Board, be entitled to appoint one of the KS Group Nominee Directors, the Majority Shareholder Nominee Directors, the MIFIF Nominee Director and the Affirma Nominee Director, respectively, to the Risk Management Committee.

(k) Composition of Nomination and Remuneration Committee: The Nomination and Remuneration Committee shall be constituted in accordance with the provisions of applicable Law including SEBI regulations and the Act. As long as a Director is a Chairman of the Company, such Director can be a member of the Nomination and Remuneration Committee, provided that, the constitution of the Nomination and Remuneration Committee is in accordance with the SEBI regulations.

(l) Composition of Finance Committee: The Finance Committee will be constituted by two KS Group Nominee Directors as nominated by the KS Group.

(o) The KS Group and the Majority Shareholder shall have the right to nominate one (1) nominee Director each to all the committees of the Board.

(p) Meetings of the committees of the Board shall be conducted in the same manner as the meetings of the Board.

(q) The scope of each of the committees of the Board (constituted as set out in Article 13(i) to (l)) shall be as mutually agreed between all the shareholders in writing. In case there is any change in the scope of each of committees of the Board as agreed to by the Shareholders in writing, other than a change mandated by law or a new committee is constituted to deal with any of the matters such agreed scope other than as required under law, the Shareholders shall have a right to nominate its nominee Director or representative (as the case may be) on such committee in the manner it is entitled to do so in the original committee as per Article 13(i) to (l)).

(r) The Company shall indemnify, defend and hold harmless to the maximum extent permitted under Applicable Law, at any time and from time to time, all Directors against all liability (civil or criminal or investigative or administrative) incurred by them in connection with such action, suit or proceeding by virtue of being a Director, including advancement of expenses so long as the Director acted in good faith and in best interests of the Company.

14. Removal/Resignation of Directors.

In the event of the resignation, retirement or vacation of office of a nominee Director of any of the Shareholders appointed pursuant to Article 13 (a) (*Board Composition*), the nominating Shareholder shall be entitled, subject to Article 13 (*Board Composition*), to nominate another person as such Shareholder's nominee

Director in place of the retiring nominee Director and all the other Shareholders (as applicable) shall exercise its rights in such manner so as to cause such election.

15. Chairman.

The Board shall appoint a Chairman of the Board (the "**Chairman**"). The Chairman shall preside at all meetings of the Board or any committee where he/ she is a member and at all General Meetings. The Chairman shall not have a casting or second vote at any meeting of the Board or any of its committees in the event of an equality of votes.

16. Applicability to Subsidiaries and Joint Ventures.

The provisions of Article 12 to 15, 17 to 19, 22 shall apply *mutatis mutandis* to the Subsidiaries of the Company and any joint venture under its Control.

17. Meetings of the Board.

(a) The Board shall meet at least four (4) times in each Financial Year (with no more than one hundred and twenty (120) days elapsing between two (2) consecutive Board meetings), subject to an annual schedule and confirmation of the date of the next Board meeting at the previous Board meeting. Meetings of the Board shall be in Chennai, unless otherwise agreed to by at least one (1) KS Group Nominee Director and one (1) Majority Shareholder Director in which case it may be held at such other place as may be reasonably determined by the Board of Directors.

(b) Written notice of each meeting of the Board or a committee shall be given to the Directors, their alternate directors and the Observer, if any, at the address notified from time to time by the Directors, their alternate Directors and the Observer, if any, at least seven (7) days in advance of such meeting. *Provided, however*, that a meeting of the Board or any committee thereof can be held at shorter notice with the consent of the majority of the Directors, including at least one (1) KS Group Nominee Director, the MIFIF Nominee Director, the Affirma Director and one (1) Majority Shareholder Nominee Director who have been appointed to the Board. An agenda setting out in detail the items of business proposed to be transacted at a meeting of the Board or committee together with necessary information and supporting documents shall be circulated to each Director, their respective alternate Directors and any Observer, at least seven (7) days prior to the date of the relevant meeting.

(c) The reasonable costs incurred by a Director (including the Majority Shareholder Nominee Directors, the MIFIF Nominee Director, Affirma Nominee Director and the KS Group Nominee Director) or an Observer in attending a meeting of the Board or committee or a General Meeting (including the reasonable costs of travel and attendance) shall be reimbursed by the Company. The Company shall mandatorily share a weblink with the relevant Directors and Observers to participate in meetings of the Board and/or any of the committees of the Board, by way of video conferencing.

18. Quorum at Board Meetings.

(a) The quorum for a meeting of the Board, duly convened and held, shall be a majority of Directors including at least one (1) Majority Shareholder Nominee Director, the MIFIF Nominee Director, the Affirma Nominee Director and one (1) KS Group Nominee Director, *provided, however*, that each of the Majority Shareholder, MIFIF, Affirma and the KS Group Group may, in writing, waive the requirements of quorum (in relation to its nominee Director) specified in this Article for any meeting. *Provided that, for a meeting of the Independent Directors required to be held in accordance with Applicable Law, the quorum requirements under this Article shall not apply and shall be deemed to be met on compliance with Applicable Law.*

(b) In the absence of a valid quorum at the meeting of the Board duly convened (the "**Initial Board Meeting**"), the meeting shall be adjourned to the same time and place not earlier than seven (7) days but no later than twenty-one (21) days thereafter, as the Chairman may determine and a written notice of such time and place for the adjourned meeting shall be provided to each of the Directors ("**Adjourned Board Meeting**"). If the quorum requirements as set out in Article 18(a) above are not met at such Adjourned Board Meeting, then subject to the provisions of the Act, the Directors present shall constitute quorum for such Adjourned Board Meeting, provided that no item not part of the agenda for the Initial Board Meeting shall be taken up at the Adjourned Board Meeting. All matters at a Board meeting or at a committee shall be decided by a majority of Directors present and voting except for the matters listed in Article 22 (*Consent Rights*) which shall be approved in the manner set out therein.

(c) Subject to Applicable Law, any Director shall be entitled to participate in, and be counted towards quorum for, a meeting of the Board in which he or she is not physically present, by video conference or other audio or visual means and the Chairman of such meeting / company secretary of the Company shall record such Director's observations in the minutes of such meeting.

19. Resolution by Circulation or Written Consent.

No resolution shall be deemed to have been duly passed by the Board or a committee by circulation or written consent, unless the resolution has been circulated in draft along with an agenda setting out in detail the items of business proposed to be transacted together with all reasonably necessary information and supporting documents, to all Directors (including any Observer) or to all members of the committee, and to all other Directors (including any Observer) or members at their usual address, and has been approved in writing by a majority of such Directors as are entitled to vote on the resolution, except for the matters listed in Article 22 (*Consent Rights*) which shall be approved in the manner set out therein.

19A (a) The Company shall constitute a Business Overview Committee which shall meet and deliberate on matters in the manner stipulated as mutually agreed between all the Shareholders from time to time. Further, the composition of such committee shall also be as mutually agreed between all the Shareholders from time to time.

VIII. MANAGEMENT

20. **Management of the Company**.

(a) The Company shall be managed by the Board of Directors, which shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do (other than any act or thing which is required, whether by Applicable Law or by the Charter, to be exercised or done by the Company in General Meeting).

Without prejudice to the aforesaid general powers of the Board, the Directors may from time to time and at any time subject to compliance with Applicable Law, delegate to the Key Management Person and other employees or other Persons, any of the powers and authorities vested in the Board and further, the Board may, at any time, remove any person so appointed (subject, however, to the provisions of Article 22 (*Consent Rights*) hereof) and may annul or vary such delegation.

(b) Subject to the terms of the Employment Agreement, the Key Person agrees and undertakes to continue to remain and serve the Company and the Company agrees and undertakes to employ the Key Person as the Managing Director of the Company until such date as agreed to by the Shareholders' in writing ("**Initial Employment Term**"). Prior to the expiry of the Initial Employment Term, the Nomination and Remuneration Committee shall undertake a process to identify and appoint a chief executive officer of the Company to replace the Key Person in the said office of the chief executive officer ("**New CEO**"). Provided however, in the event the New CEO has not been identified and appointed by the Company and the Company Offering has concluded prior to the expiry of the Initial Employment Term, the employment of the Key Person shall stand extended until 1 (one) year from the date of the Company Offering.

(c) However, it is hereby clarified that at any time during the subsistence of these Articles, the Key Person may be terminated and replaced by the Board solely for Cause pursuant to which (i) the Key Person shall be declassified from being a promoter of the Company; and (ii) the obligations set out in Article 10 (*Exit*) shall fall away and shall not be enforceable against the KS Group except the obligation to vote as set out in Article 10 (g) (*Exit*) of these Articles.

(d) If, at any time, the Board wishes to terminate the services of the Key Person for any reason other than for Cause, such termination shall be valid only if the Key Person consents to the same, which consent can (at the option of the Key Person) be subject to:

- (i) the Key Person being paid a severance in terms of the Employment Agreement;
- (ii) The Key Person may (at her option) continue to retain the right to remain or nominate a Director on the Board; and
- (ii) the obligations set out in Article 10 (*Exit*) shall fall away and shall not be enforceable against the KS Group.

(e) If, at any time, the employment of Key Person ceases for any reason, the Majority Shareholder shall be classified as the promoter of the Company subject to Applicable Law and provided it is so permitted by Governmental Authority where such permit is required, from the date of termination of the Key Person regardless of the continuance of the Key Person as a Shareholder.

(f) The Key Person (in her capacity as Managing Director) shall exercise her powers subject to the superintendence, control and direction of the Board, and for this purpose, appropriate powers shall be delegated to her by the Board of Directors.

(g) Subject to the provisions of Article 23 (*Consent Rights*), the terms and conditions of the appointment, including the remuneration payable by the Company to the Key Management Person shall be decided by the Board of Directors of the Company.

21. **Voting Obligations and Related Matters**

(a) Each of the Shareholders shall (i) vote with respect to any Shares respectively owned by them; and (ii) exercise all powers and rights available to them, to give full effect to the terms and conditions of these Articles.

IX. MISCELLANEOUS RIGHTS

22. Consent Rights

(a) Notwithstanding anything to the contrary contained in these Articles or elsewhere, the Company shall not, and the Company's Subsidiaries shall be caused to not, take the following decisions and actions whether at a General Meeting or a Board meeting or any other manner howsoever, without the prior written consent of the Majority Shareholder, the KS Group (acting collectively through the Key Person), Affirma and MIFIF ("**Reserved Matters**"):

i. Amendment of the Charter in any manner;

ii. Make or enable any change in the designations, powers, rights, preferences or privileges or the qualifications, limitations or restrictions of the Shares of MIFIF, Affirma or the Majority Shareholders or the KS Group in any manner, including by way of issuance of authorization of any securities having a structural or legal preference over the Shares of MIFIF, Affirma or the Majority Shareholders or the KS Group with respect to any matter including without limitation, dividend rights, voting rights, or liquidation preference, it being clarified that the consent of the Majority Shareholder or the KS Group, Affirma or MIFIF ("**Affected Shareholder**") shall only be required in respect of its Shares and not in respect of the Shares held by each other. Provided that in the event the change in the rights of any one Affected Shareholder, adversely affects the rights of the remaining Affected Shareholders, such change in rights shall also be a Reserved Matter for such remaining Affected Shareholders;

iii. Authorize or make any change in the issued, subscribed or paid up Share Capital or issue any Shares, or reorganize the Share Capital of the Company, whether by way of fresh issuance of Shares or by way of redemption, retirement or repurchase/buyback of any Shares (other than pursuant to an Exit as contemplated in Article 4 (*Exit Right of the KS Group*) or 10 (*Exit*)), or grant of any options over its Shares, including for purposes of increasing or reducing the pool of ESOP, or make any changes (directly or indirectly) in class rights for Shares;

iv. Authorize or undertake any Company Offering other than a QIPO;

v. Authorize or undertake any Trade Sale;

vi. Proceed with any Liquidation Event or suspend business operations;

vii. Authorize or undertake any reduction of capital;

viii. Change the nature of Business of the Company or undertake any new business, except as set forth in the Business Plan;

ix. Enter into any agreement, arrangement or transaction with any KS Group, or Shareholder of the Company or any Connected Concerns and their respective Affiliates, except as agreed to otherwise by the Shareholders and the Company in writing; or

x. Remove or replace the Auditors or change the Financial Year of the Company.

xi. Mergers, restructuring, arrangements, amalgamations, consolidations, split of Shares, and divestments by and/or of the Company.

(b) Notwithstanding anything to the contrary contained in these Articles or elsewhere, the Company shall not and the Company's Subsidiaries shall be caused to not, take the following decisions and actions whether at a General Meeting or a Board meeting or any other manner howsoever ("**Super Majority Matter**"), without obtaining in writing (i) the affirmative vote and prior written consent of the holders of at least seventy five percent (75%) of the Share Capital in a General Meeting, provided that the quorum requirements under Article 12(e) (*General Meetings*) are satisfied; or (ii) the affirmative vote of seventy five percent (75%) of the Directors present and voting in a Board meeting, provided that the quorum requirements under Article 18 (a) (*Quorum and Board Meetings*) are satisfied. In the event seventy five percent (75%) of the Directors present and voting results in a fraction, the fraction shall be rounded off to the nearest one. To illustrate, if all the eleven (11) Directors appointed as per Article 13 (a), are present and voting, the Company will require the affirmative vote of eight (8) of the eleven (11) Directors:

(i) set up or close down a Subsidiary;

(ii) make any material change to the accounting or Tax related policies, procedures or practices of the Company, other than as approved by or recommended by the Audit Committee;

(iii) Establishing, entering into, participating in any joint venture, partnership or strategic alliance (whether incorporated or not), or acquisition or investments or disposition of any shares or other interest in any company or entity. Provided however, if any such joint venture, partnership, alliance, investment or disposition is operationally related to the Business in nature, Approval shall be required wherein the consideration is in excess of Indian Rupees Fifty Crores Only (50,00,00,000) in the aggregate in any Financial Year;

(iv) create any encumbrances on the Company's assets other than those created in the ordinary course of business including for purposes of working capital, expansion and improvements;

(v) termination of the employment of the Key Person provided that the KS Group and/or the KS Group Nominee Directors shall not be entitled to participate in any decisions relating to the termination of the employment of the Key Person; and

(vi) purchase of real estate properties for purposes of the business of the Company, which is in excess of INR 10,00,00,000 (Indian Rupees ten crores only);

provided that, if, at any point of time, any Shareholder (either individually or along with its Affiliates) holds at least seventy five percent (75%) of the Share Capital of the Company, then no Super Majority Matter shall be passed without the affirmative vote of the holders of at least eighty percent (80%) of the Share Capital in a General Meeting and without the affirmative vote of seventy five (75%) of the Directors present and voting in a Board meeting, provided that the quorum requirements under Article 18 (a) (*Quorum at Board Meetings*) and Article 12 (e) (*General Meetings*) are satisfied.

(c) Notwithstanding anything to the contrary contained in these Articles or elsewhere, the Company shall not, and the Company's Subsidiaries shall be caused to not, take decisions and actions whether at a General Meeting or a Board meeting or any other manner howsoever, in relation to the appointment, termination or renumeration of any Key Management Person without the Approval of the Nomination and Remuneration Committee.

(d) The rights of the Shareholders as provided in this Article 22 (*Consent Rights*) shall subsist solely till such time as such Shareholder holds its respective Threshold Shareholding and shall fall away automatically if it should fall below such threshold at any time.

(e) In the event the Company has requested in writing for the written consent of the Shareholders in relation to any of the Reserved Matters; or if a Board meeting or a General Meeting has been convened for the purpose of approving a Reserved Matter and the Company does not receive the written consent of any Shareholder within twenty (21) days from the date of delivery of the Company's request or if the relevant nominee Director has failed to appear at the Adjourned Board Meeting held for this purpose or if the relevant Shareholder has failed to appear the Adjourned General Meeting held for this purpose, or the Invitee or the Observer (if entitled to be present) of the relevant Shareholder has not provided the copy of the consent from the Shareholder or the nominee director at the Board meeting or the General Meeting, then it shall be deemed that such Shareholder has provided its consent for the relevant Reserved Matter and the Company shall be entitled to proceed with such matter based on such deemed consent and such act of the Company shall not be a violation of Article 22 (a) (*Consent Rights*).

(f) *Deadlock*.

(i) If (A) in respect of a Reserved Matter, either of the KS Group, the Majority Shareholder, Affirma or MIFIF have provided their dissent within the timelines set out in Article 22 (e) above; or (B) in respect of a Super Majority Matter, the affirmative vote of such required number of Directors or Shareholders as set out in Article 22 (b) have not been procured for more than three (3) consecutively convened and completed meetings of the Board (or any of its committees) or two (2) consecutively convened and completed General Meetings, respectively, then any of the Company, the KS Group, the Majority Shareholder, Affirma or MIFIF, may, within twenty (20) Business Days of the occurrence of such an event (a "**Deadlock**"), serve a written notice on the other Shareholders and the Company(a "**Deadlock Notice**") stating that in its opinion a Deadlock has occurred, and identify the matter giving rise to the Deadlock.

(ii) Within five (5) Business Days of the date of service of the Deadlock Notice, the KS Group, Majority Shareholder, Affirma and MIFIF shall refer the matter giving rise to the Deadlock to: (A) in the case of the KS Group, Dr Kalpanaa Sankar; (B) in the case of the Majority Shareholder, to the person nominated for such purpose; and (C) in the case of MIFIF and Affirma, to the respective persons nominated by each of them for such purpose, each of whom shall use their reasonable endeavours to resolve the Deadlock in good faith.

(iii) If the Shareholders are unable to resolve the Deadlock in accordance with Article 22 (f)(ii) within fifteen (15) Business Days of the occurrence of a Deadlock, the relevant matter that is the subject of the Deadlock shall not be given effect, provided that:

a) if the Deadlock concerns the raising of funds, such fund raise shall proceed as if consented to by the KS Group, the Majority Shareholders, Affirma and MIFIF so long as (A) Company's CRAR prior to such fund raise is below the Threshold CRAR; (B) it is in accordance with Article 5(*Pre-emptive Rights*) and such fund raise is a requirement in the prevailing Business Plan without regard to the timelines set out in the prevailing Business Plan; (C) if the Majority Shareholder and/or its Affiliates participate in the proposed fund raise, then the Company's CRAR post such fund raise shall not exceed the Target CRAR and Shares shall be issued to the Majority Investor and/or its Affiliates at the Fair Market Value. If a Third Party participates in the fund raise along with the Majority Shareholder, then the price at which the Third Party participates shall be deemed to be the Fair Market Value; and (D) if the proposed fund raise is from a Third Person who is neither a Shareholder nor is an Affiliate of any Shareholder, the CRAR of the Company post such fund raise does not exceed the Maximum CRAR.
b) If the Deadlock pertains to the termination of the Key Person, subject to the recommendation of the Nomination and Remuneration Committee, the decision of the representative of the Majority Shareholder appointed under Article 22 (f)(ii) shall be deemed as the decision of the Company.

(iv) If the persons set out in Article 22 (f)(ii) resolve the Deadlock, they shall notify their decision to the Board and such decision shall be binding on the Board and the Shareholders.

23. **Information Rights.**

(a) The Company shall furnish to each Shareholder the following information:

(i) Within forty five (45) days after the end of each Financial Year, audited annual financial statements for the Company (in a form determined by the Majority Shareholder) setting out the balance sheet, statement of income, shareholders' equity and cash flows, in accordance with the Accounting Standards; and certified by the Auditors, along with a consolidating statement prepared by the Auditors, a copy of all management letters delivered by the Auditor;

(ii) Within forty five (45) days after the end of each of the first three (3) quarters of each Financial Year, management prepared quarterly financial statements (including a balance sheet as of the end of such quarter and the related statements of income, Shareholders' equity and cash flows for the quarter then ended, for each such quarter;

(iii) At least thirty (30) days prior to the beginning of each Financial Year, the proposed annual Business Plan and annual budgets of the Company prepared for that year;

(iv) On a quarterly basis, the progress and accomplishments (including results of the quarter, a statement of the key performance indicators for such quarter) and anticipated progress against the agreed targets for the next quarter;

(v) Full access to quarterly financial information regarding the Company and the books and records of the Company after providing reasonable notice, and to discuss the Business, operations and conditions of the Company with their respective Directors, officers, employees and accountants;

(vi) Certified copies of minutes of all meetings of the Board of Directors / Board committees and of all General Meetings of the Company within 15 (Fifteen) calendar days of the date of meetings; which minutes shall duly record all the observations, objections and demurs raised by the Directors to any matters, resolution or proceeding at the Board meetings;

(vii) Copies of notice of any actual Claim in excess of INR 5,00,00,000 received in writing by or against the Company, or, so far as it relates to the Company or its operations and the Business, or against any Key Management Person in relation to the Company or its operations and the Business;

(ix) the occurrence of any event which in the reasonable opinion of the Company has a material adverse effect on the operations of the Company;

(xi) All final written observations of the Reserve Bank of India pursuant to the audit/inspection carried out by the Reserve Bank of India on the Company pursuant to the provisions of Applicable Law;

(xii) Such other information (including any additional reports, management letters or other detailed information concerning the material aspects of the Business or the Company's operations or financial affairs not otherwise contained in other materials provided hereunder) as reasonably requested by the Shareholders or any Director in relation to the Company by providing a 15 (fifteen) days notice; and

(xiii) Within fifteen (15) days after the end of each calendar month, a MIS in the form agreed between the Shareholders and the Company.

(b) The Company shall allow the Shareholders and their authorised representatives (including employees, lawyers, accountants and professional advisors) (collectively, "**Authorised Representative**") the right to (i) access and inspect its books, accounting records, corporate, financial and other records, reports, contracts and commitments and make extracts and copies there from at their own expense, and (ii) fully access all of the Company's properties and assets, during normal business hours and with 10 (Ten) Business days' notice (or such reasonably shorter period as may be required by the Shareholders to effectively exercise their rights hereunder); and (iii) conduct internal or independent audits (either by itself or through any Third Party duly authorized by the Shareholder in this regard), as such Shareholder may deem fit. The Company shall instruct the officers and employees of the Company to give promptly all information and explanations to the Shareholders and/or their Authorised Representatives as they may reasonably request. Provided that (i) the Authorised Representatives of the Shareholders shall not impede the operations and the Business of the Company, during the course of their inspection; and (ii) the Shareholders shall ensure that the information procured from such access and information is maintained confidential by such Authorised Representatives, unless required to be disclosed pursuant to any Applicable Law or pursuant to any investigation / proceeding by a Governmental Authority.

We, the several persons, whose names and addresses are hereunder subscribed, are desirous of being formed into a Company, in pursuance of these Articles of Association.

Name of Subscriber and Signature	**Address, Description and occupation of Subscriber**	**No. of Equity Shares taken be each subscriber**	**Name, address, description &occupation & signature of witness**
Mr. Kannambillay Rajasimha Madhwaraj	No.820 1st Stage 10-A main Rd., Indira nagar , Bangalore -560038 s/o late Rajasimha Service	10 (TEN)	Mukund.P Vijayanagar, Chartered Accountant, No.1087,5th Block,66thCross, 18.BMain Rajajinagar, Bangalore-560010
Noel Christopher Mathias	11/4, Clarke Road, Bangalore 560005 s/o Late G.C.Mathias Business	10(TEN)	s/o P.L.NVijayanagar

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and subsisting contracts, which have been entered or are to be entered into by our Company which are, or may be, deemed material, will be attached to the copy of the Red Herring Prospectus and the Prospectus, as applicable, which will be delivered to the RoC for filing. Copies of the abovementioned documents and contracts, and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date and will be available on the website of our Company at https://belstar.in/offerdocumentrelatedfilings.

Any of the contracts or documents mentioned in this Draft 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 the Shareholders, subject to compliance with the provisions of the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Offer Agreement dated May 3, 2024 between our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated May 3, 2024 between our Company, the Selling Shareholders and the Registrar to the Offer.

3. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

4. Cash Escrow and Sponsor Bank Agreement dated [●] between our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Bank and the Refund Bank(s).

5. Share Escrow Agreement dated [●] between our Company, the Selling Shareholders and the Share Escrow Agent.

6. Syndicate Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

7. Underwriting Agreement dated [●] between our Company, the Selling Shareholders and the Underwriters.

B. Material Documents

1. Certified copies of the MoA and AoA of our Company, as amended from time to time.

2. Certificate of incorporation dated January 11, 1988, issued by the Registrar of Companies, Karnataka at Bangalore.

3. Fresh certificate of incorporation issued by the RoC on August 25, 2011

4. Fresh certificate of incorporation issued by the RoC on October 3, 2019.

5. Fresh certificate of incorporation consequent to the change in the name of our Company, issued by the RoC on January 10, 2020.

6. Registration certificates issued by the RBI dated December 12, 2013 and January 23, 2020.

7. Resolution of our Board dated April 26, 2024, approving the Offer and the resolution of the Shareholders dated May 2, 2024 approving the Fresh Issue.

8. Resolution of our IPO Committee dated May 3, 2024 approving this Draft Red Herring Prospectus.

9. Board resolution dated April 8, 2023 and Shareholders' resolution dated August 3, 2023 in relation to the terms of employment of our Managing Director.

10. Board resolution dated December 11, 2021 and Shareholders' resolution dated September 9, 2022 in relation to the terms of employment of our Whole-time Director.

11. Copies of the annual reports of our Company for the Fiscals 2023, 2022 and 2021.

12. The examination report dated April 26, 2024 of the Statutory Auditors, on our Restated Financial Information, included in this Draft Red Herring Prospectus.

13. The statement of possible special tax benefits dated May 3, 2024 issued by the Statutory Auditor.

14. Written consent of our Promoters, our Directors, our Chief Financial Officer, our Company Secretary and Chief Compliance Officer, our Key Managerial Personnel, our Senior Management, the BRLMs, the Syndicate Members, Legal Counsel to our Company, as to Indian law, Legal Counsel to the BRLMs, as to Indian Law, Registrar to the Offer, Monitoring Agency, Escrow Collection Bank(s), Public Offer Bank(s), Refund Bank(s), Sponsor Bank, Bankers to our Company, as referred to in their specific capacities.

15. Certificate dated May 3, 2024 issued by Varma & Varma, Chartered Accountants certifying the KPIs of the Company.

16. Resolution dated April 26, 2024 passed by the Audit Committee approving the KPIs for disclosure.

17. Written consent dated May 3, 2024 from Varma & Varma, Chartered Accountants, to include its name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and as an "expert" as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) examination report, dated April 26, 2024 on our Restated Financial Information; and (ii) their report dated May 3, 2024 on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

18. Written consent dated May 2, 2024 from KSM Associates, to include their name as the practicing company secretary and as an "expert" as defined under Section 2(38) of the Companies Act, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

19. Consent letter from CRISIL dated May 2, 2024 for the CRISIL Report.

20. The report titled "*Report on Microfinance Industry in India – For Belstar Microfinance*" dated March 2024 prepared by CRISIL, which has been commissioned by and paid for by our Company pursuant to an engagement letter with CRISIL exclusively for the purposes of the Offer.

21. Engagement Letter with CRISIL dated September 28, 2023.

22. Consent letters from the Selling Shareholders authorising their participation in the Offer.

23. Amended and Restated Shareholder's Agreement dated August 24, 2021 and as amended on February 25, 2022, on May 30, 2022 amongst our Company, Dr. Kalpanaa Sankar, C.V. Sankar, Bindu Dandapani, Hand In Hand Consulting Services Private Limited, Sarvam Financial Inclusion Trust, Muthoot Finance Limited, MAJ Invest Financial Inclusion Fund II K/S, Augusta Investments IV Pte Ltd, Arum Holdings Limited and Augusta Investments Zero Pte Ltd read with the Waiver cum Amendment Agreement dated May 3, 2024 to the SHA amongst our Company, KS Group (i.e., Dr. Kalpanaa Sankar, C.V. Sankar and Sarvam Financial Inclusion Trust), Muthoot Finance Limited, MAJ, Arum Holdings Limited and Augusta Investments Zero Pte Ltd.

24. Share Subscription Agreements dated August 24, 2021, entered into between our Company, Dr. Kalpanaa Sankar, C.V. Sankar, Bindu Dandapani, Hand In Hand Consulting Services Private Limited, Sarvam Financial Inclusion Trust and (i) Muthoot Finance Limited; (ii) MAJ Invest Financial Inclusion Fund II K/S; and (iii) Augusta Investments IV Pte Ltd and Arum Holdings Limited and the Share Subscription

Agreement dated May 30, 2022, entered into between our Company, SHA Promoters, Augusta Investments IV Pte Ltd, Augusta Investments Zero Pte Ltd and Arum Holdings Limited.

25. Trade Marks Licensing Agreement dated March 20, 2024, executed between Hand in Hand India and our Company.

26. Due diligence certificate dated May 3, 2024, addressed to SEBI from the BRLMs.

27. In – principal approvals dated [●] and [●] issued by BSE and NSE, respectively.

28. Tripartite agreement dated April 26, 2024 between our Company, NSDL and the Registrar to the Company.

29. Tripartite agreement dated April 26, 2024 between our Company, CDSL and the Registrar to the Company.

30. Application dated May 2, 2024, submitted by our Company to the RBI seeking prior approval in relation to the Offer.

31. SEBI observation letter bearing reference number [●] and dated [●].

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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Dr. Kalpanaa Sankar
Managing Director

Place: Chennai

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Balasubramanian Balakumaran
Whole-time Director

Place: Chennai

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vadakkakara Antony George
Independent Director

Place: Chennai

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Krishnamoorthy Venkataraman
Independent Director and Chairman

Place: Santa Clara, CA-95051, USA (on visit)

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Chinnasamy Ganesan
Independent Director
Belstar Microfinance Limited

Place: Chennai

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Kuttikattu Rajappan Bijimon
Non-Executive Director

Place: Kochi

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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George Alexander
Non-Executive Director

Place: Bengaluru

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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George Muthoot Jacob
Non-Executive Director

Place: London, U.K

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Vijay Nallan Chakravarthi
Non-Executive Director

Place: Mumbai

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Siva Chidambaram Vadivel Alagan
Non-Executive Director

Place: Tashkent, Uzbekistan

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Rajeswari Karthigeyan
Independent Director

Place: Chennai

Date: May 3, 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 or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

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Muralidharan L
Chief Financial Officer

Place: Chennai

Date: May 3, 2024

DECLARATION

We, Arum Holdings Limited, in our capacity as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us, as one of the Selling Shareholders and our respective portion of the Offered Shares, are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY AND ON BEHALF OF ARUM HOLDINGS LIMITED

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Name: Taeyub Kim

Authorised Signatory:

Designation: Director

Place: Republic of Korea

Date: May 3, 2024

DECLARATION

We, Augusta Investments Zero Pte Ltd, in our capacity as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us, as one of the Selling Shareholders and our respective portion of the Offered Shares, are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY AND ON BEHALF OF AUGUSTA INVESTMENTS ZERO PTE LTD

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Name: Ivo Philipps

Authorised Signatory:

Designation: Director

Place: Singapore

Date: May 3, 2024

DECLARATION

We, MAJ Invest Financial Inclusion Fund II K/S, in our capacity as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to us, as one of the Selling Shareholders and our respective portion of the Offered Shares, are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s), or any other person(s) in this Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF MAJ INVEST FINANCIAL INCLUSION FUND II K/S BY ITS DULY CONSTITUTED POWER OF ATTORNEY HOLDERS

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Name: Jens Aaløse

Designation: Managing Partner, Maj Invest Equity A/S (Manager of Maj Invest Financial Inclusion Fund II K/S)
Place: Copenhagen

Date: May 3, 2024

Name: Marianne Settnes

Designation: General Counsel, Maj Invest Equity A/S (Manager of Maj Invest Financial Inclusion Fund II K/S)
Place: Copenhagen

Date: May 3, 2024