(Please scan this QR Code to view the Draft Red Herring Prospectus)

Draft Red Herring Prospectus
Dated July 26, 2023
(Please read Section 32 of the Companies Act, 2013)
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Offer

FEDBANK FINANCIAL SERVICES LIMITED

Corporate Identity Number: U65910MH1995PLC364635

REGISTERED AND CORPORATE OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
Kanakia Wall Street, A Wing 5th Floor, Unit No. 511 Andheri Kurla Road, Andheri (East) Mumbai 400 093 Maharashtra, India	Rajaraman Sundaresan *Company Secretary and Compliance Officer*	**Email:** cs@fedfina.com **Telephone:** +91 22 6852 0601	www.fedfina.com

THE PROMOTER OF OUR COMPANY IS THE FEDERAL BANK LIMITED

DETAILS OF THE OFFER TO THE PUBLIC

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND RESERVATIONS AMONG QIBS, NIBS, RIBS, ELIGIBLE EMPLOYEES AND FEDERAL BANK SHAREHOLDERS
Fresh Issue and Offer for Sale	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 7,500.00 million	Offer for Sale of up to 70,323,408 Equity Shares aggregating up to ₹ [●] million	Up to [●] Equity Shares aggregating up to ₹ [●] million	The Offer is being made pursuant to Regulation 6(1) of the SEBI ICDR Regulations. For further details, see "*Other Regulatory and Statutory Disclosures – Eligibility for the Offer*" on page 407. For details in relation to share reservation among QIBs, NIBs, RIBs, Eligible Employees and Federal Bank Shareholders, see "*Offer Structure*" on page 428.

OFFER FOR SALE BY THE PROMOTER/SELLING SHAREHOLDERS

NAME OF SELLING SHAREHOLDER	TYPE	NO. OF EQUITY SHARES OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*
The Federal Bank Limited	Promoter	Up to 16,497,973 Equity Shares	19.34**
True North Fund VI LLP	Other	Up to 53,825,435 Equity Shares	45.22**

**As certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.*
***Average cost of acquisition per Equity Share. For details of weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year, eighteen months and three years preceding the date of this Draft Red Herring Prospectus, see "Offer Document Summary - Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year, eighteen months and three years preceding the date of this Draft Red Herring Prospectus" on page 18.*

RISKS IN RELATION TO THE FIRST OFFER

The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and the Offer Price, as determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers ("**BRLMs**"), 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 98 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 25.

ISSUER'S AND THE 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 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. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only such statements specifically made or confirmed by such Selling Shareholders in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter alia, any of the statements made by or relating to the Company or its business or any of the other Selling Shareholder in this Draft Red Herring Prospectus.

LISTING
The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). For the purposes of the Offer, the Designated Stock Exchange shall be [●].

BOOK RUNNING LEAD MANAGERS		
NAME AND LOGO	**CONTACT PERSON**	**EMAIL AND TELEPHONE**
ICICI Securities Limited	Shekher Asnani/Gaurav Mittal	**Tel:** +91 22 6807 7100 **E-mail:** fedfina.ipo@icicisecurities.com
BNP Paribas	Piyush Ramchandani	**Tel:** +91 22 3370 4000 **E-mail:** DL.Fedfina.IPO@bnpparibas.com
Equirus Capital Private Limited*	Ankesh Jain	**Tel:** +91 22 4332 0700 **E-mail:** fedfina.ipo@equirus.com
JM Financial Limited	Prachee Dhuri	**Tel:** +91 22 6630 3030 **E-mail:** fedfina.ipo@jmfl.com

REGISTRAR TO THE OFFER		
NAME	**CONTACT PERSON**	**EMAIL AND TELEPHONE**
Link Intime India Private Limited	Shanti Gopalkrishnan	**E-mail:** fedbankfinancialservices.ipo@linkintime.co.in **Tel:** +91 810 811 4949

BID/ OFFER PERIOD					
ANCHOR INVESTOR BID/OFFER PERIOD OPENS / CLOSES ON	[●](1)	**BID / OFFER OPENS ON**	[●]	**BID / OFFER CLOSES ON**	[●](2) ^

** Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

(1) *Our Company and the Selling Shareholders in consultation with the BRLMs may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

(2) *Our Company and the Selling Shareholders 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.*

^ UPI mandate end time shall be at 5:00 PM on Bid/ Offer Closing Date.

Draft Red Herring Prospectus
Dated July 26, 2023
(Please read Section 32 of the Companies Act, 2013)
100% Book Built Offer

FEDBANK FINANCIAL SERVICES LIMITED

Our Company was incorporated as '*Fedbank Financial Services Limited*' on April 17, 1995 in Kerala at Kochi as a public limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Kerala at Kochi. Our Company received a certificate of commencement of business issued by the Registrar of Companies, Kerala at Kochi dated July 17, 1995. Subsequently, pursuant to a change in our registered office by way of a resolution passed by our shareholders on February 10, 2021, a certificate of registration in relation to the change of state was issued by the Registrar of Companies, Maharashtra at Mumbai on July 26, 2021. For further details on the change in the registered office of our Company, see "*History and Certain Corporate Matters*" on page 224. Our Company is registered with the Reserve Bank of India ("**RBI**") to carry on the business of a non-banking financial institution without accepting public deposits (certificate of registration no. N-16.00187). For details, see "*Government and Other Approvals*" on page 404.

Registered and Corporate Office: Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East), Mumbai 400 093, Maharashtra, India
Tel: +91 22 6852 0601; **Website**: www.fedfina.com; **Contact Person**: Rajaraman Sundaresan, Company Secretary and Compliance Officer; **E-mail**: cs@fedfina.com
Corporate Identity Number: U65910MH1995PLC364635

OUR PROMOTER: THE FEDERAL BANK LIMITED

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF FEDBANK FINANCIAL SERVICES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 7,500 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 70,323,408 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE"), COMPRISING UP TO 16,497,973 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY THE FEDERAL BANK LIMITED ("PROMOTER SELLING SHAREHOLDER") AND UP TO 53,825,435 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY TRUE NORTH FUND VI LLP ("INVESTOR SELLING SHAREHOLDER", AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES").

THIS OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION") AND A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION, FOR SUBSCRIPTION BY FEDERAL BANK SHAREHOLDERS (AS DEFINED HEREINAFTER) (THE "FEDERAL BANK SHAREHOLDERS RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION AND THE FEDERAL BANK SHAREHOLDERS RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE [●]% AND [●]% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL, RESPECTIVELY.

OUR COMPANY AND THE SELLING SHAREHOLDERS MAY, IN CONSULTATION WITH THE BRLMS, CONSIDER A PRIVATE PLACEMENT OF SPECIFIED SECURITIES OR THROUGH SUCH OTHER ROUTE AS MAY BE PERMITTED UNDER APPLICABLE LAW, OF UP TO 20% OF THE FRESH ISSUE OR SUCH OTHER AMOUNT AS MAY BE ALLOWED UNDER APPLICABLE LAW FOR CASH CONSIDERATION AGGREGATING UP TO ₹1,500 MILLION PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). IF THE PRE-IPO PLACEMENT IS UNDERTAKEN, IT WILL BE AT A PRICE TO BE DECIDED BY THE COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMS AND THE MINIMUM OFFER SIZE (COMPRISING THE FRESH ISSUE SO REDUCED BY THE AMOUNT RAISED FROM THE PRE-IPO PLACEMENT, AND THE OFFER FOR SALE) SHALL CONSTITUTE AT LEAST 10 % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND THE [●] EDITION OF [●], A MARATHI DAILY NEWSPAPER (MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO 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 SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision 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 and the Selling Shareholders 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, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Banks, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"), provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In 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 (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders of which (a) one third shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two third shall be reserved for applicants with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders ("**RIBs**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received 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 providing details of their respective ASBA accounts, and UPI ID in case of UPI Bidders (defined hereinafter), in which the corresponding Bid Amounts will be blocked by the SCSBs to participate in the Offer. Anchor Investors are not permitted to participate in the Offer through the ASBA process. 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. Also, up to [●] Equity Shares, aggregating up to ₹[●] million shall be made available for allocation on a proportionate basis only to Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion, subject to valid Bids being received at or above the Offer Price. For details, see "*Offer Procedure*" on page 433.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and the Offer Price, as determined and justified by our Company and the Selling Shareholders, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, as stated under "*Basis for Offer Price*" on page 98 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the 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 25.

ISSUER'S AND THE 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 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.

Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only such statements specifically made or confirmed by such Selling Shareholders in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter alia, any of the statements made by or relating to the Company or its business or any of the other Selling Shareholder in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and 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 delivered to the RoC in accordance with Sections 26(4) and 32 of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 460.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities	BNP PARIBAS	equirus	JM FINANCIAL	LINKIntime
ICICI Securities Limited ICICI Venture House Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6807 7100 **E-mail:** fedfina.ipo@icicisecurities.com **Website:** www.icicisecurities.com **Investor grievance E-mail:** customercare@icicisecurities.com **Contact Person:** Shekher Asnani/Gaurav Mittal **SEBI Registration No.:** INM000011179	**BNP Paribas** 1-North Avenue, Maker Maxity Bandra Kurla Complex, Bandra (E) Mumbai 400 051 Maharashtra, India **Tel:** +91 22 3370 4000 **E-mail:** DL.Fedfina.IPO@bnpparibas.com **Website:** www.bnpparibas.co.in **Investor grievance e-mail:** indiainvestors.care@asia.bnpparibas.com **Contact person:** Piyush Ramchandani **SEBI Registration No.:** INM000011534	**Equirus Capital Private Limited*** 12th Floor, C Wing, Marathon Futurex N M Joshi Marg, Lower Parel Mumbai 400 013 Maharashtra, India **Tel:** +91 22 4332 0700 **E-mail:** fedfina.ipo@equirus.com **Website:** www.equirus.com **Investor grievance e-mail:** investorsgrievance@equirus.com **Contact person:** Ankesh Jain **SEBI Registration No.:** INM000011286	**JM Financial Limited** 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6630 3030 **E-mail:** fedfina.ipo@jmfl.com **Website:** www.jmfl.com **Investor Grievance E-mail:** grievance.ibd@jmfl.com **Contact Person:** Prachee Dhuri **SEBI Registration No.:** INM000010361	**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**: fedbankfinancialservices.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Investor Grievance ID:** fedbankfinancialservices.ipo@linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration No.:** INR000004058

BID/ OFFER PERIOD			
BID/ OFFER OPENS ON	[●](1)	**BID/ OFFER CLOSES ON**	[●](2)^

** Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

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

(2) Our Company and the Selling Shareholders 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

^ UPI mandate end time shall be at 5:00 PM on Bid/ Offer Closing Date.

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TABLE OF CONTENTS

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulations, rules, guidelines or policies shall be to such legislation, act, regulations, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, 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 same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable. Notwithstanding the foregoing, the terms used in "Industry Overview", "Key Regulations and Policies", "Statement of Possible Special Tax Benefits", "Restated Financial Information", "Basis for Offer Price", "History and Certain Corporate Matters", "Selected Statistical Information", "Financial Indebtedness", "Outstanding Litigation and Material Developments", "Other Regulatory and Statutory Disclosures", and "Description of Equity Shares and Terms of Articles of Association" on pages 115, 211, 110, 275, 98, 224, 257, 395, 399, 406 and 454 respectively shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
"our Company", "the Company", "the Issuer", "we", "us" or "our"	Fedbank Financial Services Limited, a company incorporated under the Companies Act, 1956 and registered as a non-banking financial institution without accepting public deposits with the RBI (certificate of registration no. N-16.00187), having its Registered and Corporate Office at Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East), Mumbai – 400 093, Maharashtra, India.Our Company has no subsidiary as on the date of this Draft Red Herring Prospectus.

Company and Selling Shareholders Related Terms

Term	Description
"Articles of Association" or "AoA"	Articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of the Board of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, guidelines issued by the RBI from time to time, and as described in "*Our Management – Audit Committee*" on page 238
"Auditors" or "Statutory Auditors"	B S R & Co. LLP, Chartered Accountants, the current statutory auditors of our Company
"Board" or "Board of Directors"	Board of directors of our Company, as constituted from time to time
Capital Raising Committee	Capital Raising Committee of our Board, as described in "*Our Management – Capital Raising Committee*" on page 243
Chief Financial Officer	C. V. Ganesh, the Chief Financial Officer of our Company. For details, see "*Our Management – Key Managerial Personnel*" on page 248
Company Secretary and Compliance Officer	Rajaraman Sundaresan, the Company Secretary and Compliance Officer of our Company. For details, see "*Our Management – Key Managerial Personnel*" on page 248
"Corporate Social Responsibility Committee" or "CSR Committee"	The corporate social responsibility committee of the Board of our Company constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management – Corporate Social Responsibility Committee*" on page 243
CRISIL	CRISIL Limited
CRISIL MI&A	CRISIL Market Intelligence and Analytics
CRISIL Report	Report titled "*Analysis of NBFC sector and select asset classes in India*" dated July 2023, prepared and issued by CRISIL Market Intelligence & Analytics (MI&A), a division of CRISIL, which has been commissioned and paid for by our Company in connection with the Offer for an agreed fee, pursuant to addendum no. 3 dated June 14, 2023 to the agreement for services dated October 22, 2021 entered into between our Company and CRISIL. The Report shall be available on the website of our Company, at https://fedfina.com/investor/disclosure/, from the date of the Red Herring Prospectus till the Bid/ Offer Closing Date
Director(s)	The directors on the Board of our Company
Equity Shares	Equity shares of face value of ₹10 each of our Company
ESOP 2018	Fedbank Financial Services Limited Employee Stock Option Plan 2018
Group Company	Niva Bupa Health Insurance Company Limited, identified as a group company in accordance with the SEBI ICDR Regulations and the Materiality Policy. For details, see "*Our Group Company*" on page 254
Independent Director(s)	Independent director(s) on our Board. For details of the Independent Directors, see "*Our Management*" on page 233
Investor Selling Shareholder	True North Fund VI LLP
""Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company, identified in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as described in "*Our Management – Key Managerial Personnel*" on page 248

Term	Description
"Managing Director" and "Chief Executive Officer"	Anil Kothuri, the Managing Director and Chief Executive Officer of our Company. For details, see "*Our Management*" on page 233
Materiality Policy	The policy adopted by our Board for identification of group companies in its meeting dated June 21, 2023, for material outstanding litigation in its meeting dated July 17, 2023 and for outstanding dues to material creditors of our Company in its meeting dated June 21, 2023, in accordance with the disclosure requirements under the SEBI ICDR Regulations for the purpose of disclosure in this Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus
"Memorandum of Association" or "MoA"	Memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	Nomination and remuneration committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations and guidelines issued by the RBI from time to time and as described in "*Our Management – Nomination and Remuneration Committee*" on page 241
Non-Executive Director/(s)	Non-executive director(s) of our Company. For further details of our Non-Executive Directors, see "*Our Management*" on page 233
"OCRPS" or "Preference Shares"	Optionally convertible redeemable preference shares of face value ₹10 each of our Company. Pursuant to Board resolutions each dated February 14, 2022, 2,000,000 OCRPS were redeemed by our Company for an aggregate amount of ₹ 84.20 million and 2,729,730 OCRPS were converted into 2,729,730 Equity Shares. Accordingly, there are no outstanding OCRPS as on the date of this Draft Red Herring Prospectus.
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in "*Our Promoter and Promoter Group*" on page 251
"Promoter" or "Federal Bank" or "Promoter Selling Shareholder"	The promoter of our Company, namely The Federal Bank Limited
Registered and Corporate Office	Registered and corporate office of our Company is situated at Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East), Mumbai – 400 093, Maharashtra, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Maharashtra at Mumbai
Restated Financial Information	The restated financial information of our Company comprising the restated statement of assets and liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the restated profit and loss account (including other comprehensive income), the restated statement of profit and loss, restated cash flow statement for each of the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, the summary statement of significant accounting policies, and other explanatory information prepared by our Company in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time
Risk Management Committee	The risk management committee of our Board constituted in accordance with the Companies Act, 2013 as described in "*Our Management – Risk Management Committee*" on page 240
Selling Shareholders	Collectively, the Promoter Selling Shareholder and the Investor Selling Shareholder
"Senior Management Personnel" or "SMP"	Senior Management Personnel of our Company in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, as described in "*Our Management – Senior Management Personnel*" on page 248
SHA	Shareholders' agreement dated May 11, 2018 executed among our Company, Federal Bank and True North Enterprise Private Limited, as supplemented by the deed of adherence dated October 29, 2018 executed by True North Fund VI LLP and amended pursuant to the SHA Amendment Agreement
SHA Amendment Agreement	Amendment agreement dated July 19, 2023 executed among our Company, Federal Bank and True North Fund VI LLP
SHA Parties	Our Company, Federal Bank and True North Fund VI LLP
Shareholders	The holders of the Equity Shares from time to time
Stakeholders' Relationship Committee	The stakeholders' relationship committee of the Board of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Our Management - Stakeholders' Relationship Committee*" on page 242

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 the relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
"Allot" or "Allotment" 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
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted

Term	Description
Anchor Investor	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 and who has Bid for an amount of at least ₹100 million. For further details, see "*Offer Procedure*" on page 433
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, during the Anchor Investor Bid/Offer Period
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/Offer Period	The day being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be 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 and the Selling Shareholders, in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price, no later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and will include applications made by UPI Bidders using the UPI Mechanism where made available where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by UPI Bidders using the UPI Mechanism
ASBA Account	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 UPI Bidder which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidders using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bankers to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Structure*" beginning on page 428
Bid	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer 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 as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder 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 Retail Individual Bidder 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, as applicable. Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-Off Price and the Bid Amount shall be the Cap Price multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 in value. Only in the event of undersubscription 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
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, which shall be notified in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and the [●] edition of [●], a

Term	Description
	Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation, and in case of any such extension, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Syndicate Member and communicated to the intermediaries Designated Intermediaries and the Sponsor Banks, as required under the SEBI ICDR Regulations. Our Company and the Selling Shareholders, in consultation with the BRLMs 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. In case of any revision, the extended Bid/ Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges, and also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members, which shall also be notified in an advertisement in same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and the [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations. 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 and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for the QIB Portion one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations
Bidder	Any prospective 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 ASBA Bidder and 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	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely, I-Sec, Equirus*, BNPP and JM Financial **Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*
BNPP	BNP Paribas
Broker Centres	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 contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
"CAN" or "Confirmation of "Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/ Offer Period
Cap Price	Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow and Sponsor Banks Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders, the BRLMs, the Syndicate Members, the Registrar to the Offer and the Bankers to the Offer for, inter alia, collection of the Bid Amounts from the Anchor Investors, transfer of funds to the Public Offer Account and where applicable, remitting refunds (if any) on the terms and conditions thereof and the appointment of Sponsor Banks in accordance with the UPI Circulars
Client ID	Client identification number maintained with one of the Depositories in relation to 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 at the Designated CDP Locations in terms of the SEBI RTA Master Circular, and the UPI Circulars issued by SEBI and the Stock Exchanges as per the list available on the websites of the Stock Exchanges
Cut-off Price	Offer Price, finalised by our Company and the Selling Shareholders, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders, Eligible Employees Bidding in the Employee Reservation Portion and Federal Bank Shareholders applying in the Federal Bank Shareholders Reservation Portion (subject to the Bid Amount being up to ₹200,000) are entitled to Bid at the Cut-off Price. QIBs (including the Anchor Investors), Non-Institutional Bidders and Federal Bank Shareholders submitting Bid Amount of

Term	Description
	more than ₹200,000 under the Federal Bank Shareholders Reservation Portion are not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of UPI Bidders using UPI Mechanism), instruction issued through the Sponsor Banks) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or are unblocked, as the case may be, after finalisation of the Basis of Allotment in terms of the Red Herring Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs 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 (Bidding using the UPI Mechanism) where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidder using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs, Non-Institutional Bidders (not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, sub-Syndicate, 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. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://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
Designated Stock Exchange	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated July 26, 2023 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Eligible Employee(s)	All or any of the following: (a) a permanent employee of our Company or our Promoter (Federal Bank), working 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 Promoter (Federal Bank), until the submission of the Bid cum Application Form; and (b) a Director of our Company, 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, until the submission of the Bid cum Application Form, but not including Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. 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, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000
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 constitute an invitation to subscribe to the Equity Shares
Eligible NRI(s)	NRI(s) 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 subscribe to or to purchase the Equity Shares
Employee Reservation Portion	The portion of the Offer being up to [●] Equity Shares, aggregating up to ₹[●] million available for allocation to Eligible Employees, on a proportionate basis. Such portion shall not exceed 5% of the post-Offer Equity Share capital of our Company
Equirus	Equirus Capital Private Limited* **Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer*

Term	Description
Escrow Account	Accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	Bank(s) which are a clearing members and registered with SEBI as banker(s) to an offer under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account in relation to the Offer for Bids by Anchor Investors, will be opened, in this case being [●]
FCNR	Foreign currency non-resident account
Federal Bank Shareholders	Individuals and HUFs who are the public equity shareholders of Federal Bank, our Promoter, excluding such other persons not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines and any depository receipt holders of Federal Bank, as on the date of the Red Herring Prospectus
Federal Bank Shareholders Reservation Portion	Reservation of up to [●] Equity Shares, available for allocation to Federal Bank Shareholders, on a proportionate basis
First or sole Bidder	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	Lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fraudulent Borrower	A fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 7,500.00 million by our Company. Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider a private placement of specified securities, or through such other route as may be permitted under applicable law, of up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹1,500 million prior to filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the minimum Offer Size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least 10% of the post-Offer paid-up Equity Share capital of our Company.
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020, and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
I-Sec	ICICI Securities Limited
JM Financial	JM Financial Limited
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price
Minimum NII Application Size	Bid Amount of more than ₹ 200,000
Monitoring Agency	[●], being a credit rating agency registered with SEBI
Monitoring Agency Agreement	Agreement to be entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price
Net Offer	The Offer less the Employee Reservation Portion and the Federal Bank Shareholders Reservation Portion
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 93
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors
Non-Institutional Bidders	All Bidders that are not QIBs (including Anchor Investors) and Retail Individual Bidders or Federal Bank Shareholders and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer comprising [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price, in the following manner: (a) one third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; (b) 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 clauses (a) or (b), may be allocated to applicants in the other sub-category of non-institutional investors
Non-Resident	Person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs
Offer	The initial public offer of Equity Shares comprising the Fresh Issue and the Offer for Sale. The Offer comprises the Net Offer, Employee Reservation Portion and the Federal Bank Shareholders Reservation Portion.

Term	Description
Offer Agreement	Agreement dated July 26, 2023 entered amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 70,323,408 Equity Shares aggregating up to ₹[●] million, comprising up to 16,497,973 Equity Shares aggregating up to ₹[●] million by the Promoter Selling Shareholder and up to 53,825,435 Equity Shares aggregating up to ₹[●] million by the Investor Selling Shareholder. For further information, please see "*The Offer*" on page 63
Offer Price	₹ [●] per Equity Share, being the final price (within the Price Band) at which Equity Shares will be Allotted to successful ASBA Bidders, as determined in accordance with the Book Building Process and in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price, which will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus
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*" beginning on page 93
Offered Shares	Up to 70,323,408 Equity Shares aggregating up to ₹[●] million being offered by the Selling Shareholders in the Offer for Sale, comprising up to 16,497,973 Equity Shares aggregating up to ₹[●] million by the Promoter Selling Shareholder and up to 53,825,435 Equity Shares aggregating up to ₹[●] million by the Investor Selling Shareholder
Pre-IPO Placement	Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider a private placement of specified securities, or through such other route as may be permitted under applicable law, of up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹1,500 million prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the minimum Offer Size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least 10% of the post-Offer paid-up Equity Share capital of our Company
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof. The Cap Price shall be at least 105% of the Floor Price. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and the [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	Date on which our Company and the Selling Shareholders, in consultation with the BRLMs, will finalise the Offer Price
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	No lien and non-interest bearing account to be opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Account Bank(s)	A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being [●]
"QIB Category"or "QIB Portion"	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors) in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the BRLMs, subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price
"Qualified Institutional Buyers" or "QIBs" or "QIB Bidders"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
"Red Herring Prospectus" or "RHP"	Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price 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)	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 Bidders shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with SEBI under the SEBI (Stock Brokers) Regulations, 1992, with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible

Term	Description
	to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012, and the UPI Circulars
Registrar Agreement	Agreement dated July 17, 2023 entered into by and 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, in terms of the SEBI RTA Master Circular, as per the list available on the websites of the Stock Exchanges, and the UPI Circulars
"Registrar to the Offer" or "Registrar"	Link Intime India Private Limited
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their *karta* and Eligible NRIs)
Resident Indian	A person resident in India, as defined under FEMA
Retail Portion	Portion of the Offer being not less than 35% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (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, Non-Institutional Bidders and Federal Bank Shareholders Bidding under the Federal Bank Shareholders Reservation Portion for a Bid Amount of more than ₹200,000 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, Eligible Employees Bidding in the Employee Reservation Portion and Federal Bank Shareholders Bidding under the Federal Bank Shareholders Reservation Portion (subject to the Bid Amount being up to ₹200,000) can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date
SCORES	SEBI Complaints Redress System
"Self-Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is available on to the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43. The said list shall be updated on the SEBI website
Share Escrow Agent	Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time
Sponsor Banks	[●] and [●], being Bankers to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the UPI Bidders using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
"Syndicate" or "Members of the Syndicate"	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders, the BRLMs, the Registrar and the Syndicate Members, in relation to collection of Bids by the Syndicate
Syndicate Member(s)	Intermediaries (other than the BRLMs) registered with SEBI who are permitted to accept bids, applications and place order with respect to the Offer and carry out activities as an underwriter, namely, [●]
Sub-Syndicate Member(s)	The sub-syndicate members, if any, appointed by the Book Running Lead Managers and the Syndicate Members, to collect ASBA Forms and Revision Forms
Underwriters	[●]
Underwriting Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders and the Underwriters on or after the Pricing Date but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Bidders	Collectively, individual investors applying as (i) Retail Individual Bidders in the Retail Portion, (ii) Eligible Employees, under the Employee Reservation Portion, (iii) Federal Bank Shareholders bidding in the Federal Bank Shareholders Reservation Portion, and (iii) Non-Institutional Bidders with an application size of up to ₹ 500,000 in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

Term	Description
	Pursuant to Circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, 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/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR /2022/75 dated May 30, 2022 and the SEBI RTA Master Circular (to the extent pertaining to UPI) along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022, and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the UPI Bidders) by way of a notification on the UPI linked mobile application and by way of an SMS on directing the UPI Bidders to such UPI linked mobile application) to the UPI Bidders initiated by the Sponsor Banks to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	Process for applications by UPI Bidders submitted with intermediaries with UPI as mode of payment, in terms of the UPI Circulars
UPI PIN	Password to authenticate a UPI transaction
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI and the UPI Circulars

Technical/Industry Related Terms/Abbreviations

Term	Description
Acuite	Acuité Ratings & Research Limited
ALM	Asset liability management
API	Application Programming Interface
ATS	Average ticket size
AUM	AUM (Assets Under Management) represents the aggregate of the Gross Loan Book and the derecognised portion of loans which have been transferred by our Company by way of direct assignment and are outstanding as of the last day of the relevant period.
CAGR	Compound annual growth rate
CARE	CARE Ratings Limited
CC	Cash credit facility
CCTV	Closed-circuit television
CIBIL	TransUnion CIBIL Limited
CMR	CIBIL MSME Rank
CP	Commercial papers
CRAR	Capital to risk (weighted) assets ratio, or capital adequacy ratio
CSR	Corporate social responsibility
DPD	Days past due
DSA	Direct selling agent
ECL	Expected credit loss
EMI	Equated monthly instalments
ERP	Enterprise resource planning
ESEI	Emerging self-employed individuals
ESG	Environmental, social and governance
GDP	Gross Domestic Product
GPS	Global Positioning System
Gold loan peer set	The players considered for this peer comparison are Muthoot Finance and Manappuram Finance *(Source: CRISIL Report)*
Gross Loan Book	Gross Loan Book represents the aggregate of future principal outstanding, principal overdue, interest overdue and interest accrued but not due from borrowers pertaining to loans held in our books as on the last day of the relevant period. These have been adjusted for expected credit loss on loan assets measured at fair value through offer comprehensive income.
“Gross NPA” or “GNPA” or “Stage 3 loans”	Gross NPA, GNPA or Stage 3 Loans refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).

Term	Description
Gross Stage 3 Loans	Gross Stage 3 loans comprise of gross carrying amount of Stage 3 loan assets measured at amortized cost and at fair value through other comprehensive income.
HFC	Housing finance company
India Ratings	India Ratings and Research Private Limited
IRACP	Income recognition, asset classification and provisioning
IRACP Norms	Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances
KYC	Know your customer
LAP	Loan against property
LTV	Loan-to-value ratio
Medium Ticket LAP	Medium Ticket Loan Against Property products denotes loan against property done through a combination of verified income (documented) supported with assessed income – and against loan requirements typically exceeding ₹ 2.5 million at a borrower level and originated out of our regional metro-hubs. These loans are typically sourced through our direct selling agents.
MLD	Market linked debentures
MSME	Micro, small and medium enterprise
MSME peer set	The players considered for this peer comparison are Five Star Business Finance, Veritas Finance, and Vistaar Finance *(Source: CRISIL Report)*
NBFC	Non-banking financial company
NBFC-ND-SI Directions	Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17) dated September 1, 2016 (updated on June 20, 2023)
NCD	Non-convertible debentures
"Net NPA" or "NNPA"	Gross NPA reduced by impairment loss allowance (i.e. ECLs allowance) made against these loans as of the last day of the relevant reporting period
NHB	National Housing Bank
NOF	Net Owned Fund, as defined in section 45-IA of the RBI Act, 1934, which means - (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the company after deducting there from– (i) accumulated balance of loss; (ii) deferred revenue expenditure; and (iii) other intangible assets; and (b) further reduced by the amounts representing (1) investments of such company in shares of– (i) its subsidiaries; (ii) companies in the same group; (iii) all other non-banking financial companies; and (2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with,– (i) subsidiaries of such company; and (ii) companies in the same group, to the extent such amount exceeds ten per cent of (a) above. Our Company, in its calculation of NOF has considered the above formulae to the extent applicable to it
NPA	Non-performing asset
OD	Overdraft facility
Peer set	The players considered for this peer comparison are Aptus Value Housing Finance, our Company, HDB Financial Services, IIFL Finance, Manappuram Finance, Muthoot Finance, Repco Home Finance, Shriram City Union Finance, Five Star Business Finance, Veritas Finance, and Vistaar Finance *(Source: CRISIL Report)*
Resolution Framework	Collectively, the notification released by RBI dated August 6, 2020 titled "Resolution Framework for COVID-19-related Stress" and related notifications dated September 7, 2020, May 5, 2021 and August 6, 2021
Small Ticket LAP	Small Ticket Loan Against Property product denotes loan against property requirement for ticket sizes less than ₹ 2.5 million and originated in-house through our small-ticket LAP branches. These can be cases either on assessed income basis or on formal income basis or a combination of both
"Systemically Important NBFC" or "NBFC-ND-SI"	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
WCDL	Working capital demand loan
YoY	Year on year

Conventional and General Terms or Abbreviations

Term	Description
"₹" or "Rs." or "Rupees" or "INR"	Indian rupees
AGM	Annual general meeting
AIFs	Alternative investments funds
"Banking Regulation Act"	Banking Regulation Act, 1949
BSE	BSE Limited
CAGR	Compound annual growth rate
CSR	Corporate social responsibility
"Calendar Year"	A calendar year is a one-year period that begins on January 1 and ends on December 31, based on the commonly-used Gregorian calendar
"Category I AIF"	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
"Category II AIF"	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
"Category III AIF"	AIFs who are registered as "Category III 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
CBDT	The Central Board of Direct Taxes
CrPC	The Code of Criminal Procedure, 1973
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
"Companies Act" or "Companies Act, 2013"	Companies Act, 2013, along with the relevant rules made thereunder
"Companies Act, 1956"	Erstwhile Companies Act, 1956, along with the relevant rules made thereunder
"Depositories"	NSDL and CDSL
"Depositories Act"	The Depositories Act, 1996
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*)
DP ID	Depository Participant Identification
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. EBITDA is calculated as profit for the period plus income tax expense, depreciation and amortisation expense, and finance costs.
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign direct investment
FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
"FEMA Non-debt Instruments Rules"	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"FEMA Regulations"	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable
"Financial Year" or "Fiscal" or "FY"	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
"GoI" or "Government" or "Central Government"	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
"Ind AS" or "Indian Accounting Standards"	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
"Indian GAAP" or "IGAAP"	Generally Accepted Accounting Principles in India
IPC	The Indian Penal Code, 1860
IPO	Initial public offering
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income-tax Act, 1961
KYC	Know your customer

Term	Description
MSME	Micro, small and medium enterprises
Mutual Fund(s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
N.A.	Not applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NCDs	Non-Convertible Debentures
NEFT	National Electronic Funds Transfer
NPCI	National Payments Corporation of India
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
"OCB" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003 i.e., October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PAT	Profit after tax
RBI	The Reserve Bank of India
"RBI Act"	The Reserve Bank of India Act, 1934
"Regulation S"	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
"SARFAESI Act"	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
"SEBI AIF Regulations"	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
"SEBI FPI Regulations"	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
"SEBI FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
"SEBI ICDR Master Circular"	SEBI master circular bearing reference number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094, dated June 21, 2023
"SEBI ICDR Regulations"	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
"SEBI Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
"SEBI Merchant Bankers Regulations"	SEBI (Merchant Bankers) Regulations, 1992
"SEBI RTA Master Circular"	SEBI master circular bearing number SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023
"SEBI SBEB & SE Regulations"	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
"SEBI VCF Regulations"	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
"State Government"	The government of a state in India
"Stock Exchanges"	BSE and NSE
STT	Securities transaction tax
"Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally Accepted Accounting Principles in the United States
"U.S. Securities Act"	U.S. Securities Act of 1933, as amended
"U.S." or "USA" or "United States"	The United States of America
"USD" or "US$"	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

Key Performance Indicators

Term	Description
AUM	AUM represents Advances under Management as disclosed by the company as of the last day of the relevant period
AUM Growth	AUM growth represents growth in AUM for the relevant period over AUM of the previous period
AUM/Branch	AUM/Branch represents AUM divided by branch
AUM/Employee	AUM/Employee represents AUM divided by employees
"Basic EPS" or "Earnings per Share (Basic)"	Basic EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33
Capital Adequacy Ratio	Capital adequacy ratio (%) as of the last day of the relevant fiscal year as reported by the company.
Cost of Borrowings	Cost of borrowings represents total interest expense divided by the average of total borrowing, expressed as a percentage
Credit cost to Average AUM	Credit cost to average AUM represents impairment on financial instruments divided by average AUM, expressed as percentage
Credit Ratings	Credit ratings represents the long term credit ratings of the company's various borrowing facilities on the basis of the assessment by independent rating agencies
"Diluted EPS" or "Earnings per Share (Diluted)"	Basic EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33
Fee and Other Income	Fee and other income represents sum of fee and commission income and other income reported by the company
Gross NPA(%)	Gross NPA (%) refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments)
Net Interest Income	Net interest income represents total interest income minus total finance cost
Net Interest Income to Average AUM	Net interest income to average AUM represents net interest income divided by average AUM, expressed as percentage
Net Interest Margin	Net interest margin represents net interest income divided by average total assets, expressed as percentage
Net NPA(%)	Net NPA (%) refers to Gross NPA reduced by impairment loss allowance (i.e. ECLs allowance) made against these loans as of the last day of the relevant reporting period
Branches	Branches represents the geographical presence of the company by means of physical branches
States and UTs	States and union territories represents the geographical presence of the company by means of physical branches in the States and Union Territories of India
Operating Expenses to Average AUM	Operating expenses to average AUM represents operating expenses (sum of, Fee and commission expenses, Employee benefits expenses, Depreciation amortization and impairment and Other expenses) divided by average AUM, expressed as percentage
PAT to Average AUM	PAT to average AUM represents profit after tax divided by average AUM, expressed as percentage
Profit After Tax	Profit after tax represents the profit for the period as reported
Provision Coverage Ratio	Provision coverage ratio represents the ratio of NPA provision including technical write off and Gross NPA, including technical write off.
Return on Total Average Assets	Return on total average assets (%) represents profit after tax divided by average total assets, expressed as percentage
Return on Average Equity	Return on average equity (%) represents profit after tax divided by average total shareholder equity, expressed as percentage
Shareholder Equity	Shareholder equity represents the sum of equity share capital and reserves and surplus as of the last day of the relevant fiscal year.
Spread	Spread represents difference of yield on advances and cost of funds for the company
Total Borrowings to Shareholder Equity ratio	Total borrowings to shareholder equity ratio represents total borrowings (Sum of debt securities, borrowings (other than debt securities) and subordinated liabilities) to total shareholder equity
Total Income	Total income as reported by the company refers to the summation of total revenue from operations and the other income
Yield on Average Net Advances	Yield on average net advances represent interest income on loans and advances divided by average of net advances, expressed as percentage

OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is not 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 in "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Our Promoter and Promoter Group", "Restated Financial Information", "Outstanding Litigation and Material Developments", "Offer Procedure" and "Description of Equity Shares and Terms of Articles of Association" beginning on pages 25, 63, 78, 93, 115, 184, 251, 275, 399, 433 and 454, respectively.

Summary of Business

We are a retail focused NBFC promoted by The Federal Bank Limited. We have the second lowest cost of borrowing among the MSME, gold loan and MSME and gold loan peer set in India in Fiscal 2023. *(Source: CRISIL Report)* As on March 31, 2023, we had the third fastest AUM growth among NBFCs in the peer set in India with a three year CAGR of 33% between Fiscals 2020 and 2023. *(Source: CRISIL Report)* We are one among five private banks promoted NBFCs in India. *(Source: CRISIL Report)* We are the fastest growing gold loan NBFC in India among the peer set as of March 31, 2023. *(Source: CRISIL Report)* As on March 31, 2023, 85.98% of our total Loan Assets are secured against tangible assets, namely gold or customer's property.

Summary of Industry

Housing finance and gold loans cover 46% and 12% of the retail loans industry, respectively, in India in Fiscal 2023. As of March 2023, CRISIL MI&A estimates the outstanding value of loans given out by organised financiers' – banks and NBFCs – to be ₹ 6.1 trillion, with NBFCs accounting for one-quarter of the market.

Our Promoter

Our Promoter is The Federal Bank Limited. For details, see "*Our Promoter and Promoter Group*" beginning on page 251.

Offer Size

Offer	Up to [●] Equity Shares aggregating up to ₹[●] million
of which	
Fresh Issue(1)(2)	Up to [●] Equity Shares aggregating up to ₹ 7,500.00 million
Offer for Sale(3)	Up to 70,323,408 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders
The Offer includes:	
Employee Reservation Portion(4)	Up to [●] Equity Shares aggregating up to ₹[●] million
Federal Bank Shareholders Reservation Portion(5)	Up to [●] Equity Shares aggregating up to ₹[●] million
Net Offer	Up to [●] Equity Shares aggregating up to ₹[●] million

(1) *The Offer has been authorised by resolution of our Board dated June 21, 2023. The Fresh Issue has been authorised by a resolution of our Board dated July 26, 2023 and a special resolution of our Shareholders dated July 21, 2023. Our Board has taken on record the affirmative consent of the Selling Shareholders for the Offer under the SHA pursuant to its resolution dated July 17, 2023. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated July 26, 2023.*

(2) *Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider a private placement of specified securities, or through such other route as may be permitted under applicable law, of up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹1,500 million prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the minimum Offer Size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least 10% of the post-Offer paid-up Equity Share capital of our Company.*

(3) *The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus with the SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorisations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 406.*

(4) *In the event of under-subscription in the Employee Reservation Portion (if any), 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. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹500,000), shall be added to the Net Offer. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. For further details, see "Offer Structure" beginning on page 428.*

(5) *The Federal Bank Shareholders Reservation Portion shall not exceed [●]% of the post-Offer paid-up Equity Share capital.*

Objects of the Offer

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

Particulars	Amount* (in ₹ million)
For augmentation of our Company's Tier – I capital base	[●](1)
Net Proceeds	[●]

* *Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider a private placement of specified securities, or through such other*

route as may be permitted under applicable law, of up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹1,500 million prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the minimum Offer Size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) subject to compliance with the minimum net offer size requirements prescribed under rule 19(2)(b) of the SCRR.

(1) To be determined on finalisation of the Offer Price and updated in the Prospectus.

For details in relation to the composition of the Company's Tier – I and Tier – II capital as at March 31, 2023, March 31, 2022 and March 31, 2021, see "*Objects of the Offer - Proposed Schedule of Implementation and Deployment of Funds*" beginning on page 93.

Pre-Offer Shareholding of our Promoter, Promoter Group and the Selling Shareholders

The equity shareholding of our Promoter, Promoter Group and the Selling Shareholders as on the date of this Draft Red Herring Prospectus is set forth below:

S. No.	Category of Shareholders	No. of Equity Shares	% of total pre-Offer paid-up Equity Share capital	No. of Equity Shares post-Offer	% of total post-Offer paid-up Equity Share capital
Promoter (also the Promoter Selling Shareholder)					
1.	The Federal Bank Limited	235,685,332*	73.09	[●]	[●]
Sub Total (A)		**235,685,332***	73.09	[●]	[●]
Promoter Group members (other than the Promoter)					
1.	Federal Operations and Services Limited	Nil	Nil	[●]	[●]
2.	Ageas Federal Life Insurance Company Limited	Nil	Nil	[●]	[●]
Sub Total (B)		**Nil**	**Nil**	[●]	[●]
Investor Selling Shareholder					
1.	True North Fund VI LLP	82,808,361	25.68	[●]	[●]
Sub Total (C)		**82,808,361**	**25.68**	[●]	[●]
Total (A) + (B) + (C)		**318,493,693**	**98.77**	[●]	[●]

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar KK, one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*

Summary of Restated Financial Information

(₹ in million, except per share data)

Particulars	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Equity Share capital	3,219.12	3,215.18	2,899.23
Net worth(1)	13,556.82	11,535.18	8,347.34
Revenue from operations	11,788.00	8,693.15	6,918.25
Profit for the year	1801.33	1,034.59	616.84
Earnings per equity share			
Basic	5.60	3.32	2.19
Diluted	5.59	3.31	2.18
Net asset value per Equity Share(2)	42.11	35.88	28.79
Total Borrowings(3)	71,358.23	50,168.35	43,280.92

Notes:

(1) Net worth is the aggregate of our Equity Share capital and other equity.

(2) Net asset value per Equity Share is net worth of our Company as at the end of the relevant period divided by the number of Equity Shares outstanding at the end of the relevant period.

(3) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities outstanding as of the last day of the relevant period.

For further details of the Restated Financial Information, see "*Restated Financial Information*" beginning on page 275.

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

There are no auditor qualifications which have not been given effect to in the Restated Financial Information.

Our Statutory Auditors have included a matter of emphasis in their audit report on our financial statements as at and for Fiscal 2021. For further details, see "*Risk Factors – 59. Our Statutory Auditors have included a matter of emphasis in their audit report on financial statements as at and for the year ended Fiscals 2021*" on page 54.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, Promoter and Directors, in terms of the SEBI ICDR Regulations and the Materiality Policy approved by our Board, as on the date of this Draft Red Herring Prospectus, is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoter	Material Civil Litigation	Aggregate Amount (₹ in million)
Company						
By the Company	917[(1)]	Nil	N.A.	NA	Nil	682.65
Against the Company	3	3	2	N.A.	Nil	42.60[(2)]
Directors						
By the Director	Nil	Nil	N.A.	N.A.	Nil	Nil
Against the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Promoter						
By the Promoter	56	Nil	N.A.	N.A.	2	15,661.70
Against the Promoter	1	10	Nil	1	2	16,538.95[(3)]

(1) *Includes 915 proceedings initiated by our Company against its borrowers in the ordinary course of business under the Negotiable Instruments Act, 1881.*
(2) *Excludes the amount paid by our Company pursuant to fines imposed by BSE. For further details, see "Outstanding Litigation and Material Developments – Litigation involving our Company – Actions taken by statutory or regulatory authorities" on page 400.*
(3) *Excludes the amount paid by our Promoter pursuant to a fine imposed by NSE. For further details, see "Outstanding Litigation and Material Developments – Litigation involving our Promoter – Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges" on page 402.*

For further details of the outstanding litigation proceedings involving our Company, Promoter and Directors, see "*Outstanding Litigation and Material Developments*" on page 399. As on the date of this Draft Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Company, the outcome of which may have a material impact on our Company.

Risk Factors

For details in relation to certain risks applicable to us, see "*Risk Factors*" beginning on page 25.

Summary of contingent liabilities of our Company

The details of our contingent liabilities as at March 31, 2023 are set forth in the table below:

Particulars	As at March 31, 2023 (₹ in million)
Disputed Income Taxes	4.60
Other sums contingently liable for – As per Payment of Bonus Act, 1979	2.30
Total	**6.90**

For details, see "*Restated Financial Information – Note 51 – Contingent Liabilities (to the extent not provided for)*" beginning on page 368.

Summary of Related Party Transactions

(₹ in million)

Particulars	As at and for the Financial Year ended March 31, 2023	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2022	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2021	% of Total Revenue from operation
The Federal Bank Limited						
Income from distribution business	340.72	2.89%	260.27	2.99%	237.65	3.44%
Interest paid on PTC Transactions	-	Nil	5.46	0.06%	0.83	0.01%

(₹ *in million)*

Particulars	As at and for the Financial Year ended March 31, 2023	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2022	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2021	% of Total Revenue from operation
Sale consideration received on PTC transactions	-	Nil	-	Nil	203.96	2.95%
Interest paid on Cash Credit Facility & Term Loan	367.78	3.12%	532.26	6.12%	790.84	11.43%
Issuing & Paying Agent Charges	-	Nil	-	Nil	0.07	0.00%
Rent paid	-	Nil	-	Nil	0.1	0.00%
Processing Fees	-	Nil	10.06	0.12%	53.71	0.78%
Interest on NCD	232.35	1.97%	233.53	2.69%	120.9	1.75%
Rent for Sub leased premises	-	Nil	-	Nil	10.85	0.16%
Servicing Fee Income on Securitisation	-	Nil	-	Nil	0.5	0.01%
Interest Received on fixed deposits	-	Nil	5.9	0.07%	1.29	0.02%
Term Loan Availed	-	Nil	-	Nil	1,006.25	14.54%
Term Loan Repaid	2,620.27	22.23%	2,764.02	31.80%	3,020.27	43.66%
Working Capital loan repaid (net)	-	Nil	-	Nil	(134.5)	(1.94)%
Cash Credit availed	242.58	2.06%	-	Nil	-	Nil
Tier II Non Convertible Redeemable Debentures Issued	-	Nil	-	Nil	2,500	36.14%
Collateralised borrowing availed	-	Nil	-	Nil	203.96	2.95%
Collateralised borrowing repaid	-	Nil	189.99	2.19%	20.25	0.29%
Cash Credit Repaid	313.19	2.66%	-	Nil	-	Nil
Bank Charges	0.41	0.00%	-	Nil	-	Nil
Enterprises controlling voting power / significant influence						
Investment in Equity Shares by True North Fund VI LLP	-	Nil	520	5.98%	205.92	2.98%
Investment in Equity Shares by The Federal Bank	-	Nil	1,479.9	17.02%	586.08	8.47%
Investment in Preference Shares by Anil Kothuri	-	Nil	189.66	2.18%	-	Nil
Transaction with Key Management Personnel						
Investment in Preference Share	-	Nil	189.66	2.18%	-	Nil
Redemption of Optionally Convertible Redeemable Preference Shares (“OCRPS”)	-	Nil	84.2	0.97%	-	Nil
Issuance of Equity shares	-	Nil	114.92	1.32%	-	Nil
Enterprises over which related party has significant influence/control						
Re-imbursements of Expenses	2.97	0.03%	-	Nil	-	Nil
Other Income	-		-	Nil	3.89	0.06%
ESOP - Key Management Personnel						
No. of Options granted under ESOS (in numbers)	2,000,000	NA	-	NA	1,200,000	NA
No. of Options outstanding under ESOS (in numbers)	4,321,351	NA	2,551,351	NA	2,551,351	NA

Details of salary and other emoluments to Key Managerial Personnel of the Company

(₹ in million)

Key Management Personnel	As at and for the Financial Year ended March 31, 2023	% of Total Revenue (%)	As at and for the Financial Year ended March 31, 2022	% of Total Revenue (%)	As at and for the Financial Year ended March 31, 2021	% of Total Revenue (%)
Salary and employee benefits						
Remuneration to Managing Director	50.43	0.43%	28.14	0.32%	33.60	0.49%
Remuneration to Chief Financial Officer	22.74	0.19%	14.51	0.17%	10.62	0.15%
Remuneration to Company Secretary	3.59	0.03%	3.11	0.04%	2.61	0.04%
Provident fund						
Managing Director	0.02	0.00%	0.02	0.00%	0.04	0.00%
Chief Financial Officer	0.89	0.01%	0.81	0.01%	0.91	0.01%
Company Secretary	-	Nil	-	Nil	0.01	0.00%
Share based benefit						
Managing Director	29.78	0.25%	4.39	0.05%	4.39	0.06%
Chief Financial Officer	3.42	0.03%	4.31	0.05%	4.86	0.07%
Company Secretary	0.34	0.00%	-	Nil	-	Nil

For details of the related party transactions and as reported in the Restated Financial Information, see "*Restated Financial Information – Note 38: - Related Party Disclosures*" on page 330.

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

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

Financing Arrangements

There have been no financing arrangements whereby our Promoter, its directors, members of our Promoter Group, our Directors, or their 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 relevant financing entity) during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

Details of acquisition of specified securities by our Promoter, members of the Promoter Group, Selling Shareholders and other Shareholders with nominee director rights or other rights, in the last three years preceding the date of this Draft Red Herring Prospectus

S. No.	Name of the acquirer/shareholder	Date of acquisition of Equity Shares	Number of Equity Shares acquired	Acquisition price per Equity Share
Promoter (also the Promoter Selling Shareholder)				
1.	The Federal Bank Limited	June 29, 2021	21,141,998	70
		October 13, 2020	12,210,000	48
Investor Selling Shareholder				
1.	True North Fund VI LLP	June 29, 2021	7,428,270	70
		October 13, 2020	4,290,000	48
Shareholders with nominee director rights or other rights				
1.	The Federal Bank Limited	June 29, 2021	21,141,998	70
		October 13, 2020	12,210,000	48
2.	True North Fund VI LLP	June 29, 2021	7,428,270	70
		October 13, 2020	4,290,000	48

The above details have been certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.

Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year, eighteen months and three years preceding the date of this Draft Red Herring Prospectus

The weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in (a) the one year preceding the date of this Draft Red Herring Prospectus; (b) the 18 months preceding the date of this Draft Red Herring Prospectus; and (c) the three years preceding the date of this Draft Red Herring Prospectus, are as follows:

(a) Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus:

Name of the Promoter	Number of Equity Shares acquired in last one year	Weighted average cost of acquisition per Equity Share (in ₹)*
The Federal Bank Limited	Nil	Nil
Name of the Selling Shareholder	**Number of Equity Shares acquired in last one year**	**Weighted average cost of acquisition per Equity Share (in ₹)***
True North Fund VI LLP	Nil	Nil

**As certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.*

(b) Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the eighteen months preceding the date of this Draft Red Herring Prospectus:

Name of the Promoter	Number of Equity Shares acquired in last eighteen months	Weighted average cost of acquisition per Equity Share (in ₹)*
The Federal Bank Limited	Nil	Nil
Name of the Selling Shareholder	**Number of Equity Shares acquired in last eighteen months**	**Weighted average cost of acquisition per Equity Share (in ₹)***
True North Fund VI LLP	Nil	Nil

**As certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.*

(c) Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the three years preceding the date of this Draft Red Herring Prospectus:

Name of the Promoter	Number of Equity Shares acquired in last three years	Weighted average cost of acquisition per Equity Share (in ₹)*
The Federal Bank Limited	33,351,998	61.95
Name of the Selling Shareholder	**Number of Equity Shares acquired in last three years**	**Weighted average cost of acquisition per Equity Share (in ₹)***
True North Fund VI LLP	11,718,270	61.95

**As certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.*

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

Except as disclosed below, our Promoter and the Selling Shareholders have not acquired Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus. The weighted average price at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus is as follows:

S. No.	Category of Shareholders	Number of Equity Shares acquired in the one year preceding the date of this Draft Red Herring Prospectus	Weighted average price per Equity Share (in ₹)*
Promoter (also the Promoter Selling Shareholder)			
1.	The Federal Bank Limited	Nil	Nil
Investor Selling Shareholder			
1.	True North Fund VI LLP	Nil	Nil

**As certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.*

Average Cost of acquisition for our Promoter and the Selling Shareholders

The average cost of acquisition per Equity Share for our Promoter and the Selling Shareholders, as on the date of this Draft Red Herring Prospectus is:

S. No.	Category of Shareholders	Number of Equity Shares held	Average cost of Acquisition per Equity Share (in ₹)*
Promoter (also the Promoter Selling Shareholder)			
1.	The Federal Bank Limited	235,685,332	19.34
Investor Selling Shareholder			
1.	True North Fund VI LLP	82,808,361	45.22

**As certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.*

Details of pre-IPO placement

Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider a private placement of specified securities, or through such other route as may be permitted under applicable law, of up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹1,500 million prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the minimum Offer Size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least 10% of the post-Offer paid-up Equity Share capital of our Company.

Split or Consolidation of Equity Shares in the last one year

Our Company has not undertaken split or consolidation of the Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Our Company has not made any application under Regulation 300(2) of the SEBI ICDR Regulations for seeking any exemption from strict compliance with any provisions of securities laws, as on the date of this Draft Red Herring Prospectus.

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

Certain Conventions

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

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

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

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Unless stated otherwise, all references in this Draft Red Herring Prospectus to the terms Fiscal or FY or Financial Year, are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless stated otherwise, or the context requires otherwise, all references to a "year" in this Draft Red Herring Prospectus are to a calendar year.

Unless stated otherwise or the context otherwise requires, the financial data in this Draft Red Herring Prospectus is derived from the restated statement of assets and liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the restated profit and loss account (including other comprehensive income), the restated statement of profit and loss, restated cash flow statement for each of the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, the summary statement of significant accounting policies, and other explanatory information prepared by our Company in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time. For further information on our Company's financial information, see "*Restated Financial Information*" on page 275 For further information, see "*Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 275 and 371, respectively.

There are significant differences between Ind AS and U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. 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 Company's financial data. For details in connection with risks involving differences between Ind AS, U.S. GAAP and IFRS, see "*Risk Factors – 68. Significant differences exist between the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles, such as International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in the United States of America ("U.S. GAAP"), which may be material to investors' assessments of our financial condition, result of operations and cash flows.*" on page 58. 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 principles, policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting principles, policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

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. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. 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.

Unless the context otherwise indicates, any percentage amounts, or ratios as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 184 and 371, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Financial Information.

Non-GAAP Financial Measures

Certain non-GAAP financial measures and certain other statistical and operational information relating to our operations and financial performance, such as our average cost of borrowing, net NPA on AUM, provision coverage ratio, net worth, return on equity, total borrowings to equity ratio, operating expenses to net income, return on total average assets, operating expenses to average total assets, pre provision operating profit, credit cost to average total assets, average yield on gross loan book, net interest margin to average total assets, net asset value per equity share, operating expenses, total borrowings to net worth, return on net worth and EBITDA ("**Non-GAAP Financial Measures**") 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. These Non-GAAP Financial Measures and other statistical and operational information have been reconciled to their nearest GAAP measure in "*Our Business*", "*Selected Statistical Information*", "*Other Financial Information*" and "*Capitalisation Statement*" on pages 184, 257, 370 and 394, respectively.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "lakh", "million" and "crore" units or in whole numbers where the numbers have been too small to represent in such 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.

Exchange Rates

This Draft Red Herring Prospectus contains conversion 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 Rupee and other foreign currencies:

Currency	As at		
	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	82.22	75.80	73.50

Source: www.fbil.org.in

Industry and Market Data

Unless otherwise indicated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained or derived from the report titled "*Analysis of NBFC sector and select asset classes in India*", dated July 2023, prepared and issued by CRISIL MI&A, a division of CRISIL, available on https://fedfina.com/investor/disclosure/, which has been commissioned and paid for by our Company in connection with the Offer for an agreed fee, and has been obtained from publicly available information as well as other industry publications and sources. The CRISIL Report has been prepared at the request of our Company. For risks in this regard, see "*Risk Factors – 57. Certain sections of this Draft Red Herring Prospectus contain information from the report titled 'Analysis of NBFC sector and select asset classes in India' dated July 2023, ("CRISIL Report") which has been commissioned and paid for by us exclusively for the purpose of the Offer. The CRISIL Report, prepared and issued by CRISIL MI&A, a division of CRISIL, is not exhaustive and is based on certain assumptions and parameters / conditions and any reliance on such information for making an investment decision in the Offer is subject to inherent risks"* on page 54.

The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. 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 and assumptions that may prove to be incorrect.

The extent to which the market and industry data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

The sections "*Offer Document Summary*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" of this Draft Red Herring Prospectus contain data and statistics from the CRISIL Report which has been commissioned and paid for by our Company for an agreed fee and is available at https://fedfina.com/investor/disclosure/, which is subject to the following disclaimer:

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

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors – 57. Certain sections of this Draft Red Herring Prospectus contain information from the report titled 'Analysis of NBFC sector and select asset classes in India' dated July 2023, ("CRISIL Report") which has been commissioned and paid for by us exclusively for the purpose of the Offer. The CRISIL Report, prepared and issued by CRISIL MI&A, a division of CRISIL, is not exhaustive and is based on certain assumptions and parameters / conditions and any reliance on such information for making an investment decision in the Offer is subject to inherent risks*." on page 54. Accordingly, no investment decision should be made solely on the basis of such information.

In accordance with the SEBI ICDR Regulations, the section "*Basis for Offer Price*" on page 98 includes information relating to our listed industry peer. Such information has been derived from publicly available sources.

Notice to Prospective Investors

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this 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 this Offer, including the merits and risks involved.

The Equity Shares offered in the Offer have not been, and will not be, registered under the U.S. Securities Act and 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 law. Accordingly, the Equity Shares are only being offered and sold outside the United States to investors that are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no offering of securities in the United States.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "can", "continue", "could", "expect", "estimate", "goal", "intend", "likely to", "seek to", "shall", "objective", "plan", "project", "propose" "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our expected financial condition, results of operations, business, prospects, strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the retail industry and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions, in India and globally, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the retail industry, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- the Offer Price, market capitalization to total turnover and price to earnings ratio based on the Offer Price of our Company not being indicative of the market price of our Company on listing or thereafter;
- our ability to sustain our growth or manage it effectively or execute our growth strategy effectively;
- the dependence on our ability to timely access cost effective sources of funding ;
- our ability to adequately access and recover the assessed or full value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, and
- a significant portion of our assets under management being derived from our gold loan products and loss of business in relation to such gold loan products.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 184 and 371, 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 future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to 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 to be a guarantee of our future performance.

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. 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 future performance. Neither our Company, the Selling Shareholders, our Promoter, our Directors, the BRLMs nor any of their respective affiliates 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 requirements of SEBI, our Company and Selling Shareholders shall ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer. Further, each of the Selling Shareholders shall, severally and not jointly, ensure that investors in India are informed of material developments in relation to the statements and undertakings specifically made or confirmed by such Selling Shareholder in the Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You 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. This section should be read in conjunction with "Industry Overview", "Our Business", "Selected Statistical Information", "Restated Financial Information", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 115, 184, 257, 275 and 371, respectively, before making an investment decision in relation to the Equity Shares.

We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only risks relevant to us, the Equity Shares, or the industries or geographies in which we currently operate or propose to operate. 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. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition and cash flows. If any or a combination of the following risks, 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. For more details on our business and operations, see "Our Business", "Industry Overview", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 184, 115 and 371, respectively, as well as other financial information included elsewhere in this Draft Red Herring Prospectus.

In making an investment decision, you must rely on your own examination of us and the terms of the Offer, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Offer. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties and other factors, many of which are beyond our control. 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" on page 24.

Unless otherwise indicated, the financial information of our Company has been derived from the Restated Financial Statements.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report (extracts of which have been appropriately incorporated as part of "Industry Overview" on page 115), which has been prepared by CRISIL (which was appointed by us pursuant to addendum no. 3 dated June 14, 2023 to the agreement for services dated October 22, 2021) and exclusively commissioned and paid for by us in connection with the Offer. A copy of the CRISIL Report will be available on the website of our Company at https://fedfina.com/investor/disclosure/ from the date of filing of the Red Herring Prospectus until the Bid/Issue Closing Date. The data included herein 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.

Internal Risks

Risks related to our business and industry

1. ***The Offer Price, market capitalization to total turnover and price to earnings ratio based on the Offer Price of our Company, may not be indicative of the market price of our Company on listing or thereafter.***

Our total revenue from operations for Fiscal 2023 was ₹ 11,788.00 million, constituting 97.05% of our total revenue, and our profit / (loss) for Fiscal 2023 was ₹ 1,801.33 million, and constituting 14.83% of our total revenue. Our market capitalization to the multiple of total turnover for Fiscal 2023 is [●] times and our price to earnings ratio (based on our profit / (loss) for Fiscal 2023) calculated at the upper end of the price band is [●]. The determination of the Offer Price by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, is not based on a benchmark with our industry peers. For further details in relation to the comparison with listed industry peers, see "*Basis for the Offer Price*" on page 98. The Offer Price of the Equity Shares is proposed to be determined on the basis of assessment of market demand for the Equity Shares offered through a book-building process, and certain quantitative and qualitative factors as set out in "*Basis for Offer Price*" on page 98, and the Offer Price, multiples and ratios may not be indicative of the market price for the Equity Shares after the Offer.

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation do not guarantee that a market for the Equity Shares will develop the liquidity of such market for the Equity Shares.

The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts, the activities of competitors and suppliers, the activities of competitors and suppliers, future sales of the Equity Shares by our Company or our shareholders, variations in our operating results of our 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. We cannot assure you that an active market will develop, or that sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

2. We have experienced growth in recent years, and we may not be able to sustain our growth or manage it effectively or execute our growth strategy effectively.

We have experienced growth in recent years, and we have significantly expanded our operations and branch network. The following table sets forth our total revenue, profit after tax, AUM, number of branches and their respective year-on-year growths for the periods indicated:

Particulars	**As of and for Fiscal**		
	2023	**2022**	**2021**
Total Revenue (₹ in million)	12,146.80	8,836.37	6,975.66
Year-on-Year Growth (Total revenue) (%)	37.46%	26.67%	-*
Profit after Tax (₹ in million)	1,801.33	1,034.59	616.84
Year-on-Year Growth (Profit after Tax) (%)	74.11%	67.72%	-*
AUM (₹ in million)	90,696.04	61,872.04	48,624.31
Year-on-Year Growth (AUM) (%)	46.59%	27.25%	-*
Number of Branches	575	516	359
Year-on-Year Growth (Number of Branches) (%)	11.43%	43.73%	-*

** Year-on-year growth for Fiscal 2021 has not been included as the comparative period of Fiscal 2020 has not been included in this Draft Red Herring Prospectus.*

However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, at the same rate or at all.

Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates could have an adverse effect on our business, credit ratings and results of operations. We intend to achieve a profitable and sustainable growth of our loan assets by, among other things, focusing on the performance of our branch network and extracting operating leverage, expanding our branch network and continuing to invest in our technology and digitization initiatives. Our ability to execute our growth strategies will depend, among other things, on our ability to grow our customer base, improve customer experience, avail a cost-effective funding and scale up and grow our branch network efficiently. We will also need to manage relationships with a greater number of customers, service providers, lenders and other parties as we expand. While we historically had a concentration in 35 large accounts in Fiscal 2021 relating to loans to institutional borrowers, we have reduced our focus on that business and reduced our dependence on large institutional borrowers. Furthermore, as part of our growth strategy, and taking into consideration the relevant market conditions and opportunities, we may change the composition of our Total AUM which may result in a change in the proportions of mortgage loans, gold loans and unsecured business loans in our Total AUM. Any such change in the composition of our Total AUM may impact our profitability, our asset-liability maturity profile and NPA levels.

In order to manage our growth effectively, we must implement, upgrade and improve our operational systems, processes, procedures and controls on a timely basis. If we fail to implement these systems, processes, procedures and controls on a timely basis, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Our ability to sustain our rate of growth also depends significantly upon our ability to select and retain key managerial personnel, investing in talent and employee training and maintaining effective risk management policies to address emerging challenges. Further, a number of external factors beyond our control could also affect our ability to continue to grow our business and loan portfolio, including, among other things, demand for retail loans in India, domestic economic growth, the RBI's monetary and regulatory policies, RBI regulations and directions, inflation, competition and availability of cost-effective debt and equity capital.

We cannot assure you that our existing or future management, operational and financial systems, processes, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have an adverse effect on our business and results of operations.

3. ***Our business and operations are dependent on our ability to timely access cost effective sources of funding. Any disruption in our sources of funding could have an adverse effect on our business, results of operations and financial condition.***

The liquidity and profitability of our business depends, in large part, on our timely access to, and the costs associated with, raising funds. Our financing requirements historically have been met from diversified sources, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs, proceeds from loans assigned and commercial papers to meet our capital requirements. In addition, we have access to capital from our Promoter, Federal Bank.

Our ability to raise funds on acceptable terms, at competitive rates and in a timely manner, depends on various factors including our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy including the effects of events such as the COVID-19 pandemic. The cost of our borrowings may increase due to market volatility or changes in the risk premiums required by lenders or if traditional sources of debt capital are unavailable. Volatility or depressed valuations or trading prices in the equity markets may similarly adversely affect our ability to obtain equity financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution and any new equity securities we issue could have rights, preferences and privileges superior to our existing shareholders.

In the past, certain NBFCs in India have defaulted in the repayment of their borrowings, which has adversely affected the availability and cost of borrowings to NBFCs in general. For example, according to the CRISIL Report, NBFCs suffered a blow after IL&FS defaulted in September 2018. NBFCs that did not have the advantage of size, rating and / or parentage had to grapple with a liquidity crisis and raising funds became difficult. *(Source: CRISIL Report)* For further details, see "*Industry Overview*" on page 115. Any such events in the future may lead to adverse perceptions about the retail loan industry, and the financial services sector as a whole, thereby affecting our ability to obtain financing at commercially reasonable terms. Furthermore, we may seek to expand or modify our existing debt facilities to, among other things, provide additional capacity, increase the maximum percentage of collateral that may be financed, expand loan eligibility, add new debt facilities or replace or renew debt facilities scheduled to expire, enter into additional securitizations or increase the size of existing securitizations, or increase the size of, or replace, our corporate debt facility.

Our ability to raise debt to meet our funding requirements is also restricted by the limits prescribed under applicable regulations. For example, the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**NBFC-ND-SI Directions**") requires NBFCs to have a Net Owned Fund ("**NOF**") of at least ₹ 20 million. The following table sets forth our NOF for the periods indicated:

(₹ in million)

Particulars	As of March 31,		
	2023	2022	2021
Net Owned Fund	12,279.30	10,868.68	8,043.26

We fund substantially all of the loans through borrowings under our several financial facilities. The following table sets forth the breakdown of our financial liabilities by interest rate type as of March 31, 2023:

Particulars	Amount (₹ in million)	% of Total Borrowings (%)
Fixed Interest Rate Financial Liabilities	9,622.71	13.49
Floating Interest Rate Financial Liabilities	61,735.29	86.51

Given the broad impact of COVID-19 on the financial markets, our ability to borrow money to fund our current and future customer demand during COVID-19 pandemic was uncertain. Our liquidity could be affected as our lenders reassess their exposure to NBFCs and either curtail access to financing facilities or impose higher costs to access such facilities. Our liquidity may be further constrained as there may be less demand by investors to acquire our loans in the secondary market. Even if such demand exists, we face a higher risk as a result of the COVID-19 pandemic stemming from our customers inability to repay the underlying loans. For further details on the impact of the COVID-19 pandemic, see "- *25. The resurgence of the COVID-19 pandemic may affect our business and operations in the future.*" on page 40. Due to the current monetary policy changes in India and globally, there has been a general increase in interest rates and as a result, our overall cost of borrowings may increase. A liquidity shortage for the industry as a whole may adversely affect our cash flows.

If we are unable to adequately maintain our cash resources and obtain adequate financing in a timely manner and on commercially reasonable terms, we may delay non-essential capital expenditures, implement cost cutting procedures, delay or reduce future hiring, or reduce our rate of future originations compared to current level. There can be no assurance that we can obtain sufficient sources of external capital to support the growth of our business, including from our Promoter. Delays in doing so or failure to do so may require us to reduce loan originations or limit our operations, which would harm our ability to pursue our business objectives as well as harm our business, results of operations and financial condition.

4. ***Our inability to adequately assess and recover the assessed or full value of collateral or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our business, results of operations and financial condition.***

Our loan products include, among others, gold loans and loans against property to customers. Our gold loan products, which accounted for 36.85% of our Gross Loan Book as of March 31, 2023, are secured by gold jewelry provided as collateral. For loans against property, which accounted for 41.35% of our Gross Loan Book as of March 31, 2023, the primary collateral is real estate. For further details in relation to Gross Loan Book, see "*Selected Statistical Information – Gross Loan Book*" on page 260. The value of the collateral used to back loans extended by us may not be adequate and may not accurately reflect its liquidation value. It may decline in the future due to our inability to recover the assessed value of collateral in case of a default by our customer. We may face difficulties in recovering the amounts against the gold jewelry and property collateral for various reasons as specified below:

Risks arising from gold collateral

An economic downturn or sharp downward movement in the price of gold could result in a fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewelry securing the loans may decrease in value, resulting in losses which we may not be able to support.

Although our risk management system is data driven and follows strict internal risk management guidelines on portfolio monitoring, no assurance can be given that if the price of gold decreases significantly, our financial condition and results of operations would not be adversely affected. The impact on our financial position and results of operations of a decrease in gold prices cannot be reasonably estimated because the market and competitive response to changes in gold prices is not pre-determinable.

Additionally, we may not be able to realize the assessed or full value of our collateral, due to, among other things, defects in the quality or purity of gold or wastage on melting gold jewelry into gold bars. In the case of a default where we are unable to recover principal and interest payments from the customer, we sell the collateral gold jewelry through auctions primarily to local jewelers and there can be no assurance that we will be able to sell such gold jewelry at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with such auction process. A failure to recover the expected value of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations.

We may also be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Failure by our employees to properly appraise the value of the collateral provides us with no recourse against the borrower and the loan sanction may eventually result in a bad debt on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

Risks arising from property collateral

We may also encounter difficulties in repossessing and liquidating property we hold as collateral against our loan against property products. When a customer defaults under a financing facility, we typically repossess and then sell the collateral through an auction. However, we cannot assure you that we will be able to successfully repossess the collateral in the event of default under a loan agreement. We may face additional delay and expense in conducting an auction to sell the collateral and may face significant delay in repossessing collateral, as litigation against defaulting customers, even if governed by an arbitration clause, can be slow and expensive in India. Further, the collateral value of property is subject to the prevailing economic, political and social conditions in India. If the value of property collateral decreases significantly in value, it may result in losses which we may not be able to support. We may also face challenges in title verification of the collateral provided by the customer, as there is no central land registry in India and title to the property can be disputed, including on account of local land records not being duly updated, or not being maintained in a legible manner, or only being available in the local vernacular language, as well as on account of actual or alleged short payment of stamp duty or registration fees (which may render the title documents inadmissible in evidence, unless stamped prior to enforcement with payment of requisite penalties). Moreover, we may also not be able to sell the collateral at a price sufficient to cover the amount owed under the financing facility, or at all. In the event of any inability or delay in the repossession and liquidation of the collateral securing loans in default, we may incur losses, which could adversely affect our business, results of operations and financial condition.

Enforcement risk arising from property collateral

Following the introduction of the SARFAESI Act, 2002 and the extension of its application to NBFCs (but not including for loans below ₹ 5.00 million), we may now initiate recovery measures on a mortgaged collateral after 60 days' notice to a borrower whose loan has been classified as non-performing. However, the actual time taken for full foreclosure generally ranges between 18 to 24 months and depends on factors such as the periodicity of tribunal hearings and the borrower's decision to litigate. Further, in a case before the Supreme Court of India in 2004, while the constitutional validity of the SARFAESI Act was affirmed, the right of a defaulting borrower to appeal to the Debt Recovery Tribunal ("**DRT**") was also affirmed. The DRT has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, we cannot assure you that any foreclosure proceedings would not be stayed by the DRT. In addition, we may be unable to realize the full value of our collateral, as a result of factors including delays in foreclosure proceedings. Further, in case insolvency proceedings are initiated under the IBC against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. For details, see "- *43. The bankruptcy code in India may affect our rights to recover loans from our customers*" on page 48. Any failure to recover the expected value of collateral security could expose us to a potential loss.

5. We derive a significant portion of our assets under management from our gold loan products and the loss of business in relation to such gold loan products could adversely affect our business and prospects.

We are dependent on our gold loan products for a significant portion of our revenues. The following table sets forth details of our gold loan products for the periods indicated:

Particulars	For Fiscal		
	2023	2022	2021
Gold Loan Products (₹ in million)	29,860.34	22,475.30	19,177.87
Gold Loan Products as % of AUM (%)	32.92	36.33	39.44

However, our revenue from gold loan products may decline as a result of increased competition, regulatory action, litigation, or fluctuation in the demand for such products, which may adversely affect our business, results of operations, cash flows and financial condition.

6. We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME") and the risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.

We primarily serve ESEIs and MSMEs. The following table sets forth the breakdown of our mortgage loan portfolio (being medium ticket LAP, small ticket LAP and housing loan) by categories of customers for the periods indicated:

Particulars		For Fiscal		
		2023	2022	2021
		(% of Mortgage Loan Portfolio)		
MSME	ESEI	73.27	72.11	68.66
	Non ESEI	24.80	24.14	23.46
Non MSME	ESEI	1.24	2.40	5.03
	Non ESEI	0.69	1.35	2.85
Total		**100.00**	**100.00**	**100.00**

The following table sets forth the breakdown of our mortgage loan and unsecured business loan portfolio by categories of customers for the periods indicated:

Particulars		For Fiscal		
		2023	2022	2021
		(% of mortgage loan and unsecured business loan portfolio)		
MSME	ESEI	67.48	65.31	63.73
	Non ESEI	30.90	31.44	29.35
Non MSME	ESEI	0.96	1.87	4.19
	Non ESEI	0.66	1.39	2.73
Total		**100.00**	**100.00**	**100.00**

The following table further sets forth the breakdown of our total loan portfolio by categories of customers for the periods indicated:

Particulars		For Fiscal		
		2023	2022	2021
		(% of total loan portfolio)		
MSME	ESEI	44.35	40.46	34.71
	Non ESEI	20.31	19.48	15.99
Non MSME	ESEI	0.63	1.16	2.28
	Non ESEI	0.44	0.86	1.49
	Gold loan and business correspondent customers	34.28	38.04	45.53
Total		**100.00**	**100.00**	**100.00**

Our top 10 clients in the ESEI category borrowed amounts aggregating to (i) 1.20% of our mortgage loan portfolio in Fiscal 2023; and (ii) 0.98% of our mortgage loan and unsecured business portfolio in the same period. Our top 10 clients in the MSME category, borrowed amounts aggregating to (i) 0.97% of our mortgage loan portfolio in Fiscal 2023; and (ii) 0.73% of our instalment loan portfolio in Fiscal 2023. Our customers may default in their repayment obligations due to various reasons including business failure, insolvency, lack of liquidity, loss of employment or personal emergencies such as the death of an income generating family member, including on account of events such as the COVID-19 pandemic. For further details in relation to the customer wise of stage 3 mortgage loans and customer wise of stage 3 loans (excluding gold loans), see "*Selected Statistical Information – Customer wise % stage 3 mortgage loans*" and *"Customer Wise % stage 3 mortgage loans (excluding gold loans and others*)*" on page 268. In addition, our customers may not have credit histories or formal income proofs such as tax returns and other formal documents that would enable us to assess their creditworthiness. Accordingly, we sometimes issue loans without formal documentation. We may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any misrepresentation by our customers or employees or intermediaries such as direct sales agents. It may therefore be difficult for us to carry out the necessary credit risk analysis on all of our customers. Although we follow certain surrogate procedures to evaluate the credit profiles of our customers at the time of sanctioning a loan, we also rely on the value of the property provided as underlying collateral and the expertise of our appraising officers. We cannot assure you that our surrogate procedures will be sufficient to evaluate the credit profiles of our customers. The insufficiency of surrogate procedures may result in credit losses, which may adversely affect our business, results of operations and financial condition.

Further, individuals to whom we lend are often considered to be higher credit risk customers and are generally less financially resilient than large corporate borrowers due to their increased exposure to fluctuations in cash flows due to adverse economic conditions. In addition, a significant majority of our customer base belongs to the low to middle income group, who may be more likely to be affected by declining economic conditions than large corporate borrowers. Any decline in the economic conditions may impact the repayment capabilities of our borrowers, which may result in increase in defaults, thereby adversely affecting our business and financial condition. To the extent we are unable to successfully manage the risks associated with lending to individuals, it may become difficult for us to recover outstanding loan amounts provided to such customers. We cannot assure you that our risk management controls will be sufficient to prevent future losses on account of customer defaults, which may adversely affect our business, results of operations and financial condition.

7. ***We are subject to periodic inspection by the Reserve Bank of India. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.***

We are subject to periodic inspections by the RBI on our operations, risk management systems, internal controls, regulatory compliance and credit monitoring systems, pursuant to which the RBI issues observations, directions and monitorable action plans on issues related to, among other things, any operational risks and regulatory non-compliances. During the course of finalizing inspections, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. Upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction.

In certain of its risk assessment reports and past inspection reports, RBI has made observations in relation to, among other things: (i) certain non-compliances in fraud monitoring, fraud risk management and fraud reporting, as specified in the Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("**Monitoring of Frauds Directions**"), (ii) delay in compliance with action points of the previous RBI inspection reports; (iii) non-adherence to certain corporate governance norms including related to related party transactions and rotation of auditors; (iv) certain control gaps in our gold auction policy, notwithstanding the fact they were raised in earlier reports, and (v) certain deficiencies in our IT infrastructure. While we have responded to the observations made by the RBI in their risk assessment report on August 8, 2022, pursuant to responses dated September 30, 2022, December 1, 2022, February 24, 2023 and June 7, 2023, respectively clarifying certain points and providing our reasons, there can be no assurance that the RBI may not issue further show cause notices or impose penalties or take other actions in relation the observations made.

While we have responded to such observations, directions and monitorable action plans in the past, we cannot assure you that RBI will not make similar or other observations in the future. In the event we are unable to resolve such deficiencies and other matters to RBI's satisfaction, or are otherwise in non-compliance with RBI's directions, RBI may take regulatory and supervisory action which many include charging penalties, penalizing our management, restricting our banking activities or otherwise enforcing increased scrutiny and control over our banking operations, including by way of withholding approvals, or issuing conditional approvals.

For instance, the RBI had imposed a penalty of ₹ 1.50 million on our Company on March 22, 2021, for failing to report frauds in certain accounts within the time periods from the detection of such frauds as specified in the Monitoring of Frauds Directions, and we paid the amount on March 24, 2021. Similar observations in relation to delayed reporting of frauds and inadequate internal control systems of our Company were made by the RBI pursuant to its letter dated July 28, 2021 and show cause notice dated February 22, 2023. Further, our Board also took on record an action taken report in compliance with the letter dated July 28, 2021, and has responded to the RBI on March 15, 2023 in respect of the show cause notice dated February 22, 2023 explaining the reasons for such delays. For further details in relation to the show cause notice, see "*Outstanding Litigation and Material Developments – Litigation involving our Company – Litigation against our Company – Actions taken by statutory or regulatory authorities*" on page 400. For further details in relation to risk relating to inadequacy of internal controls, see "*– 16. Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.*" on page 35. Imposition of any penalty or adverse finding by RBI during any future inspection may have an adverse effect on our reputation, business, financial condition, results of operations and cash flows.

8. We may be unable to maintain the quality of our loan portfolio or manage the growing loan portfolio which may result in significantly larger non-performing assets and provisions.

Our ability to manage the credit quality of our loans, which we measure in part through non-performing assets ("**NPAs**"), is a key driver of our results of operations. Our total loan portfolio has grown in the last few years, and we anticipate that the size of our loan portfolio will continue to grow in the future as we pursue our expansion strategy. We classify NPAs in accordance with the NBFC-ND-SI Directions and applicable Ind AS rules. Defaults by our customers for a period of 90 days or more result in such loans being classified as Stage 3 and NPA. The following table sets forth details of our Stage 3 Loans as of the dates indicated:

Particulars	As of March 31,		
	2023	2022	2021
Gross Stage 3 Loans (₹ in million)(1)	1,645.03	1,285.82	468.08
Stage 3 Loans to Total Gross Loan Book (%)	2.03	2.23	1.01
Stage 3 Loans (Net) (₹ in million)	1,279.85	1,002.09	328.22
Stage 3 Loans (Net) to Total Net Loan Book (%)	1.59	1.75	0.71

(1) Gross Stage 3 Loans comprise gross carrying amount of Stage 3 loan assets measured at amortized cost and at fair value through other comprehensive income.

In addition, on account of our recent growth, a significant portion of our loan portfolio is relatively new and was disbursed during the last 36 months. We believe that the risk of delinquency in retail loans typically emerges 18 to 36 months from disbursement, subject to external factors. We cannot assure you that we will be able to maintain or reduce our current levels of NPAs in the future. As the number of our loans that become NPAs increase, the credit quality of our loan portfolio decreases.

Further, as our loan portfolio grows, our NPAs may increase, and the current level of our provisions may not adequately cover any such increases. Negative trends or financial difficulties or general economic slowdown could unexpectedly increase delinquency rates. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures or as a result of changes in the applicable regulations. For example, RBI issued directions in 2014 which mandated a shorter time period for classifying assets as NPAs. Pursuant to such RBI directions, we decreased the time period for classifying our assets as NPAs from six months overdue to five months overdue in Fiscal 2016, four months overdue in Fiscal 2017 and three months overdue in Fiscal 2018. As a consequence, there was an increase in our Gross NPAs, and we had lost the regulatory arbitrage we enjoyed as against banks in relation to classification of assets as NPAs. Furthermore, on November 12, 2021, the RBI issued a circular (the "**November 12 Circular**") which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower). The RBI provided further clarification to the November 12 Circular by way of a notification dated February 15, 2022. This clarification by the RBI caused a spike in NPAs. For further details of the impact on such increase of NPAs on our obligations under our debt financing arrangements, see *"– 15. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition.*" on page 34. For further details in relation to provisioning and bad debts written off, see "*Selected Statistical Information – Asset Quality – Provisioning and Write Offs*" on page 261.

As a part of the incentive package to help the Indian economy recover from the stagnation caused by the COVID-19 induced lockdown, the Ministry of Finance had announced various liquidity enhancement measures, including the provision of funding to certain specified sectors such as MSMEs. Any requirement to provide additional credits to sectors, where we have limited experience, may require us to dedicate substantial manpower and resources towards understanding the nuances of such sectors. Additionally, given our limited experience in these sectors, we may be subjected to an increased number of Stage 3 Loans. See also *"– 25. The resurgence of the COVID-19 pandemic may affect our business and operations in the future*." on page 40.

9. We operate in a highly regulated industry and changes in the laws, rules and regulation applicable to us may adversely affect our business, financial condition and results of operations.

We operate in a highly regulated industry, and we have to adhere to various laws, rules and regulations. Our Company has a certificate of registration from the RBI to operate as an NBFC-ND-SI and is regulated by the RBI. Accordingly, legal and regulatory risks are inherent and substantial in our business. As we operate under licenses and registrations obtained from the applicable regulators, such as RBI and the Financial Intelligence Unit, India, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circulars, notifications and regulations issued by the relevant regulators. For a description of the material laws, rules and regulations applicable to us, see "*Key Regulations and Policies*" on page 211.

Any failure or alleged failure to comply with the applicable laws, regulations or requirements could subject us to inspection, audit and enforcement actions by the relevant authority; suspension and revocation of the relevant license or approval; civil penalties including payment of damages to the aggrieved party; criminal penalties including payment of fines and imprisonment of concerned directors or employees; and mandatory conciliation and mediation with the aggrieved party or may also lead to an inability to carry forward our tax losses.

These actions or any failure to prevail in a possible civil or criminal litigation, may adversely affect our business, results of operations, financial condition, cash flows and reputation. In addition, responding to any action or litigation may result in a diversion of our management's attention and resources and an increase in professional fees and compliance costs.

Our premises, books of accounts, documents and records are subject to inspection by the RBI under the relevant laws and regulations. Consequently, the RBI may identify instances of non-compliance and deficiencies in our operations and issue warning letters, show cause notices or penalties for violations. For further details, see "- *7. We are subject to periodic inspection by the Reserve Bank of India. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 30. Non-convertible debentures issued by our Company are listed on the debt segment of BSE. For details, see "*Financial Indebtedness*" on page 395. As a debt listed company, our Company is subject to the continuous disclosure obligations under the SEBI Listing Regulations. This requires us to publish our quarterly financial results for every quarter within 45 days from the completion of the previous quarter as well as submit a copy of the financial results to the debenture trustees on the same day the information is submitted to stock exchanges.

Moreover, the laws and regulations governing our business continue to evolve and may be amended, supplemented or changed at any time. We are exposed to the risk of varying and evolving interpretation of complex laws and regulations governing our business in India. Certain of these laws and regulations governing our business are relatively new and evolving, and their interpretation and enforcement may involve uncertainties. As a result, we may be required to seek and follow additional procedures, modify or adjust certain activities, restructure our ownership structure, obtain new and additional licenses and incur additional expenses to comply with such laws and regulations, which could adversely affect our future development and business.

Additionally, the RBI has been given a wider role in the management of NBFCs in adverse situations pursuant to the Finance Act, 2019 which came into force on August 1, 2019. The RBI has been empowered to, among other things, remove and replace a director or supersede the board of directors of NBFCs in public interest, remove or debar auditors, frame schemes for amalgamation, reconstruction or splitting of the NBFC into viable and non-viable businesses to preserve the continuity of the activities of the NBFCs. The RBI has also issued guidelines on "Liquidity Risk Management Framework for Non-Banking Financial companies and Core Investment Companies" on November 4, 2019. The guidelines introduce a Liquidity Coverage Ratio for all non-deposit taking NBFCs with an asset size of ₹ 50,000 million and above with effect from December 1, 2020, which could increase our market risks for investments and reduce the funds that we have for loans, adversely affecting our business and results of operations.

The RBI had also constituted an Internal Working Group ("**IWG**") on June 12, 2020, to review extant guidelines on ownership and corporate structure for Indian private sector banks. The IWG submitted its report on November 20, 2020, under which it has made recommendation with regards to, among other things, the corporate structures of Non-Operative Financial Holding Companies ("**NOFHC**") and the conversion of banks licensed before 2013 thereto. In particular, the IWG recommends that, prior to such conversion, if a banking group entity desires to continue undertaking any lending activity, the same shall not be undertaken by the bank departmentally and the group entity shall be subject to the prudential norms as applicable to banks for the respective business activity. Additionally, banks should also not be allowed to invest in the equity / debt capital instruments of any of its existing subsidiaries. The RBI had considered comments received for the IWG report and issued its decision on November 26, 2021, according to which it had accepted 21 out of 33 recommendations made by the IWG, with the remaining recommendations still under examination. While the recommendations in relation to the conversion of banking groups into NOFHC and investment into existing subsidiaries were not accepted by the RBI on November 26, 2021, we cannot assure you that the RBI will eventually reject them and any such acceptance by the RBI (whether partially or entirely) may adversely affect our future development and business.

10. We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale i.e., proceeds from the Offer for Sale net of the Offer expenses.

The Offer comprises a Fresh Issue and an Offer for Sale. The Selling Shareholders, including the Promoter Selling Shareholder, shall be entitled to their respective portions of the proceeds from the Offer for Sale net of Offer expenses and our Company will not receive any proceeds from the Offer for Sale. None of our Directors or Key Managerial Personnel or Senior Management Personnel will receive, in whole or part, any proceeds from the Offer.

11. ***We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income and net interest margin to vary and consequently affect our profitability.***

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income (mainly comprising interest income on loan portfolio, assigned portfolio, and interest income on investments and on deposits with banks) and our finance cost. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and net interest margins. The following table sets forth our net interest margins and floating interest-bearing liabilities for the periods indicated:

Particulars	For Fiscal		
	2023	2022	2021
Net Interest Margin (%)	8.99	8.92	8.00
Floating-interest Bearing Liabilities (%)	86.51	81.71	78.78

Interest rates could be affected by a variety of factors, including access to capital based on our business performance, the volume of loans we make to our customers, competition and regulatory requirements, as well as those beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically resulted in changes in interest rates in India. Such interest rates may also be affected by a change over time in the mix of the types of loans we provide to our customers, the mix of new and renewal loans and a shift among our channels of customer acquisition. According to the CRISIL Report, lower commodity prices, base effect, expectation of softer food prices and cooling off of domestic demand is likely to help in moderating inflation in Fiscal 2024. This may in turn affect interest rates. In a declining interest rate environment, if our cost of borrowings does not decline simultaneously or to the same extent as the yield on our interest-earning assets or if there is any increase in our cost of borrowings, it could lead to a reduction in our net interest income and net interest margin. It may also require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin, thus affecting our financial results and operating performance. We may be unable to pass on the increase in our costs of borrowings to customers, immediately or at all. Some of our customers may prepay their loans to take advantage of a declining interest rate environment. In addition, an increase in interest rates could result in our customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources, and the resultant decrease in assets may ultimately have an adverse impact on our asset-liability position. Even if such customers do not prepay their loans, an increase in interest rates may lead to an increase in defaults if our customers are unable to keep up with the increase, thereby adversely affecting our business and financial condition. If there is an increase in the interest rates, we pay on our borrowings, that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds or lower cost deposits.

Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than our competitors that may borrow only at fixed interest rates. An increase in general interest rates in the economy could also reduce the overall demand for retail loans and impact our growth.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our investments. While we take steps to minimize the risk of interest rate volatility, we currently do not enter into any specific interest rate hedging instruments to protect against interest rate volatility. Further, any interest rate hedging we enter into may not be effective.

12. ***Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations and financial condition.***

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. For details of our current credit ratings, see "*Our Business – Credit Ratings*" on page 205. Additionally, the credit ratings of our Promoter, and the factors which impact it, as well as the level of our Promoter's shareholding in our Company, have an effect on our credit ratings, given the existing relationship between us and our Promoter.

Any downgrade in our credit ratings or the credit ratings of our Promoter could increase borrowing costs, result in an event of default under certain of our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. For further details in relation to our borrowing costs, see "*Selected Statistical Information – Average cost of borrowing*" on page 265. In addition, any downgrade in our credit ratings or the credit ratings of our Promoter could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future, impair our future issuances of debt and equity, and our ability to raise new capital on a competitive basis and adversely affect our business, results of operations and financial condition.

Further, as rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions or NBFCs in particular, increase the frequency and scope of their credit reviews, request additional information from companies that they rate, and potentially adjust their requirements employed in the rating agency models for maintenance of certain rating levels. It is possible that the outcome of any such review of us or our Promoter could adversely impact our ratings. For instance, during Fiscal 2020, credit ratings were reduced for NBFCs operating in a particular state as a result of a crisis in the NBFC industry. According to the CRISIL Report, a few NBFC companies experienced credit rating downgrades and/or negative outlook changes during Fiscal 2021. For further details, see "*Industry Overview*" on page 115.

13. We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.

We face potential liquidity risks because our assets and liabilities mature over different periods. For further details in relation to liquidity risks, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Analysis of Market Risks – Liquidity Risk*" on page 391. Asset and liability mismatch, which represents a situation when the financial terms of an institution's assets and liabilities do not match, is a key financial parameter for us. For further details on the maturity profile of our assets and liabilities as of March 31, 2023, see "*Selected Statistical Information – ALM*" on page 266.We carefully monitor the contractual maturity periods of our assets and liabilities and categorize them on the basis of the number of years in which they mature. As of March 31,2023, we had a negative asset liability mismatch of ₹ 10,235.45 million, ₹ 2,312.16 million and ₹ 4,678.02 million for over 1 year and up to 3 years maturity, over 3 years and up to 5 years maturity and over 5 years maturity, respectively. We meet a significant portion of our financing requirements through long term and short-term borrowings from banks, issuance of debt securities (such as non-convertible debentures and commercial paper) and through securitization and direct assignment of loans. Any mismatch in the maturity profile of our assets and liabilities may lead to a liquidity risk and have an adverse effect on our business and results of operations.

14. As on March 31, 2023, our operations are concentrated in two states in western India and four states and one union territory in southern India and, one union territory in northern India and any adverse developments in these regions could have an adverse effect on our business and results of operations.

As of March 31, 2023, we conducted our operations through 575 branches, of which 237 branches were located in western and northern India in the states/union territory of Gujarat, Maharashtra and Delhi and 268 branches were located in southern India in states of Telangana, Andhra Pradesh, Tamil Nadu and Karnataka. As of March 31, 2023, 31.56% of our gross AUM was located in Gujarat and Maharashtra, 50.58% of our gross AUM was from Telangana, Andhra Pradesh, Tamil Nadu, Karnataka and Puducherry and 11.93% of our gross AUM was from Delhi. The retail lending and financial services markets in these regions may perform differently from and may be subject to market conditions that are different from, the retail lending and financial services markets in other regions in India. Consequently, any significant social, political or economic disruption, or natural calamities or civil disruptions in these regions, or changes in the policies of the state or local governments of these regions or the Government of India, could disrupt our business operations, require us to incur significant expenditure and change our business strategies. The occurrence of or our inability to effectively respond to any such event, could have an adverse effect on our business, results of operations, financial condition and cash flows.

15. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition.

As of March 31, 2023, our total borrowings were ₹ 71,358.23 million. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. One of our lenders, namely IDBI Bank Limited, in the normal course of business has a right to nominate directors on our Board under the lending arrangement. We are required to obtain prior approval from certain of our lenders, as well as send prior intimation to certain of our lenders for, among other things:

- effecting any change in the capital structure where the shareholding of the Promoter gets diluted below 51%;
- making any amendments to the memorandum of association and articles of association;
- effecting any adverse changes to or effecting a major change in our capital structure;
- issuing any debentures, raising loans, accepting deposits from the public, issuing equity or preferential share capital;
- formulating or effecting any scheme of amalgamation or merger or compromise or reconstruction;
- effecting any change in the constitution of our Company, including its shareholding pattern, ownership, controlling interest and control;
- changing the general nature of the business of our Company;
- effecting any changes in the management of our Company, including changes in the composition of the Board of Directors and change in the practice with regard to remuneration of directors;
- undertaking guarantee obligations on behalf of any other person;
- incurring further indebtedness by our Company, except as permitted under the relevant loan documentation; and
- making any prepayment of amounts due under the facilities;

We have applied to our lenders and we have received consents from all of our lenders in relation to this Offer. However, we are yet to receive a waiver from IDBI Bank Limited in relation to their right to nominate directors to our Board. We cannot assure you that such consents will be granted in the future or at all. Under these agreements, certain lenders also require us to maintain certain financial ratios such as asset coverage ratio and security cover ratio. Our failure to meet our obligations under our financing agreements could have an adverse effect on our business, results of operations and financial condition. In particular, as a result of the November 12 Circular and the resultant increase in our NPAs, our Company was in breach of the NPA covenants under our loan agreements with our Promoter, HDFC Bank Limited and The Karur Vysya Bank Limited. While we had obtained consent from the respective counterparties for such breach, and for the modification of NPA covenants, we cannot assure you that we will be given such relaxations in the future. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. For further details of the November 12 Circular and the resultant increase in our NPAs, see *"– 6. We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME") and the risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.*" , and "*Key Regulations and Policies - Reserve Bank of India's Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 1, 2023*" on pages 29 and 222, respectively. For further details in relation to risks relating to our inability to maintain the quality of our loan portfolio or manage our growing loan portfolio, see "- *8. We may be unable to maintain the quality of our loan portfolio or manage the growing loan portfolio which may result in significantly larger non-performing assets and provisions*" on page 31.

Our future borrowings may also contain similar restrictive provisions. If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare us to be in default under the terms of our agreements or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings.

16. Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. For further details in relation to our risk management framework, see "*Our Business – Description of our Business and Operations – Risk Management Framework*" on page 205. The following table sets forth the fraud detected and reported for the periods indicated:

(₹ in million)

Particulars	For Fiscal		
	2023	2022	2021
Fraud Detected and Reported	176.71	105.18	47.20

Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that business units adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal processes and systems, 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 ensure effective internal checks and balances in all circumstances. For further details in relation to inspection by RBI pertaining to fraud, see " – *7. We are subject to periodic inspection by the Reserve Bank of India. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 30.

Our management information systems and internal 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 system or process weaknesses are identified, our actions may not be sufficient to correct such weakness. Failures or material errors in our internal systems may lead to deal errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. Such instances may also adversely affect our reputation, business and results of operations. Adverse publicity arising from disclosure of fraud may also have an adverse impact in our customers' confidence in our security measures. We cannot assure you that that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our business, profitability and reputation.

17. Because we handle high volumes of cash and gold jewelry in a dispersed network of branches, we are exposed to operational risks, including employee negligence, fraud, petty theft, burglary and embezzlement, which could harm our results of operations and financial position.

As of March 31, 2023, we held cash in hand balance of ₹ 133.90 million and gold of 8.13 tons. Our business involves carrying out cash and gold jewelry transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary, and misappropriation or unauthorized transactions by our employees. For instance, we have experienced the following instances of robbery and fraud by our employees:

Period	Particulars
Fiscal 2023	During the year, there were 10 instances of fraud against our Company by third parties amounting to ₹ 15.24 million out of which ₹ 11.57 million has since been recovered

Period	Particulars
	by our Company. There were five instances of fraud against our Company by our employees amounting to ₹ 161.47 million out of which ₹ 104.21 million has since been recovered by our Company.
Fiscal 2022	During the year, there were 19 instances of fraud against our Company by third parties amounting to ₹ 78.91 million out of which ₹ 1.53 million has since been recovered by our Company. There were nine instances of fraud against our Company by our employees amounting to ₹ 26.27 million out of which ₹ 9.99 million has since been recovered by our Company.
Fiscal 2021	During the year, there were 17 instances of fraud against our Company by third parties amounting to ₹ 44.72 million out of which ₹ 2.21 million has since been recovered by our Company. There were four instances of fraud against our Company by our employees amounting to ₹ 2.48 million out of which ₹ 2.31 million has since been recovered by our Company.

[*]As certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.

Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or detect such activities in all cases, which may adversely affect our operations and profitability. For further details, see " *– 16. Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.*" on page 35. Our employees may also become targets or victims of theft, burglary and other crimes if they are present when these crimes are committed and may sustain physical and psychological injuries as a result. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected. Publicity arising from such disclosure of fraud may also have an adverse impact on our customers' confidence in our security measures. For further details in relation to inspection by RBI pertaining to frauds, see "- *7. We are subject to periodic inspection by the Reserve Bank of India. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 30.

Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. The nature and size of the items provided as collateral allow these items to be misplaced or mistakenly delivered, which may have a negative impact on our operations and result in losses.

18. We participate in markets that are competitive with continuously evolving customer needs, and if we do not compete effectively with established companies and new market entrants, our business, results of operations, cash flows and financial condition could be adversely affected.

Our continued success will depend, in part, on our ability to respond to changing customer needs and emerging industry standards and practices on a cost-effective and timely basis. Our competitors include established Indian and foreign commercial banks, NBFCs, HFCs, small finance banks, lending platforms and the private unorganized and informal financiers who principally operate in the local market. More players in consumer-facing businesses with a repository of data (such as e-commerce companies and payment service providers) are expected to enter the lending business, intensifying competition. *(Source: CRISIL Report).* Our lending activity is not completely online and necessarily involves carrying out certain physical steps, such as physical verification and in-person visits. Furthermore, our cost of borrowings as an NBFC may be higher than some of our competitors, including banks and lenders which are better rated. As a result, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding, and in implementing new technologies and rationalizing related operational costs.

In relation to our MSME focused business, while we believe that commercial banks, as well as regional rural and cooperative banks, have generally not directly targeted this segment for new customers, some banks do participate in this segment using different strategies. Further, most small finance banks which received approval from the RBI for the commencement of small finance banks operations are focused on low and middle income individuals and MSMEs. Further, some commercial banks are also beginning to directly compete for lower income segment customers in certain geographies, including through the business correspondent operating model. We face competition from these new and established players in our MSME focused businesses. Any such increased competition from other players could lead to lending rates offered by our competitors in the segments we operate in to be unviable for us or not profitable for us to provide, given our cost of borrowings.

Further, in the gold loans market, NBFCs slightly lost market share in Fiscal 2022 due to the increasing focus of banks (both public and private) towards gold loans and RBI permitting banks to offer gold loans at a higher LTV amidst the COVID-19 pandemic. *(Source: CRISIL Report)*

Additionally, we are subject to the potential increase in competition brought about by changes in the laws and regulations governing our business and those adjacent to ours. In particular, there are opportunities for regulatory arbitrage by commercial banks and NBFCs, given that we operate in a highly regulated industry. Any changes in the relevant laws or regulations by the RBI to correct, clarify or amend such regulatory subject matters may result in the diminishment of the available opportunities for regulatory arbitrage. For example, from August 6, 2020 to March 31, 2021, the RBI permitted banks to provide gold loans with a LTV of up to 90% for non-agricultural purposes, while NBFCs were still subject to the restriction of 75% for gold loan LTVs. We cannot assure you that changes in the relevant laws and regulations in the future may not result in an increase in competition from other players and impact the way we conduct our business in respect of, among others, branch opening licensing requirements, prudential norms for various loan products and monthly interest servicing. For further details on another instance of lost regulatory arbitrage, see "- *6. We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME") and the risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.*" on page 29.

Liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs, HFCs and other entities operating in the financial services sector offering a wider range of products and services. This could adversely affect our competitive environment. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive retail and MSMEs loans business. Increasing competition may also result in slower growth and a reduction in our net interest margin and market share, and consequently may have an adverse effect on our results of operations and financial condition.

Further, due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services profitably or at reasonable returns and this may adversely affect our business, financial condition, results of operations and cash flows.

19. Our financial performance may be materially and adversely affected by an inability to respond promptly and effectively to new technological innovations.

Our ability to respond to technological advances on a cost-effective and timely basis may have an impact on our financial performance. Technological innovation such as digital wallets, mobile operator banking, advancements in blockchain technology and cryptocurrencies, such as bitcoin, payment banks, internet banking through smart phones, could disrupt the financial services industry and increase competition as a whole. For our gold loan and loan against property products we need to complete certain steps that may not be capable of being digitized entirely. If we fail to adapt to such technological advances quickly and effectively it could affect the performance and features of our products and services and reduce our attractiveness to existing and potential customers hereby adversely affecting our business, financial condition, results of operations, and cash flows.

Our competitors may also make more significant and effective investments in innovation, growth of their businesses and enhancing their customer reach and engagement and may outcompete us in any of these areas. They may also be able to obtain certain licenses that we may be unable to obtain in the future, which may hinder our ability to offer certain services or access certain pools of liquidity that are the subject of such licenses. Increased investments made or innovative services offered by our competitors may require us to divert significant managerial, financial and human resources in order to remain competitive, and ultimately may reduce our market share and negatively impact the revenues growth and profitability of our business.

20. Our inability to maintain our capital adequacy ratio could adversely affect our business, results of operations and our financial performance.

The NBFC-ND-SI Directions currently require NBFCs such as our Company to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital. As per the NBFC-ND-SI Directions, we are required to maintain a minimum capital ratio, consisting of Tier I capital and Tier II capital, of not less than 15.00% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. In line with the NBFC-ND-SI Directions, at a minimum, Tier I capital of an NBFC, at any point of time, cannot be less than 10.00%. For details, see "*Key Regulations and Policies in India*" on page 211. As of March 31, 2023, our CRAR was 17.94%, with Tier I capital comprising 15.09 %. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital adequacy ratios. Further, the RBI may increase its current CRAR requirements, which may require us to raise additional capital. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, or at all, which may adversely affect the growth of our business. For instance, RBI, in its risk assessment report and inspection report with respect to our financial position as on March 31, 2021, observed, among other things, that we had invested a substantial amount of surplus funds with a related party (our Promoter) which resulted in lower assessed NOF and CRAR. Our failure to comply with minimum capital adequacy requirements and NOF, under current or future regulations, may result in adverse actions being initiated by RBI, including imposition of penalties and may adversely affect our business, financial condition and results of operations. For further details on the RBI's observation in relation to, among others, our CRAR, please see "– *7. We are subject to periodic inspection by the Reserve Bank of India. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 30.

In accordance with the NBFC-ND-SI Directions, NBFCs primarily engaged in lending against gold jewelry, with such loans comprising 50.00% or more of its financial assets, will be further subject to the requirement to maintain a minimum Tier I capital of 12.00%. While our gold loans do not currently comprise 50.00% or more of our financial assets, we cannot assure you that we will not increase the share of gold loans on our loan portfolio in the future, and thereby be subject to this additional

CRAR requirement.

21. Any inability to expand our business into new regions and markets in India or the sub-optimal performance of our new branches could adversely affect our business, results of operations, financial condition and cash flows.

As part of our growth strategy, we continue to evaluate opportunities to expand our branch network across regions in India where we have a presence and expand to adjacent geographies by evaluating areas with established credit culture. For further details in relation to our branch network, see "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors affecting our Financial Condition and Results of Operations – Expansion of branch network*" and "*Selected Statistical Information*" on pages 184, 374 and 257 respectively. Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who may be more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers.

As we plan to expand our geographic footprint, we may be exposed to additional challenges, including identifying and collaborating with local business partners with whom we may have no previous business relations, obtaining necessary governmental approvals, successfully marketing our brand and products in markets in which we have no familiarity; attracting customers in a market in which we do not have significant experience or visibility; being subject to additional local taxes; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to new markets in India in which different languages are spoken. For instance, a number of states in India have enacted laws to regulate money-lending transactions and there are civil and criminal penalties prescribed for non-compliance with the relevant money lending statutes. These laws also establish a maximum rate of interest that can be charged to customers. There is however, ambiguity on whether NBFCs are required to comply with provisions of these state money-lending laws and are pending determination before various judicial forums in India. If it is judicially determined or clarified by relevant authorities that such statutes apply to NBFCs, our business in such states could be affected. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our inability to expand our current operations or the sub-optimal performance of our new branches may adversely affect our business, financial condition, results of operations and cash flows.

We opened 271 branches in Fiscals 2023, 2022 and 2021, as specified in the table below:

State	Total number of branches opened	Fiscal 2023	Fiscal 2022	Fiscal 2021
Maharashtra	53	18	25	10
Gujarat	50	6	29	15
Delhi NCR	26	5	11	10
Karnataka	25	5	15	5
Telangana	20	3	12	5
Tamil Nadu	19	3	15	1
Andhra Pradesh	18	4	14	-
Rajasthan	16	3	13	-
Uttar Pradesh	10	4	5	1
Punjab	9	2	2	5
Madhya Pradesh	9	3	6	-
Haryana	9	-	7	2
Goa	5	2	1	2
Dadra & Nagar Haveli	1	1	-	-
Pondicherry	1	-	1	-
Grand Total	**271**	**59**	**156**	**56**

Further, we have not closed any branch in Fiscals 2023, 2022 and 2021.

22. We operate in a cyclical industry. In an economic downturn, we may not be able to grow our business or maintain levels of liquidity, loss minimization, and revenue growth to sustain our business and remain viable through the credit cycle.

There can be no assurance that we will be able to grow our business or maintain levels of liquidity, loss minimization, and revenue growth to sustain our business and remain viable through the credit cycle. The timing, severity, and duration of an economic downturn can have significant negative impacts on small businesses and our ability to generate adequate revenue and to absorb expected and unexpected losses. We do not have all of the elements necessary to ensure sustainability of our business in all circumstances. In making a decision whether to extend credit to a new or existing customer, or determine appropriate pricing for a loan, our decision structure relies on our internal credit policy, market expertise and judgments in regard to underwriting. An economic downturn will place financial stress on our customers, potentially impacting our decision structure's ability to make accurate decisions. Small businesses are typically impacted before and more severely than large businesses. Our early warning and portfolio management capability to adapt in a manner that balances future revenue production and loss minimization will be tested in a downturn. The longevity and severity of a downturn will also place pressure on our lenders, who provide financing to us through our debt warehouses and our securitization/assignment transactions. There can be no assurance that our financing arrangements will remain available to us through any particular business or economic cycle. The timing and extent of a downturn may also require us to change, postpone or cancel our strategic initiatives or growth plans to pursue shorter-term sustainability. The longer and more severe an economic downturn, the greater the adverse impact on us, which could be material.

23. We rely significantly on our information technology systems for our business and operations and any failure, inadequacy or security breach in such systems could adversely affect our business, results of operation and reputation.

We use our technology platforms to assist with functions such as origination, underwriting, branch operations, risk management, customer service, collections and to perform data analytics. We have developed and used proprietary tools, cloud services, cloud-based central repository and mobility applications. We have systems for certain aspects of our customer engagement such as lead management, loan origination, loan management, as well as mobile applications. These are integrated with human resources management systems and a cloud-based central repository. Our operations depend on our ability to process a high volume of transactions across our network of branches, which are connected through computer systems, servers as well as on the cloud. For further details in relation to our information technology systems, see "*Our Business – Description of our business and operations – Information Technology*" on page 207. As part of our growth strategy, we intend to further develop and invest in our information technology systems and create an end-to-end digital process.

We may be subject to disruptions, failures or infiltrations of our information technology systems arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from third-parties, such as internet backbone providers), for which we may be held liable. The size and complexity of our computer systems may make them potentially vulnerable to breakdowns, system integration problems, malicious intrusion and computer viruses. Our financial, accounting or other data processing systems may fail to operate adequately, or at all, as a result of events that are beyond our control, including a disruption of electrical or communications services in markets in which we primarily operate. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. Although we have not experienced any significant disruptions to our information technology systems in the past, other than the ransomware attack in July 2022 as specified below, we cannot assure you that we will not encounter disruptions in the future.

In addition, our systems are potentially vulnerable to data security breaches, whether by employees, who may have a lack of experience with our newer information technology systems, or others, that may expose sensitive or confidential data to unauthorized persons. Data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees, which could result in breaches of applicable data security laws and resultant imposition of monetary penalties. Security measures could be breached by third-party actions, intrusion into our software by hackers due to software flaws or due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. For instance, from May 2022 to July 2022, our Company came under a ransomware attack resulting in the encryption of our user data and rendering the files unreadable. As a result of such attack, certain data, including personally identifiable data such as our customer's Permanent Account Numbers and addresses, were leaked by the attackers. While the impacted applications have since been restored and there was no financial loss suffered by us and we subsequently conducted an external investigation and reported the incident to the RBI in July 2022, we cannot assure you that we will not suffer from losses (including financial loss and/or penalties), reputational damage and civil liability as a result of this attack or that we will not experience such data security breaches or compromises of technology systems again in the future. Any such security breaches or compromises of technology systems in the future could result in institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business, results of operations and reputation.

24. We rely on third-party vendors, software and information technology solutions, which may not perform satisfactorily.

We, among other things, use third party software, platforms, services and data storage services, -on cloud and on premises data centers. An infiltration of our information technology systems or the information technology systems of such third parties may compromise information and may result in significant data losses or theft of our or our customers' proprietary business or personally identifiable information. This could result in other negative consequences, including exposure to litigations, liabilities, remediation costs, disruption of internal operations, weakening of our competitive position, increased cybersecurity protection costs, damage to our reputation and loss of customer confidence, any of which could have a material adverse effect on our business, financial condition and results of operations. For example, under the Information Technology Act, 2000, we are subject to civil liability for wrongful loss or gain arising from any negligence by us in implementing and maintaining reasonable security practices and procedures with respect to sensitive personal data or information on our computer systems, networks, databases and software. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will always be adequate or successful. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. There is also the risk that we may lose customers for a cyber-incident, which might have occurred on the customer's own system or that of an unrelated third-party. Any cyber security breach could also subject us to additional regulatory scrutiny. Failed security measures could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on various external vendors for certain elements of our operations, such as loan processing applications, our cloud and fraud detection platforms, as well as digital channels for online payments, which we use and access through agreements with these external vendors. We are exposed to the risk that (i) external vendors or service providers may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of operational errors by their respective employees); (ii) the vendors or their employees may be involved in any fraud or willful default and (iii) the risk that their (or their vendors') business continuity and data security systems prove to be inadequate. Failure to perform any of these functions by our external vendors or service providers could have a material adverse effect on our business, results of operations and cash flows. Certain of our external vendors operate in jurisdictions other than India, and some or all of the data and information stored by us on, among other things, the servers and data centers of such external vendors may be subject to information technology, and data protection laws of countries other than India. Any breach of such laws by us or the external vendor may expose us to liability under such laws, and/or trigger indemnity provisions under our arrangements with such vendors. Any such adverse developments may adversely affect our results of operations.

As our technology infrastructure, products and services expand and become increasingly complex, we face increasingly serious risks to the performance and security of our technology infrastructure, products and services that may be caused by these third-party-developed components, including risks relating to incompatibilities among these components, service failures or delays or back-end procedures on hardware and software. We also need to continuously enhance our existing technology. We face the risk of our technology infrastructure becoming unstable and susceptible to security breaches. This instability or susceptibility could create serious challenges to the security and uninterrupted operation of our platforms, products and services, which would adversely affect our business and reputation.

25. The resurgence of the COVID-19 pandemic may affect our business and operations in the future.

The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. In the past, as a result of the implementation of lockdowns and other restrictive measures in response to the spread of the COVID-19 pandemic by the Government of India, the Indian economy, including the financial services sector, faced significant disruptions. This led to disruptions in our operations for certain periods, such as:

- Pursuant to RBI's directions, we granted moratorium to the loan instalments due during the period from March 1, 2020 to August 31, 2020 on the eligible loan accounts; the RBI also clarified that for all standard accounts as on February 29, 2020, the moratorium period will be excluded from days past-due ("**DPD**") calculation for the purpose of asset classification under the norms on income recognition and asset classification; moratorium was granted by us to 5,623 instalment loan customers for the period between March 1, 2020 and August 31, 2020;

- further, the RBI has released a notification dated August 6, 2020 titled "Resolution Framework for COVID-19-related Stress" and related notifications dated September 7, 2020, May 5, 2021 and August 6, 2021 (collectively, the "**Resolution Framework**"), which allowed a one-time restructuring of loans impacted by the COVID-19 pandemic to help lenders and customers reschedule repayment of instalments based on customers' present income and restoration of income in subsequent months; the restructuring will limit the potential increase in NPAs out of restructured loan accounts till a revised repayment schedule is agreed with such customers; these restructured accounts might become NPAs if customers fail to make payments as per the restructured schedule. We had extended the facility of restructuring of loans to customers upon their request until September 30, 2021. For further details in relation to our restructured loan portfolio as on March 31, 2023, March 31, 2022, and March 31, 2021, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Financial Condition and Results of Operations – Credit quality and provisioning*" on page 373; and

- by way of a circular dated April 7, 2021 on 'Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package' (the "**Interest on Interest Circular**"), RBI has advised that all lending institutions are required put in place a board-approved policy to refund/ adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above judgement; the above relief measures are applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed; further, lending institutions are required to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on such relief measures in their financial statements for the year ending March 31, 2021. However, the Interest-on-Interest Circular had no material impact on our financial results for the year ending March 31, 2021.

The resurgence of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, COVID-19 may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section. For further details, see "*Management's Discussion* *and Analysis of Factors Affecting Financial Condition and Results of Operations*" beginning on page 371.

26. There may be certain inadvertent discrepancies in our secretarial filings and/ or corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies.

We manage our internal compliance by monitoring and evaluating internal controls and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all.

We are unable to trace certain corporate filings, resolutions and challans in respect of certain corporate filings made by our Company, including the Forms 2 filed by our Company with the Registrar of Companies, Kerala at Kochi and the relevant resolutions of our Board in relation to the initial allotment of Equity Shares to our Promoter, and the further allotment of Equity Shares on May 22, 1997. Further, we are unable to trace the resolution of our Board in relation to the reduction of our paid-up Equity Share capital on March 5, 2001. The allotments for which no form filings or resolutions are available, aggregate to 14,999,300 shares, comprising 4.65% of our total paid-up Equity share capital as on date. For further details of such allotments, see "*Capital Structure – Notes to the Capital Structure - Share capital history of our Company*" on page 78. We have obtained a certificate dated February 10, 2022 from Shivlal Maurya, practicing company secretary in relation to such untraceable form filings. Although it is unlikely to have a material financial impact on us, and no regulatory action/ litigation is pending against us in relation to any such discrepancies in our secretarial filings and/ or corporate records, we cannot assure you that we will not be subject to penalties imposed by regulatory authorities in this respect. Accordingly, we cannot assure you that we will not be subject to any action, including monetary penalties by statutory authorities on account of any such discrepancies in our secretarial filings and/ or corporate records, which may adversely affect our business, financial condition and reputation.

27. We may not be able to identify, monitor and manage risks or effectively implement our risk management policies.

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, which include our interest rate policy, corporate governance policy, fair practices code, vigil mechanism, and know your customer and anti-money laundering policy. Our Board of Directors, the Risk Management Committee and the asset liability committee of our Company review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions.

However, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management processes may not be automated and subject to human error. Some of our methods of managing risks are based on the use of observed historical market behavior and may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. In addition, as we seek to expand the scope of our operations, we also face the risk of inability to develop commensurate risk management policies and procedures. Other risk management methods depend upon an evaluation of information regarding the markets we operate in, the customers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Management of operational, legal or regulatory risks requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. For further details in relation to inspection by RBI pertaining to risk management, see "*– 7. We are subject to periodic inspection by the Reserve Bank of India. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 30.

Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. If we fail to effectively implement our risk management policies, it could have an adverse effect on our business, results of operations and financial condition.

28. Any deterioration in the performance of any pool of receivables securitized and assigned to banks and other institutions may adversely impact our financial performance.

We securitize and assign a portion of our receivables from our loan portfolio to banks and other financial institutions. Such securitization transactions and direct assignment transactions are undertaken by us on the basis of our internal estimates of funding requirements, and may vary from time to time. The following table sets forth our securitized and assigned assets and receivables as of the dates indicated:

Particulars	As of March 31,		
	2023	2022	2021
Securitized and Assigned Assets (₹ in million)	10,925.53	4,931.42	2,959.89
Receivables securitized and assigned expressed as % of AUM (%)	12.05	7.97	6.09

We are also required to provide certain credit enhancements, such as cash collateral fixed deposit, bank guarantees, excess interest spread, overcollateralization, in connection with our securitized receivables. There was a temporary shortfall in collections during the last three Fiscals, which was adjusted from the credit enhancement provided by us to the investor. Further, in the event the bank or financial institution does not realize the receivables due under loans that have been assigned, the relevant bank or institution can enforce the underlying credit enhancements provided by our Company. Should such banks or any other financial institutions seek to enforce the underlying credit enhancements such as bank guarantees and fixed deposits, which are provided up to a specified percentage of the underlying loans, it could have an adverse effect on our financial condition and results of operations. This could also adversely impact our reputation and the willingness of future potential bidders to participate in subsequent assignments by our Company. Further, any change in RBI or other government regulations in relation to assignments/securitizations by NBFCs could have an adverse impact on our assignment/securitization program.

29. ***Certain statutory and regulatory licenses and approvals are required for conducting our business and any failure or omission to obtain, maintain or renew these licenses and approvals in a timely manner, or at all, could adversely affect our business and results of operations.***

Our operations in India are subject to government regulation and we are required to obtain and maintain certain statutory and regulatory licenses and approvals and we have obtained the necessary licenses and approvals required for our operations. While we have obtained the necessary approvals and licenses required for our operations, certain approvals have lapsed in their normal course and we have made applications to the appropriate authorities for renewal of such licenses and approvals. For further details, see "*Government and Other Approvals*" on page 404. In addition, we may apply for additional licenses and approvals, including the renewal of certain approvals which may expire from time to time, and approvals in the ordinary course of business. If we are unable to obtain, maintain or renew all necessary licenses and approvals required for our continued operations or for continued provision of the services being offered by us, this may have consequences, on operations that may be limited or suspended to that extent, which may have an adverse impact on our business and results of operations.

In the future, we may be required to obtain new registrations, permits and approvals for our business, as a result of change in current regulations or for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any permits or approvals required by us in a timely manner, or at all, and/or on favorable terms and conditions. As part of our business operations, we have various branches spread across India. Certain approvals that are required to operate such branches expire from time to time. Accordingly, we have either made an application to the appropriate authorities for renewal of such approvals or are in the process of making such applications. There can be no assurance that the relevant authorities will renew such approvals in a timely manner or at all. If we fail to obtain any applicable approvals, licenses, registrations or consents in a timely manner or at all, some of our contracts with third parties may be terminated and we may not be able to undertake certain operations of our business which may affect our business, results of operations and cash flows. Also see *" – 9. We operate in a highly regulated industry and changes in the laws, rules and regulation applicable to us may adversely affect our business, financial condition and results of operations.*" on page 31.

A majority of these approvals are granted for a limited duration and are subject to numerous conditions. For example, our Company has a certificate of registration from the RBI to operate as an NBFC-ND-SI, which requires our Company to comply with certain terms and conditions for our Company to continue our NBFC operations. The RBI conducts an annual inspection of our Company's books of accounts and other records relating to our financial position every year. RBI Inspection is a regular exercise and is carried out periodically by RBI for banks, financial institutions and NBFCs. For further details in relation to inspection by RBI pertaining to fraud, see " *– 7. We are subject to periodic inspection by the Reserve Bank of India. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 30. We cannot assure you that these approvals 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. If there is any failure by us to comply with the applicable regulations, or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

30. ***We utilize the services of certain third parties for our operations and any interruption or deficiency in their services could have an adverse effect on our business.***

We utilize the services of third parties from time to time in various aspects of our operations such as sourcing of customers, valuation of collateral properties and collection services. We generate customer leads from direct selling agents ("**DSAs**"). For Fiscal 2023, we sanctioned 7,936 loans, on account of leads generated through 358 DSAs. The contribution to total disbursals from customer leads from DSAs aggregated to 20.23% in Fiscal 2023. However, our arrangements with DSAs are on a non-exclusive basis and they may work for our competitors in the future, which may adversely affect our ability to increase our customer base. We also engage with agencies in the regions in which we operate for services such as verification, credit appraisal, valuation and collection.

Our reliance on third parties may prevent us from being able to resolve operational problems internally or on a timely basis, which could lead to customer dissatisfaction or long-term disruption of our operations. Our operations also depend upon our third-party service providers to communicate appropriately and provide quality service which is satisfactory to our customers. We may also need to replace a third-party service provider if it experiences difficulties that interrupt or disrupt operations for a prolonged period of time or if an essential third-party service terminates. If these service arrangements are terminated for any reason without an immediately available substitute arrangement, our operations may be severely interrupted or delayed. If such interruption or delay were to continue for a substantial period of time, our business, prospects, financial condition and results of operations could be adversely affected. We also cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third-party service providers or do so at the prevailing costs. Any disruption, negligence, fraud or inefficiency in the services provided by our third party service providers, or an increase in costs which we may not be able to pass on to our customers, whether entirely or in part, could adversely affect our business, financial result and reputation.

31. ***We depend on the accuracy and completeness of information provided by our customers and certain third party service providers and our reliance on any erroneous or misleading information may affect our judgement of their creditworthiness, as well as the value of and title to the collateral.***

While deciding whether to extend credit to customers, we rely, to a significant extent, on the information furnished to us by the customers for certain key elements of the credit assessment process, including their income, assets, financial transactions and credit history. We follow the Know Your Customer ("**KYC**") guidelines prescribed by RBI for potential customers, verify their place of employment and residence, as applicable. We may also rely on certain representations from customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness of the customers and encumbrances on the collateral provided, we may depend on the respective registrars and sub-registrars of assurances, local legal agencies and lawyers, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral. Our reliance on any erroneous or misleading information may affect our judgement of credit worthiness of potential customers, and the value of and title to the collateral. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business, results of operations and financial condition.

Further, we target first time borrowers and such customers may not have credit histories supported by tax returns and other documents that would enable us to accurately assess their creditworthiness. Accordingly, we issue loans without insistence on formal documentation. We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Although as part of our credit policy, we conduct credit checks of all our customers, including with credit bureaus, conduct site-visits and personal discussions, we cannot assure you that such credit information will be accurate or comprehensive. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our NPAs, which could adversely affect our business and results of operations.

32. ***We rely on our internal credit policy to make credit decisions. If we do not make accurate credit decisions, our business and financial results will be adversely affected, and the impact could be material.***

In making a decision whether to extend credit to prospective customers, we rely upon data received from our customers and third-party intermediaries to assess credit handling ability, debt servicing capacity, and overall risk level to determine lending exposure and loan pricing in accordance with our internal credit policy. The data we receive and rely upon includes data from the credit bureaus, our API stack enabling independent validation from source, customer financials, observations from our front end teams, feedback from credit and underwriting teams, and other sources of income and value of collateral. If the components or analytics are either unstable, biased, or missing key pieces of information, the wrong decisions will be made which will negatively affect our financial results. If we are unable to properly assess the creditworthiness of our customers, including a failure to predict a customer's true credit risk profile and/or ability to repay their loan, we may need to record additional provision expense and/or experience higher than forecasted losses. Additionally, if any portion of the information pertaining to the prospective customer is false, inaccurate or incomplete, and we did not detect such falsities, inaccuracies or incompleteness, or any or all of the other components of our credit decision process fails, we may experience higher than forecasted losses. Furthermore, if we are unable to access the third-party data used in our decision structure, or our access to such data is limited, our ability to accurately evaluate potential customers will be compromised, and we may be unable to effectively predict probable credit losses inherent in our loan portfolio, which would negatively impact our results of operations, which could be material.

Additionally, if we make errors in the development and validation of any of the underwriting models or tools that we use for the loans securing our debt warehouses or our securitization, such loans may experience higher delinquencies and losses, which could result in the principal of our securitized notes or other borrowings being required to be paid down, and we may no longer be able to borrow from those debt facilities to fund future loans. Moreover, if future performance of our customers' loans differs from past experience (driven by factors, including but not limited to, macroeconomic factors, policy actions by regulators, lending by other institutions and reliability of data used in the underwriting process), which experience has informed the development of the underwriting procedures employed by us, delinquency rates and losses to investors of our securitized debt from our customers' loans could increase, which could result in the principal of our debt securities or other borrowings being required to paid down, and we may no longer be able to borrow from those debt facilities to fund future loans. This inability to borrow from our debt facilities could further hinder our growth and harm our financial performance.

33. There are pending litigations against our Company and our Promoter. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business, cash flows and reputation.

Certain legal proceedings involving our Company and our Promoter are pending at different levels of adjudication before various courts, tribunals and authorities. In the event of adverse rulings in these proceedings or consequent levy of penalties, we may need to make payments or make provisions for future payments and which may increase expenses and current or contingent liabilities.

A summary of outstanding litigation proceedings involving our Company and our Promoter, as disclosed in "*Outstanding Litigation and Material Developments*" on page 399, in terms of the SEBI ICDR Regulations as of the date of this Draft Red Herring Prospectus is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoter	Material Civil Litigation	Aggregate Amount (₹ in million)
Company						
By the Company	917(1)	Nil	N.A.	NA	Nil	682.65
Against the Company	3	3	2	N.A.	Nil	42.60(2)
Directors						
By the Director	Nil	Nil	N.A.	N.A.	Nil	Nil
Against the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Promoter						
By the Promoter	56	Nil	N.A.	N.A.	2	15,661.70
Against the Promoter	1	10	Nil	1	2	16,538.95(3)

(1) Includes 915 proceedings initiated by our Company against its borrowers in the ordinary course of business under the Negotiable Instruments Act, 1881.

(2) Excludes the amount paid by our Company pursuant to fines imposed by BSE. For further details, see "Outstanding Litigation and Material Developments – Litigation involving our Company – Actions taken by statutory or regulatory authorities" on page 400.

(3) Excludes the amount paid by our Promoter pursuant to a fine imposed by NSE. For further details, see "Outstanding Litigation and Material Developments – Litigation involving our Promoter – Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges" on page 402.

For further details of the outstanding litigation proceedings involving our Company and our Promoter, see "*Outstanding Litigation and Material Developments*" beginning on page 399.

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

We cannot assure you that any of the outstanding litigation matters will be settled in favor of our Company or our Promoter, as the case may be, or that no further liability will arise out of these proceedings. The amount claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. With respect to the legal proceedings involving our Company, we are in the process of litigating these matters, and based on the assessment in accordance with applicable accounting standard. We have presently not made provision for any of the pending legal proceedings. For details of our contingent liabilities, see " *– 54. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition, cash flows and results of operations.*" and "*Summary of the Offer Document – Summary of contingent liabilities of our Company*" on pages 53 and 16, respectively.

In addition to the foregoing, we could also be adversely affected by complaints, claims or legal actions brought against us, before various forums such as courts, tribunals, consumer forums or sector-specific or other regulatory authorities in the ordinary course or otherwise, in relation to our products and services, our technology and/or intellectual property, our branding or marketing efforts or campaigns or any other acts/omissions. As a debt-listed company, we are also subject to queries from the stock exchanges from time to time. For instance, in the past we have received queries from BSE seeking information and/or clarification in relation to certain alleged non-compliances, including in relation to non-appointment of registrar and share transfer agent, delay in intimation of meeting of shareholders and delay in submission of annual report to the stock exchanges, which we have provided responses to. For further details of notices received from stock exchanges which remain outstanding as on date, please see "*Outstanding Litigation and Material Developments – Litigation involving our Company – Actions taken by statutory or regulatory authorities*" beginning on page 400. Further, claims, complaints or legal actions may be instituted against our employees, from time to time. There can be no assurance that such complaints or claims will not result in investigations, enquiries or legal actions by any courts, tribunals or regulatory authorities against us or that such complaints or claims will be decided in our favor or our employees' favor. Any adverse outcome in proceedings against our employees, may adversely impact our business, operations, financial condition, prospects or reputation.

If any new developments arise, such as change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions that could increase our expenses and current liabilities. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may have an adverse effect on our results of operations and financial condition.

34. We depend on our Key Managerial Personnel and Senior Management Personnel, as well as our experienced and capable employees, and any failure to attract, motivate, and retain our employees could adversely affect our business, results of operation and financial condition, or harm our ability to maintain and grow our business.

Our performance depends largely on the efforts and abilities of our Key Managerial Personnel, Senior Management Personnel, and our operational personnel. We believe that the inputs and experience of our senior management are valuable for the development of our business, operations and the strategic directions taken by our Company. We cannot assure you that these individuals will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. The following table sets forth our voluntary attrition rate for the periods indicated:

Particular	As of and for Fiscal		
	2023	2022	2021
Voluntary Attrition Rate (%)	31.54	29.70	18.56

The attrition rate in Fiscal 2021 was lower due to the COVID-19 pandemic. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We cannot assure you that we will be successful in hiring or retaining such personnel which could adversely affect our business. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of, or inability to attract or retain such persons may have an adverse effect on our business, results of operations and financial condition.

To maintain and grow our business, we will need to identify, hire, develop, motivate, and retain highly skilled employees. Identifying, recruiting, training, integrating, and retaining qualified individuals requires significant time, expense, and attention. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train, and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate and retain new hires, our efficiency, ability to meet forecasts, and employee morale, productivity, and engagement could suffer, which could adversely affect our business, financial condition, cash flows and results of operations.

Our future success is also significantly dependent upon the continued service of our executives and other key employees. If we lose the services of any member of management or any key personnel, we may not be able to find a suitable or qualified replacement, which could severely disrupt our business and growth. In addition, from time to time, there may be changes in our management team that may be disruptive to our business. If our management team, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed.

35. Our non-convertible debentures ("NCDs") are listed on BSE and we are subject to rules and regulations with respect to such listed NCDs. 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. Further, the trading in our NCDs has been and may continue to be limited or sporadic, which may affect our ability to raise debt financing in the future.

Our NCDs are listed on the debt segment of BSE. Our NCDs of ₹ 2.50 billion and ₹ 3.50 billion are rated IND AA-/Positive by India Rating and Research Private Ltd. Our NCDs of ₹ 2.00 billion and ₹ 2.00 billion are rated CARE AA, Stable by CARE Ratings Limited. We are required to comply with various applicable rules and regulations, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, and applicable provisions of the SEBI Listing Regulations, in terms of our listed NCDs, and the listing agreement entered into therein. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of non-convertible securities by us or our Promoter and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows.

Trading in our NCDs has been limited and we cannot assure you that the NCDs will be frequently traded on the BSE or that there would be any market for the NCDs. Further, we cannot predict if and to what extent a secondary market may develop for the NCDs or at what price the non-convertible debentures will trade in the secondary market or whether such market will be liquid or illiquid.

36. ***We are exposed to risks that may arise if our customers opt for balance transfers to other banks or financial institutions, or if customers face increased difficulties in refinancing their existing loans from other banks and financial institutions to our Company.***

We offer our customers variable interest rate loans, which are linked to our reference rate. Based on market conditions, we price our loans at either a discount or a premium to our reference rate, which is determined primarily on the basis of our cost of borrowings. Customers with variable interest rates on their loans are exposed to increased equated monthly instalments ("**EMIs**") when the loans' interest rate adjusts upward, to the rate computed in accordance with the applicable index and margin. Such customers typically seek to refinance their loans through balance transfer to other banks and financial institutions, to avoid increased EMIs that may result from an upwards adjustment of the loans' interest rate. While refinancing of loans by other lenders could in certain circumstances be beneficial for our customers, it results in a loss of interest income expected from such loans over the course of their tenure. In addition, all NBFCs are prohibited from charging pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, thereby leading to a high incidence of balance transfer, and a high turnover of loan assets between lenders, causing lenders to incur increased origination costs. Some of our customers may be able to find balance transfer options at comparably lower interest rates or other financing alternatives which could have an adverse effect on our business, results of operations and financial condition.

In addition, increased difficulties for customers in refinancing their existing loan from another bank or financial institution, may also adversely affect our balance transfer loan originations. As competition in the financial services sector intensifies, some of our customers with variable interest rate loans may not be able to find balance transfer options at comparably lower interest rates or other financing alternatives. As a result, they may be exposed to the risks associated with increases in EMIs, which may lead to increased delinquency or default rates. Increased delinquency rates may also result in deterioration in credit quality of our loan portfolio, which could have an adverse effect on our business, results of operations and financial condition.

37. ***We conduct our business operations on leased premises, including our Registered and Corporate Office, and our inability to renew such leases may adversely affect our operations.***

As of March 31, 2023, we conducted our operations through 575 branches, of which 471 have been taken on a lease and 104 have been taken on leave and license basis. The leave and license agreement in relation to our Registered and Corporate Office is valid for a term of five years starting from March 15, 2019. The typical period for which leases are generally entered into by our Company for its branches ranges from one to nine years. In the event that the existing lease is terminated or it is not renewed on commercially acceptable terms, we may suffer a disruption in our operations. For instance, one of our leave and license arrangements in Karnataka was terminated on a non-voluntary basis as the landlord had defaulted on one of its loans and its lender had taken possession of the premises in 2019. While we did not suffer disruptions and shifted to an alternate premises in November 2019, we cannot assure you that such instances will not occur in the future. Some of the lease or leave and license agreements may have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease or leave and license agreements. If alternative premises are not available at the same or similar costs, sizes or locations in a timely manner, our business, financial condition, cash flows and results of operations may be adversely affected. Further, any regulatory non-compliance by the landlords or adverse development relating to the landlords' title or ownership rights to such properties, including as a result of any non-compliance by the landlords, may entail disruptions to our operations, especially if we are forced to vacate leased space following any such developments. In addition, lease agreements are required to be duly registered and adequately stamped under Indian law and if our lease agreement or other agreements entered into by us, are not duly registered and adequately stamped, we may face challenges in enforcing them and they may be inadmissible as evidence in a court in India along with the requisite stamp duty prescribed under applicable Indian law being paid.

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

The following table sets forth our cash flows for the periods indicated:

(₹ in million)

Particulars	**For Fiscals**		
	2023	**2022**	**2021**
Net cash generated from / (used in) Operating Activities	(14,740.01)	(5778.93)	(3,712.30)
Net cash generated from / (used in) Investing Activities	(1,295.28)	(4169.20)	(705.25)
Net cash generated from / (used in) Financing Activities	16,315.23	5347.44	8,255.00
Net increase / (decrease) in cash and cash equivalents	279.94	(4600.69)	**3,837.46**

For further details, see "Restated *Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Cash flows*" on pages 275 and 388, respectively. We cannot assure you that our net cash flow will be positive in the future.

39. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds.

We intend to utilize the Net Proceeds of the Offer as set forth in "*Objects of the Offer*" beginning on page 93. The funding requirements mentioned as a part of the objects of the Offer are based on internal management estimates in view of past expenditures, and have not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies and since we have not presently entered into any definitive agreements for the use of Net Proceeds. 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. For example, any plan to invest in new businesses could be delayed due to a failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, or for other unforeseen reasons, events or circumstances. We may also use funds for future businesses which may have risks significantly different from what we currently face or may expect.

Accordingly, use of the Net Proceeds for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

40. We propose to utilize the Net Proceeds of the Fresh Issue to maintain the minimum capital adequacy ratio and to meet future capital requirements arising out of the growth in our business and not for any specified projects.

The Net Proceeds of the Fresh Issue will be utilized to increase our Company's Tier I capital base to maintain the minimum capital adequacy ratio to meet our future capital requirements which are expected to arise out of growth of our business and assets. Consequently, we will not be using the Net Proceeds for any specified projects. For details, see "*Objects of the Offer*" on page 93.

41. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

We maintain various insurance policies to safeguard against risks and unexpected events. For further details, see "*Our Business – Description of our business and operations – Insurance*" on page 209. The following table sets forth details of our insurance coverage as of the dates indicated:

Particulars	As of March 31,		
	2023	2022	2021
Total Insurance Coverage (₹ in million)	47,684.51	46,482.78	38,219.29
Total Insurance Coverage as % of Total Assets (%)	52.57	70.90	69.92

We believe that the insurance coverage we maintain is reasonably adequate to cover the normal risks associated with the operation of our businesses. Our insurance policies, however, may not provide adequate coverage in certain circumstances, such as the COVID-19 pandemic and are subject to certain deductibles, exclusions and limits on coverage. We have in the past had certain of our insurance claims rejected, as follows:

Fiscal	Claim Amount (in ₹ million)	Policy Type	Particulars
2014	4.04	Fidelity Insurance Policy	Our insurance claim was rejected due to the non- availability of a charge sheet from the police.
2013	2.85	Fidelity Insurance Policy	The relevant staff was on third party pay roll and the relevant policy did not include contractual employees under the insurance cover.
2015	19.60	Burglary Insurance Policy, Fidelity Insurance Policy	Our insurance claim was rejected as the duplicate key was used and there was no forceful entry into branch.

While we entered into new insurance policies in February and April 2023, which we believe covers such instances going forward, and even if we have insurance for the incident giving rise to the loss, we may nevertheless be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all potential losses.

In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial condition and cash flows could be adversely affected.

42. Fluctuations in the market values of our investments could adversely affect our result of operations and financial condition.

As part of our treasury management, we have formulated a board-approved investment policy in accordance with the Notification No. DFC. 119 /DG(SPT)-98 dated January 31, 1998. Our investment policy prescribes policies for investments in mutual funds, fixed deposits, non-convertible debentures, subject to restrictions prescribed by our internal policies. The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations and monetary policies. While our Company has recorded ₹ 16.66 million provision overlay as on March 31, 2023 in the balance sheet, to reflect the decline in value of such investments, any decline in the value of these investments may still have an adverse effect on our results of operations and financial condition.

43. The bankruptcy code in India may affect our rights to recover loans from our customers.

The Insolvency and Bankruptcy Code, 2016, as amended ("**IBC**") was notified on August 5, 2016. The IBC offers a uniform and comprehensive insolvency legislation encompassing all corporate persons, partnerships and individuals. It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The IBC creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company or a debtor files for voluntary insolvency, we may not have complete control over the recovery of amounts due to us. Under the IBC, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 51% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Further, pursuant to an amendment to the IBC, allottees in a real estate project are considered on par with financial creditors. Specifically, in relation to cases where we have extended construction finance to developers or builders for specific projects, allottees in such real estate projects will be considered on par with our Company in terms of priority of repayment. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realize their security interests in priority. Additionally, in cases where proceedings under the IBC are initiated against the builders or developers of project where the allottees of the apartments are our borrowers and if the builder or developer fails to deliver the project, there may be delay in recovery of amounts from such borrowers.

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

44. A portion of our loans are unsecured. If borrowers under unsecured loans default and we are unable to recover such receivables in a timely manner or at all, our financial condition, results of operations and cash flows may be adversely affected.

The following table sets forth details of our unsecured loans as of the dates indicated:

Particulars	As of March 31,		
	2023	2022	2021
Unsecured Loans (₹ in million)	11,103.40	8,849.69	5,751.32
Unsecured Loans as % of Total Loans (%)	13.70	15.36	12.43

Since these loans are unsecured, in the event of defaults by such customers, our ability to realize the amounts due to us would be restricted to initiating legal proceedings for recovery. There can be no guarantee as to the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favorable decision to us. Any failure to recover the full amount of principal and interest on unsecured loans given to our customers could adversely affect our financial condition, results of operations and cash flows.

While the SARFAESI Act, 2002 has strengthened the ability of lenders to recover NPAs by granting lenders greater rights to enforce security and recover amounts owed from secured borrowers, it does not apply to loans below ₹ 5.00 million or unsecured loans and secured loans or where the remaining debt is below 20% of the original principal amount or any security interest for securing repayment of any financial asset not exceeding ₹ 100,000. Since the introduction of the IBC, the IBC has become the main framework under which insolvency proceedings against corporate persons are undertaken. While the IBC does not make any distinction between secured creditors and unsecured creditors during the corporate insolvency resolution process, the liquidation waterfall in case the company has to undergo liquidation depends on whether the creditor is secured or unsecured.

We were an unsecured financial creditor for seven companies undergoing insolvency proceedings under the IBC, and the following table sets forth details of the outstanding amounts in respect of such proceedings as of the dates indicated:

Particulars	As of March 31,		
	2023	2022	2021
Outstanding Amount (₹ in million)	11.84	5.92	7.21
Outstanding Amount as % of Revenue of Operations (%)	0.10	0.07	0.10

There are no cases where we are a financial creditor for a company undergoing liquidation under the IBC.

These cases have been written off in Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively, except for cases disbursed under the Emergency Credit Line Guarantee Scheme. It is nonetheless possible for us to take a significant reduction in the amount owed to us both in case of insolvency resolution and liquidation, which could result in increased losses and decline in profits, and adversely affect our financial condition, results of operations and cash flows.

45. 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 enter into and will continue to enter into transactions with related parties. For details regarding our related party transactions, see "*Other Financial Information – Related Party Transaction*" on page 370. In the past, we have relied on financing from our Promoter, Federal Bank, including certain term loans, cash credit/working capital demand loans and non-convertible debentures, details of which are set out below:

(₹ in million)

Name of lender	Type of borrowing	Secured/ unsecured	Sanctioned amount	Outstanding amount as on March 31, 2023
Federal Bank	Term loan	Secured	15,500.00	2,489.14
Federal Bank	CC/ WCDL	Secured	1,000.00	842.58
Federal Bank	NCD	Unsecured	2,347.00	2,347.00

For further details regarding the financing available from our Promoter, please see "*Financial Indebtedness*" on page 395. While we believe that all such related party transactions that we have entered into are conducted on an arms' length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may continue to enter into related party transaction in the future. Although all related party transaction that we may enter into post-listing will be subject to board or shareholder approval, as necessary under the Companies Act and the SEBI Listing Regulations, in the interest of the Company and its minority shareholders and in compliance with the SEBI Listing Regulations, we cannot assure you these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company. There can be no assurance that our Directors and executive officers will be able to address such conflicts of interests or others in the future.

46. Our Promoter, Key Managerial Personnel, Senior Management Personnel and Directors have interests in us other than the reimbursement of expenses incurred and normal remuneration and benefits.

Our Promoter, Directors, Key Managerial Personnel and Senior Management Personnel may be deemed to be interested to the extent of Equity Shares held by them, directly or indirectly, in our Company, as well as to the extent of any dividends, bonuses or other distributions on such shareholding. Additionally, some of our Directors, Key Managerial Personnel and Senior Management Personnel may also be regarded as interested to the extent of employee stock options granted by our Company and which may be granted to them from time to time pursuant to the ESOP 2018, as applicable. For details, see "*Capital Structure*" on page 78. Certain of our Directors are also nominees of some of our shareholders, and we have had related party transactions with such shareholders. Accordingly, these Directors may also said to be interested to the extent of such transactions.

We cannot assure you that our Promoter and Directors and our Key Managerial Personnel, if they are also our shareholders, will exercise their rights as shareholders to the benefit and best interest of our Company. For details, see "*Our Promoter and Promoter Group*", "*Our Management – Interests of Directors*" and "*Our Management – Interests of Key Managerial Personnel and Senior Management Personnel*" on pages 251, 237 and 249, respectively.

47. Conflicts of interest may arise out of certain common business objectives shared by our Promoter and us.

Our Promoter, Federal Bank is a major Indian commercial bank in the private sector having over 1,355 banking outlets and over 1,916 ATMs/cash recyclers spread across 25 states, Delhi NCT and 4 union territories in India, and is listed in BSE, NSE and the London Stock Exchange. Our Promoter received a license to commence banking operations from the Reserve Bank of India on July 11, 1959. In the ordinary course of its activities, our Promoter may engage in activities where the interests of certain of its business divisions, its affiliates, or the interests of its clients may conflict with the interests of our shareholders. In particular, we may compete with existing and future NBFCs or financial services companies that our Promoter may establish or invest in. Certain of these divisions and entities have or may have a business or investment strategy similar to our business strategy and therefore may compete with us, which may present various conflicts of interest for our Promoter.

In the event that any such conflicts of interest arise, our Promoter may make decisions regarding our operations, financial structure or commercial transactions that may not be in our shareholders' best interests. 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. Should we face any such conflicts in the future, they may not be resolved in our favor.

48. Acquisitions, strategic investments, entries into new businesses, and divestitures could disrupt our business, divert our management's attention, result in additional dilution to our shareholders, and harm our business.

We may in the future seek to acquire or invest in new businesses or technologies that we believe could complement or expand our products and services, enhance our technical capabilities, or otherwise offer growth opportunities. We may be unable to find suitable acquisition candidates and to complete acquisitions on favorable terms, if at all, in the future. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and any acquisitions we complete could be viewed negatively by customers or investors. Moreover, an acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses and adversely impacting our business, results of operations, cash flows and financial condition. Moreover, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our Company. We also may not achieve the anticipated benefits from the acquired businesses due to a number of factors, including difficulties resulting from the integration of information technology systems, accounting systems, culture or personnel; litigation; use of resources; or other disruption of our operations. Regulatory constraints, particularly competition regulations, may also affect the extent to which we can maximize the value of our acquisitions or investments. Acquisitions could also result in issuance of Equity Shares which could dilute the shareholding of our existing shareholders or the incurrence of debt. In addition, we may spend time and money on acquisitions or investments that do not increase our revenue. If an acquired business fails to meet our expectations, our business and results of operations may be adversely affected.

49. Some of our Directors and our Promoter may have interests in entities in businesses similar to ours, which may result in conflicts of interest with us.

Some of our Directors may have investments or interests in entities engaged in businesses similar to ours, which may, in the future, result in conflicts of interest with us. For instance, Maninder Singh Juneja is a director on the board of (i) Fincare Business Services Limited, which is engaged in the business of providing loans to its group companies; and (ii) Home First Finance Company India Limited, which is engaged in the busines of offering housing loans and loans against property for the purchase or construction of homes. Further, Peruvemba Ramachandran Seshadri is a director on the board of (i) Orocorp Finance Private Limited, which provides gold loans at doorstep; (ii) Orocorp Technologies Private Limited, which is in the process of applying for a NBFC license; and (iii) Protium Finance Limited, is an NBFC which provides unsecured and secured credit through its branches spread across India.

50. Regulatory or legislative developments regarding privacy and data security matters could adversely affect our ability to conduct our business.

Numerous domestic and international laws and regulations address privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data. These laws, rules, and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation, and changes in enforcement. Additionally, many laws and regulations relating to privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data are subject to varying degrees of enforcement and new and changing interpretations by courts or regulators. Changes in laws or regulations relating to privacy, data protection, and information security, particularly any new or modified laws or regulations, or changes to the interpretation or enforcement of such laws or regulations, that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer, or disclosure, could greatly increase the cost of providing our platforms, require changes to our operations, or even prevent us from providing our platforms in jurisdictions in which we currently operate and in which we may operate in the future.

As part of our operations, we are required to comply with the Information Technology Act, 2000 and the rules thereof, each as amended which provides for civil and criminal liability including compensation to persons affected, penalties and imprisonment for various cyber related offenses, including unauthorized disclosure of confidential information and failure to protect sensitive personal data. India has already implemented certain privacy laws, including the Information Technology (Reasonable security practices and procedures or information) Rules, 2011, which impose limitations and restrictions on the collection, use, disclosure and transfer of personal information.

Additionally, the GoI, in November 2022, published the Digital Personal Data Protection Bill, 2022 ("**DPDP Bill**"), which provides for a framework for protection of personal data and use of non-personal data and seeks to, among others, lay down norms for transfer of personal data outside India, define the scope of the definition of personal data, establish a data protection board of India and data protection officers and further seeks to ensure the accountability of entities processing personal data. Upon notification of the DPDP Bill, we may be required to undertake additional compliance obligations in India pursuant to the new legislation, when announced.

Several jurisdictions have implemented new data protection regulations and others are considering imposing additional restrictions or regulations. We expect data protection regulations to continue to increase both in number, complexity and in the level of stringency. The entry into force of the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), in the European Union prompted various countries to begin processes to reform their data protection regimes. In many cases, these regulations have strict measures regulating both the transfer of data externally, and also the storage and transfer of data internally among the employees in the course of their work. Moreover, these regulations may have conflicting and/or inconsistent requirements, and compliance with one data protection regime does not necessarily entail compliance with another data protection regime, and compliance with one data protection regime could potentially create conflicts in compliance with another data protection regime. Any failure to comply with applicable data protection regimes could subject us to significant penalties and negative publicity, which could have a material adverse effect on our business, financial condition, reputation before our Customers and providers, and results of operations.

The introduction of new information technology legislation may also require us to modify our existing systems or invest in new technologies to ensure compliance with such applicable laws, which may require us to incur additional expenses and adversely affect our financial condition. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

51. We may be unable to sufficiently obtain, maintain, protect, or enforce our intellectual property and other proprietary rights.

Intellectual property and other proprietary rights are important to the success of our business. Our ability to compete effectively is dependent in part upon our ability to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights and to obtain licenses to use the intellectual property and proprietary rights of others, as may be required. We rely on trademarks to protect our intellectual property and other proprietary rights. For details, see "*Our Business – Description of our business and operations – Intellectual Property*" and "*Government and Other Approvals – Intellectual Property*" on pages 207 and 405, respectively. Nonetheless, the steps we take to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights may be inadequate. We cannot assure that any future trademark, or service mark registrations will be issued for our pending or future applications or that any of our current or future copyrights, trademarks, or service marks (whether registered or unregistered) will be valid, enforceable, sufficiently broad in scope, provide adequate protection of our intellectual property or other proprietary rights, or provide us with any competitive advantage.

We may be unable to prevent competitors or other third parties from acquiring or using trademarks, service marks, or other intellectual property or other proprietary rights that are similar to, infringe upon, misappropriate, dilute, or otherwise violate or diminish the value of our trademarks and service marks and our other intellectual property and proprietary rights. In addition, we cannot guarantee that we have entered into agreements containing obligations of confidentiality with each party that has or may have had access to proprietary information, know-how, or trade secrets owned or held by us. Moreover, our contractual arrangements may not effectively prevent disclosure of, or control access to, our confidential or otherwise proprietary information or provide an adequate remedy in the event of an unauthorized disclosure. The measures we have put in place may not prevent misappropriation, infringement, or other violation of our intellectual property or other proprietary rights or information and any resulting loss of competitive advantage, and we may be required to litigate to protect our intellectual property or other proprietary rights or information from misappropriation, infringement, or other violation by others, which may be expensive, could cause a diversion of resources, and may not be successful, even when our rights have been infringed, misappropriated, or otherwise violated.

Furthermore, the legal standards relating to the validity, enforceability, and scope of protection of intellectual property and other proprietary rights are still evolving. Our intellectual property and other proprietary rights may not be sufficient to provide us with a competitive advantage and the value of our intellectual property and other proprietary rights could also diminish if others assert rights therein or ownership thereof, and we may be unable to successfully resolve any such conflicts in our favor or to our satisfaction.

52. ***Our business depends on a well-regarded and widely known brand, as well as the brand and reputation of our Promoter, Federal Bank, and the Federal Bank group entities, and any failure to maintain, protect and enhance our brand would harm our business.***

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically could adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own or our third- party service providers' actual or alleged conduct in any number of activities, including lending and collection practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a financial services organization with a high industry profile, are inherently exposed to this risk.

Furthermore, we are associated with our Promoter, Federal Bank, and the "Federal Bank" brand in general. Our revenue, results of operation, business and prospects are, to a certain extent, dependent on the strength of the brand and reputation of our Promoter, Federal Bank, and the Federal Bank group entities. If the perception or reputation of the "Federal Bank" brand deteriorates due to reasons beyond our control, it could adversely affect our businesses, our reputation and the "Federal Bank" brand, which could materially and adversely affect our business and prospects.

In the future, we may be the target of incomplete, inaccurate, and misleading or false statements about our Company, our business, and our products and services that could damage our brand and materially deter people from adopting our services. Negative publicity about our Company or our management, including about our product quality and reliability, changes to our products and services, privacy and security practices, litigation, regulatory enforcement, and other actions, as well as the actions of our customers, even if inaccurate, could cause a loss of confidence in us. Our ability to respond to negative statements about us may be limited by legal prohibitions on permissible public communications by us during future periods.

In recent years, there has been a marked increase in the use of social media platforms in India, including blogs, social media websites and applications, and other forms of internet-based communications which allow individuals access to a broad audience of customers and other interested persons. Many social media platforms immediately publish the content that their subscribers and participants post, often without filters or checks on accuracy of the content posted. The dissemination of inaccurate information online could harm our business, reputation, prospects, financial condition and operating results, regardless of the information's accuracy. The damage may be immediate without affording us an opportunity for redress or correction. Other risks associated with the use of social media include negative comments about us, fraud, hoaxes or malicious exposure of false information. Such inappropriate, unverifiable or false information regarding us may be published online or on social media by third parties, or any other such damage to our brand or our reputation may result in withdrawal of business by our existing customers and loss of new business from potential customers, could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our business, results of operations and financial condition.

Further, a failure of a cooperative bank, private sector bank, non-banking finance company or small finance bank or housing finance company could also affect the sentiment towards the NBFC industry in general and lead to a reduction in business for all NBFCs. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers or loss of new business from potential customers, which would adversely affect our business, results of operations and financial condition.

53. ***Any failure by us to comply with applicable anti-money laundering, counter-terrorist financing and economic sanction laws and regulations could lead to penalties and may damage our reputation.***

In accordance with the requirements applicable to our Company, we are mandated to comply with AML, combating-terrorism financing ("**CTF**") and KYC regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML, CTF and KYC policies and procedures. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by customers and assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. There may be instances in the past where we collected information that may be used by other parties in attempts to engage in money-laundering, terrorism financing and other illegal or improper activities. In addition, a number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA. Pursuant to these provisions, as part of our KYC processes, we are required to collect and report certain information regarding US persons having accounts with us.

There can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions, including imposition of fines and other penalties by the relevant government agencies to whom we report to, including the Financial Intelligence Unit - India. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering, terrorism financing or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

The Master Direction - Know Your Customer (KYC) Direction, 2016 ("**KYC Directions**") issued by the RBI states that regulated entities (which, among other things, includes scheduled commercial banks, all India financial institutions, all payment system providers and NBFCs) may obtain, for undertaking customer due diligence procedure, the Aadhaar number of a customer where such customer: (a) is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016; or (b) decides to submit such Aadhar number voluntarily. In cases where the customer submits their Aadhaar number to the NBFC, the KYC Directions require the NBFCs to carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, where such authentication of Aadhaar details is not required, the NBFCs are require to ensure that such customer redacts or blacks out their Aadhaar number through appropriate means. Any failure to comply with the applicable laws relating to Aadhar may expose our Company to penalties and regulatory scrutiny which may damage our reputation and lead to loss of customer confidence which could have a material adverse impact on our business, financial condition and results of operations. We may incur substantial compliance and monitoring costs if further rules and regulations are enacted, or if the existing regulations are enforced on a more stringent basis.

54. ***We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition, cash flows and results of operations.***

Our contingent liabilities as per Ind AS 37 as at March 31,2023, were as follows:

Particulars	As at March 31, 2023 (in ₹ million)
Disputed Income Taxes	4.60
Other sums contingently liable for – As per Payment of Bonus Act, 1979	2.30
Total	**6.90**

Our contingent liabilities as per Ind AS 37 were 0.05 % of our Net Worth as of March 31, 2023. Our contingent liabilities may become actual liabilities and if a significant portion of these liabilities materializes, it could have an adverse effect on our results of operations, cash flows and financial condition. Further, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future.

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

As of March 31,2023, we employed 3,570 personnel across our operations. Although we have not experienced any material employee unrest in the past, as on date of this Draft Red Herring Prospectus, there are certain proceedings initiated by former employees against our Company. These proceedings relate to, among other things, payment of dues upon termination that are pending as on the date of this Draft Red Herring Prospectus. While we believe these matters are not likely to adversely affect our business, financial condition, results of operations, cash flows and prospects, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any employee unrest directed against us or our management, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

None of our workforce is currently unionized. However, there is a risk that our employees may choose to unionize in the future. Labor unions for banking employees organize strikes, and we may in the future be affected by strikes, work stoppages or other labor disputes if any portion of our workforce were to become part of a union in the future. In the event of a labor dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations and, if not resolved in a timely manner, could adversely affect our business, financial condition, results of operations, cash flows and prospects.

56. ***After the completion of the Offer, our Promoter may be able to exert significant influence over our Company which may limit your ability to influence the outcome of matters submitted for approval of our Shareholders.***

Following the completion of the Offer, our Promoter will continue to hold more than 51% of our post-Offer Equity Share capital. For details of the shareholding of our Promoter pre and post Offer, see "*Capital Structure*" on page 78. Such shareholdings could limit your ability to influence corporate matters requiring shareholder approval especially the resolutions which are required to be approved by way of special resolutions by the Shareholders under the provisions of the Companies Act. This concentration of ownership may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult without the support of these shareholders. The interests of our significant Shareholders could conflict with our interests or the interests of our other shareholders. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

57. ***Certain sections of this Draft Red Herring Prospectus contain information from the report titled 'Analysis of NBFC sector and select asset classes in India' dated July 2023, ("CRISIL Report") which has been commissioned and paid for by us exclusively for the purpose of the Offer. The CRISIL Report, prepared and issued by CRISIL MI&A, a division of CRISIL, is not exhaustive and is based on certain assumptions and parameters / conditions and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.***

Pursuant to being engaged by us, CRISIL MI&A has prepared a report on our industry, "*Analysis of NBFC sector and select asset classes in India*" dated July 2023. Certain sections of this Draft Red Herring Prospectus include information based on, or sourced from, the CRISIL Report or extracts of the CRISIL Report. We have exclusively commissioned and paid for the services of CRISIL for the CRISIL Report for the purpose of confirming our understanding of the industry in connection with the Offer. All such information in this Draft Red Herring Prospectus indicates the CRISIL Report as its source, as applicable. Accordingly, any information in this Draft Red Herring Prospectus sourced from, or based on, the CRISIL Report should be read taking into consideration the foregoing. We have also engaged CRISIL and CRISIL Ratings Limited to provide our short-term credit ratings. We have no other direct or indirect association with CRISIL other than as a consequence of the above engagements.

The CRISIL Report is not exhaustive and is based on certain assumptions, parameters and conditions made and identified by CRISIL. It also uses certain methodologies for market sizing and forecasting. 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. Further, the CRISIL Report is not a recommendation to invest / 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.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Offer pursuant to reliance on the information in this Draft Red Herring Prospectus based on, or derived from, the CRISIL Report. 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. See "*Industry Overview*" on page 115. For the disclaimers associated with the CRISIL Report, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data*" on page 22.

58. ***We have presented certain supplemental information of our performance and liquidity which is not prepared under or required under the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS").***

This Draft Red Herring Prospectus includes our average cost of borrowing, net NPA on AUM, provision coverage ratio, net worth, return on equity, total borrowings to equity ratio, operating expenses to net income, return on total average assets, operating expenses to average total assets, pre provision operating profit, credit cost to average total assets, average yield on gross loan book, net interest margin to average total assets, net asset value per equity share, operating expenses, total borrowings to net worth, return on net worth and EBITDA (collectively "**Non-GAAP Measures**") and certain other industry measures related to our operations and financial performance, which are supplemental measures of our performance and liquidity and are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP.

Further, these Non-GAAP Measures and industry measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, such Non-GAAP Measures and industry measures are not standardized terms and may vary from any standard methodology that is applicable across the Indian retail credit industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies, and hence a direct comparison of these Non- GAAP Measures and industry measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures and industry measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures and industry measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

59. ***Our Statutory Auditors have included a matter of emphasis in their audit report on financial statements as at and for the year ended Fiscals 2021.***

Our Statutory Auditors have included a matter of emphasis in their audit report on our financial statements as at and for Fiscal 2021. This is in the nature of the impact of the COVID-19 pandemic on our financial performance. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditors' Qualifications and*

Emphasis of Matter” on page 392. There can be no assurance that any similar remarks or matters of emphasis will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our financial condition may be adversely affected.

External Risks

Risks related to India

60. Changes in the taxation system in India could adversely affect our business.

Our business, financial condition and results of operations could be adversely affected by any change in the extensive central and state tax regime in India applicable to us and our business. Tax and other levies imposed by the central and state governments in India that affect our tax liability, include central and state taxes and other levies, income tax, turnover tax, goods and service tax (“**GST**”), stamp duty and other special taxes and surcharges, which are introduced on a temporary or permanent basis from time to time. This extensive central and state tax regime is subject to change from time to time. The final determination of our tax liability involves the interpretation of local tax laws and related regulations in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned, and expenditures incurred.

For instance, the Government of India had implemented two major reforms in Indian tax laws, namely the GST, and provisions relating to general anti-avoidance rules (“**GAAR**”). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST with effect from July 1, 2017. The GST regime is relatively new and therefore is subject to amendments and its interpretation by the relevant regulatory authorities. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of substantial precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Our companies operating in India may choose not to claim any of the specified deductions or exemptions and claim the lower corporate tax of 22%, plus applicable surcharge, in which case, the minimum alternate tax provisions would not be applicable. Alternatively, we may choose to pay the higher rate of corporate tax, i.e., 30% or 25%, as the case may be, plus applicable surcharge and cess, after claiming the applicable deductions and exemptions or the minimum alternate tax at the rate of 15% of the book profits in accordance with Section 115JB of Income Tax Act, 1961 (“**IT Act**”) plus applicable surcharge and cess. As such, there is no certainty on the impact that these amendments may have on our business and operations or on the industry in which we operate.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax (“**DDT**”), in the hands of the company and such dividends were generally exempt from tax in the hands of the shareholders. However, the government of India has amended the IT Act to abolish the DDT regime. Under the extant provisions, any dividend distributed by a domestic company is subject to tax in the hands of the concerned shareholder at the applicable rate. Additionally, the company distributing dividends is required to withhold tax on such payments at the applicable rate. However, non-resident shareholders may claim benefit of the applicable tax treaty, subject to satisfaction of certain conditions. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

With several proposals to introduce further regulatory compliances, additional conditions to be met to receive benefits under existing regimes being introduced, upon any such proposals being notified, we may also become subject to *inter alia* additional compliances and increased associated costs. For instance, under the Finance Act, 2021, with effect from July 1, 2021, higher TDS rates may become applicable in the event of failure of certain compliances, including filing tax returns, or other conditions being proposed which could pose operational and implementation challenges given the large number of orders in invoices.

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

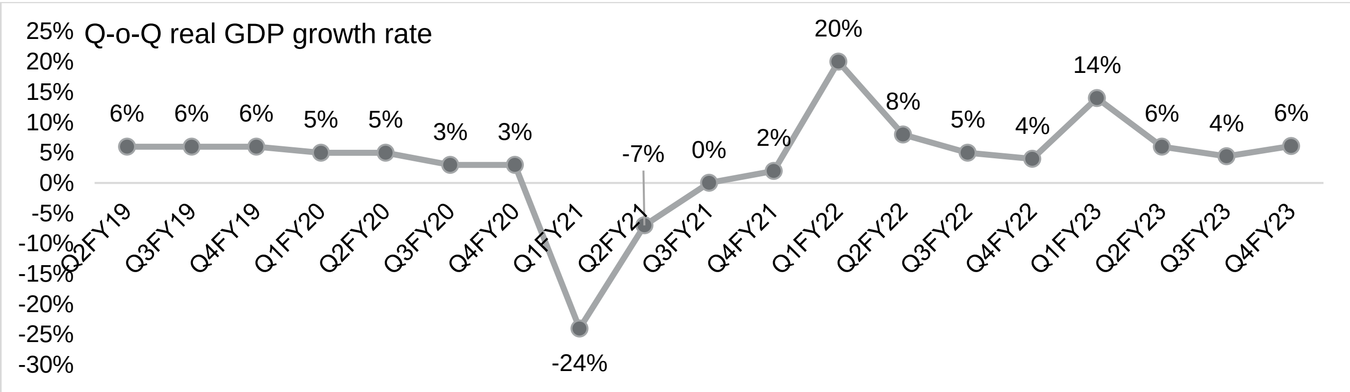
Inflation rates could be volatile, and we may face high inflation in the future as India had witnessed in the past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased finance costs as well as costs of transportation, salaries,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

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or pass the increase in costs on to our customers. Further, given the typical correlation between inflation and interest rates, our cost of borrowings may increase. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. For further details on the impact of interest rates, see "*– 11. We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income and net interest margin to vary and consequently affect our profitability.*" on page 33.

According to the CRISIL Report, lower commodity prices, base effect, expectation of softer food prices and cooling off of domestic demand is likely to help in moderating inflation in Fiscal 2024. While the Government of India through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future. As a result, high inflation in India could have a material adverse effect on our financial condition and results of operations.

62. The growth rate of India's retail lending industry may not be sustainable.

We expect the retail lending industry in India to continue to grow as a result of anticipated growth in India's economy, increases in demand for credit and demographic changes. According to the CRISIL Report, India's quarter-on-quarter real GDP growth rates were as follows:



Source: CRISIL Report

It is not clear how certain trends and events, such as the pace of India's economic growth and the development of domestic capital markets will affect India's retail financing industry. Consequently, there can be no assurance that the growth and development of India's retail lending industry will be sustainable.

63. The ability of foreign investors to invest in our Company may be constrained by Indian law, which may adversely affect the trading price of the Equity Shares.

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 valuation and reporting requirements specified by the RBI, from time to time. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, non-resident shareholders who seek to repatriate proceeds from the sale shares outside India, may need to make certain filings with the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in Indian, the RBI has provided that the price at which the Equity Shares are transferred be calculate 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. In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade ("**DPIIT**"), as consolidated in the FDI Policy with effect from October 15, 2020, 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. Any such approval(s) would be subject to the discretion of the regulatory authorities. This may cause uncertainty and delays in our future investment plans and initiatives. We cannot assure you that any required approval from the relevant governmental agencies can be obtained on any particular terms or at all. For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 453.

64. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating improved from Baa3 with a "negative" outlook to Baa3 with "stable" outlook by Moody's in October 2021and improved from BBB – with "negative" outlook to BBB – with "stable" outlook by Fitch in June 2022. DBRS confirmed India's rating as BBB "low" in May 2023. India's sovereign ratings from S&P is BBB with a "stable" outlook. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business, cash flows and financial performance and the price of the Equity Shares.

65. Political, macroeconomic, demographic and other changes could adversely affect economic conditions in India, and thus our business and results of operations.

Our Company is incorporated in India and derives the majority of its revenue from operations in India and the majority of its assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, and other social, political and economic developments affecting India. The Indian economy differs from the economies of most developed countries in many respects, including the degree of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. While the Indian economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Indian government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Indian economy but may have a negative effect on us.

Our business results depend on a number of general macroeconomic and demographic factors in India which are beyond our control. In particular, our revenue and profitability are strongly correlated to economic activity in India, which is influenced by general economic conditions, unemployment levels, the availability of discretionary income and consumer confidence. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, rising interest rates or other industry-wide cost pressures could also affect the Indian economic outlook and lead to a decline in our sales and earnings.

Factors that may adversely affect the Indian economy, and hence our results of operations and cash flows, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries, such as the conflict between Russia and Ukraine;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets;
- other significant regulatory or economic developments in or affecting India or its consumption sector;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- inflation rates; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

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, cash flows and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate.

66. Investors may have difficulty enforcing foreign judgments against our Company or our management.

Our Company is a company incorporated under the laws of India and all of our Directors are located and/or resident in India. All of our assets, our Key Managerial Personnel and officers are also located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law.

Recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and Section 44A of the Code of Civil Procedure, 1908 ("**CPC**"). India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment). Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. Further, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

67. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us.

Although economic conditions vary across countries, investors' reaction to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in one emerging economy may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Furthermore, economic developments globally can have a significant impact on India. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. The sovereign rating downgrades for Brazil and Russia (and the imposition of sanctions on Russia) have also added to the growth risks for these markets. These factors may also result in a slowdown in India's export growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition, cash flows and results of operation.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, cash flows and results of operations and reduce the price of the Equity Shares.

68. Significant differences exist between the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles, such as International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in the United States of America ("U.S. GAAP"), which may be material to investors' assessments of our financial condition, result of operations and cash flows.

Our Restated Financial Statements for Fiscals 2023, 2022 and 2021 included in this Draft Red Herring Prospectus are derived from the audited financial statements prepared under the Ind AS and Indian GAAP, as applicable, in each case restated in accordance with the requirements of Section 26 of part I of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the ICAI. Ind AS differs from accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. 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. Accordingly, the degree to which the Restated Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus.

69. Our business and activities may be regulated by the Competition Act, 2002 and proceedings may be enforced against us.

Under the Competition Act, 2002, as amended (the "**Competition Act**"), any arrangement, understanding or action, which causes/ is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties. The Competition Act also prohibits abuse of dominant position by any enterprise. If it is demonstrated that any contravention committed by a company took place with the consent or connivance of, or is attributable to any neglect on the part of any director, manager, secretary or other officer of such company, that person shall be guilty and may be punished. The combination regulation (merger control) provisions require 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 (the "**CCI**").

All agreements entered into by us may fall within the purview of the Competition Act. Further, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if these have an appreciable adverse effect on competition in India. We cannot predict the impact of the Competition Act on the agreements entered into by us. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act. However, if we are affected 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 thereby or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business and financial condition.

Certain provisions of the Competition (Amendment) Act, 2023 ("**Competition Amendment Act**") were recently notified, in May 2023. The Competition Amendment Act amends the Competition Act and give the CCI additional powers to prevent practices that harm competition and the interests of consumers. The Competition Amendment Act, *inter alia*, modifies the scope of certain factors used to determine whether an agreement causes or is likely to cause appreciable adverse effect on competition, reduces the overall time limit for the assessment of combinations by the CCI from 210 days to 150 days and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position.

70. Natural disasters, fires, epidemics, pandemics, acts of war, civil unrest and other events could materially and adversely affect our business.

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations.

Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our physical operations and technological infrastructure, thus generally reducing our productivity and requiring us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and the COVID-19 virus. Any future outbreaks of COVID-19 virus and lock-downs, monkey pox, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region and in turn have a material adverse effect on our business and the trading price of the Equity Shares.

71. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and 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. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

Risks Related to the Offer

72. We cannot assure payment of dividends on the Equity Shares in the future.

Our Company does not have a formal dividend policy as on the date of this Draft Red Herring Prospectus. Our Company has not declared dividends on the Equity Shares during the current Fiscal Year and the last three Fiscal Years. Our ability to pay dividends in the future will depend upon our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements and capital expenditure requirements and other factors considered relevant by our Directors and

Shareholders. Our ability to pay dividends may also be restricted under certain financing arrangements that we may enter into. We cannot assure you that we will be able to pay dividends on the Equity Shares at any point in the future. For details pertaining to our dividend policy, see "*Dividend Policy*" on page 256.

73. ***Our 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. Further, the Offer Price may not be indicative of the market price of the Equity Shares after the Offer.***

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 do not guarantee that a market for the Equity Shares will develop the liquidity of such market for the Equity Shares. The determination of the Price Band is based on various factors and assumptions and will be determined by our Company and the Selling Shareholders in consultation with the Managers. Furthermore, the Offer Price of the Equity Shares will be determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" beginning on page 98 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers is below their respective issue price. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs*" commencing on page 413. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts, the activities of competitors and suppliers, the activities of competitors and suppliers, future sales of the Equity Shares by our Company or our shareholders, variations in our operating results of our 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. We cannot assure you that an active market will develop, or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Equity Shares, regardless of our Company's performance. There can be no assurance that the investor will be able to resell their Equity Shares at or above the Offer Price.

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

In the preceding one year from the date of this Draft Red Herring Prospectus, our Company has issued Equity Shares at a price that may be lower than the Offer Price. The price at which Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded after listing. For details on such allotments, see "*Capital Structure*" on page 78.

75. ***Investors may be subject to Indian taxes arising out of income arising on the sale of and dividend on the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any capital gain exceeding ₹100,000 realized on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the rate of 10% (plus applicable surcharge and health and education cess). This beneficial provision is, *inter alia*, subject to payment of STT. Further, any gain realized on the sale of listed equity shares in an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India at the rate of 10% (plus applicable surcharge and health and education cess), without indexation benefits.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India at the rate of 15% (plus applicable surcharge and health and education cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

Similarly, any business income realized from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller.

Further, various amendments have also 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% of the total market value of the shares and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020.

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

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage of the Offer after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period until Bid/Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed including Allotment pursuant to the Offer within such period as may be prescribed under applicable law, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation 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 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.

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

Under the Companies Act, a company having share capital and incorporated in India must offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity Shares to maintain their existing ownership percentages prior to the 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 who have voted on such resolution. However, if the laws of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering 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. The Company may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in our Company would be reduced.

78. Future issuances or sales of Equity Shares, or convertible securities or other equity-linked securities could adversely affect the trading price of the Equity Shares.

Our future issuances of Equity Shares, convertible securities or securities linked to the Equity Shares by us (including under employee stock option plans) or the disposal of Equity Shares by our Promoter or any of our other principal shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India, may significantly affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber the Equity Shares. Any future issuances could also dilute the value of your investment in our Company.

79. Fluctuation in the exchange rate of the Rupee and other currencies could have an adverse effect on the value of our Equity Shares, independent of our operating results.

Subject to requisite approvals, on listing, our Equity Shares will be quoted in Rupees on the Stock Exchanges. Any dividends, if declared, in respect of our Equity Shares will be paid in Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to such 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 shareholders.

The exchange rate of the Rupee has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

80. We expect to be classified as a passive foreign investment company, and our U.S. shareholders may suffer adverse tax consequences as a result.

We will be a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of "passive income" or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For this purpose, "passive income" generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions with exceptions for, among other things, dividends, interest, rents and royalties received from certain related companies to the extent attributable (in accordance with U.S. Treasury regulations) to non-passive income derived by such related companies, as well as for gains from sale or exchange of inventory or similar property. In addition, for the PFIC asset test, cash and cash equivalents are considered passive assets. Based on estimates of our gross income, gross assets, and the nature of our business, we expect that we were a PFIC in prior taxable years and expect to be classified as a PFIC in the current taxable year and in the foreseeable future. If we are classified as a PFIC for any taxable year, U.S. investors may be subject to adverse U.S. federal income tax consequences, including increased tax liability on gains from dispositions of Equity Shares and certain excess distributions, and a requirement to file annual reports with the U.S. Internal Revenue Service. Prospective U.S. investors should consult their tax advisors regarding the Company's PFIC status and the consequences to them if we are classified as a PFIC for any taxable year.

Alternatively, a U.S. taxpayer that makes a timely and effective "QEF election" generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of our "net capital gain" and "ordinary earnings" (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by us. For a U.S. taxpayer to make a QEF election, we must supply annually to the U.S. taxpayer the "PFIC Annual Information Statement" and permit the U.S. taxpayer access to certain information in the event of an audit by the U.S. tax authorities. We do not intend to provide information necessary for U.S. Holders to make QEF elections. As a possible second alternative, if available, a U.S. taxpayer may make a "mark-to-market election" with respect to a taxable year in which we are a PFIC, and the Equity Shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Equity Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in such Equity Shares.

81. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.

Subject to requisite approvals, our Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges or such other time as may be prescribed by SEBI. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid/Offer Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

SECTION III: INTRODUCTION

THE OFFER

The following table sets forth details of the Offer:

Offer of Equity Shares(1)(2)	Up to [●] Equity Shares, aggregating up to ₹[●] million
The Offer consists of:	
Fresh Issue*(1)	[●] Equity Shares aggregating up to ₹ 7,500.00 million
Offer for Sale(2)	Up to 70,323,408 Equity Shares aggregating up to ₹[●] million
The Offer includes:	
Employee Reservation Portion(3)	Up to [●] Equity Shares
Federal Bank Shareholders Reservation Portion(3)	Up to [●] Equity Shares
Net Offer	Up to [●] Equity Shares
Of which:	
A. QIB Portion(3)	Not more than [●] Equity Shares aggregating up to ₹[●] million
of which:	
(i) Anchor Investor Portion(4)	Up to [●] Equity Shares
(ii) Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
(iii) Mutual Fund Portion (5% of the Net QIB Portion)	[●] Equity Shares
(iv) Balance for all QIBs including Mutual Funds	[●] Equity Shares
B. Non-Institutional Portion(5)	Not less than [●] Equity Shares aggregating up to ₹[●] million
C. Retail Portion	Not less than [●] Equity Shares aggregating up to ₹[●] million
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as on the date of this Draft Red Herring Prospectus)	322,477,605 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds of the Offer	See "*Objects of the Offer*" on page 93 for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for sale.

** Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider a private placement of specified securities, or through such other route as may be permitted under applicable law, of up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹1,500 million prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the minimum Offer Size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least 10% of the post-Offer paid-up Equity Share capital of our Company.*

(1) *The Offer has been authorised by a resolution of our Board dated June 21, 2023. The Fresh Issue has been authorised by a resolution of our Board dated July 26, 2023 and a special resolution of our Shareholders dated July 21, 2023. Our Board has taken on record the affirmative consent of the Selling Shareholders for the Offer under the SHA pursuant to its resolution dated July 17, 2023. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated July 26, 2023.*

(2) *Each of the Selling Shareholders has confirmed and approved its participation in the Offer for Sale as set out below:*

S. No.	*Selling Shareholder*	*Number of Equity Shares offered in the Offer for Sale*	*Aggregate proceeds from the sale of Equity Shares forming part of the Offer for Sale*	*Date of consent letter*	*Date of corporate action / board resolution*
Promoter Selling Shareholder					
1.	*The Federal Bank Limited*	*Up to 16,497,973 Equity Shares*	*Up to ₹ [●] million*	*July 25, 2023*	*July 11, 2023*
Investor Selling Shareholder					
2.	*True North Fund VI LLP*	*Up to 53,825,435 Equity Shares*	*Up to ₹ [●] million*	*July 25, 2023*	*July 15, 2023*

Each of the Selling Shareholders has severally and not jointly, confirmed that its respective Offered Shares have been held by such shareholder for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI or have resulted from a bonus issue on Equity Shares held for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus, and are eligible for being offered for sale in the Offer, in terms of Regulation 8 of the SEBI ICDR Regulations.

(3) *In the event aggregate demand in the QIB Category has been met, under-subscription, if any, in any category, including the Employee Reservation Portion and the Federal Bank Shareholders Reservation Portion except the QIB Category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. In the event of under-subscription in the Employee Reservation Portion (if any), 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. In the event of under subscription in the Offer, the Equity Shares will be Allotted in the following order (A) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (B) The balance Equity Shares subscribed to in the Offer will be met in the following order of priority: (i) in the first instance, towards 27,602,787 Equity Shares offered by Investor Selling Shareholder (representing one-third of the total number of Equity Shares held by the Investor Selling Shareholder in the Company as on the date of the Draft Red Herring Prospectus), (ii) in the event that the Offer for Sale is greater than 27,602,787 Equity Shares, then, after the offer of such Equity Shares in the Offer, the Promoter Selling Shareholder and the Investor Selling Shareholder shall have the right to offer their*

remaining Offered Shares in proportion to their respective shareholding in our Company, followed by (iv) the balance 10% of the Fresh Issue portion will be Allotted. For details, see "Terms of the Offer" on page 422.

(4) *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 433.*

(5) *The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹ 1,000,000, and (ii) two third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The allotment to each Non-Institutional Bidder shall not be less than the minimum 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.*

Allocation to all categories, except the Anchor Investor Portion, Non-Institutional Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see *"Offer Structure"* and "*Offer Procedure*" on page 428 and 433, respectively. For details of the terms of the Offer, see "*Terms of the Offer*" on page 422.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with "*Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 275 and 371, respectively.

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SUMMARY RESTATED STATEMENT OF ASSETS AND LIABILITIES

(*₹ in million*)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
(a) Cash and cash equivalents	939.57	659.63	5,260.32
(b) Bank balances other than cash and cash equivalents	6.63	766.40	1,547.56
(c) Receivables			
(i) Trade receivables	148.50	118.37	11.73
(ii) Other receivables	47.62	38.60	31.95
(d) Loans	79,996.96	56,448.09	45,521.41
(e) Investments	6,806.27	5,143.25	324.93
(f) Other financial assets	644.51	117.70	135.29
TOTAL FINANCIAL ASSETS	**88,590.06**	**63,292.04**	**52,833.19**
Non-financial assets			
(a) Current tax assets (net)	119.72	119.22	98.59
(b) Deferred tax assets (net)	218.36	314.98	203.79
(c) Property, Plant and Equipment	306.69	308.63	188.56
(d) Right Of Use Assets	1,119.40	1,196.97	1,118.48
(e) Capital work in progress	5.22	6.56	9.63
(f) Other Intangible assets	32.01	30.64	23.14
(g) Other non- financial assets	318.45	288.03	187.67
TOTAL NON FINANCIAL ASSETS	**2,119.85**	**2,265.03**	**1,829.86**
TOTAL ASSETS	**90,709.91**	**65,557.07**	**54,663.05**
LIABILITIES & EQUITY			
Financial liabilities			
(a) Derivative financial instruments	48.23	Nil	Nil
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	Nil	Nil	0.01
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	260.92	64.30	43.24
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	Nil	Nil	Nil
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	Nil	Nil	Nil
(b) Debt securities	6,112.30	5,334.17	5,936.98
(c) Borrowings (other than debt securities)	62,649.26	42,243.46	34,759.35
(d) Subordinated Liabilities	2,596.67	2,590.72	2,584.59
(e) Lease Liability	1,340.40	1,370.43	1,246.26
(f) Other financial liabilities	3,507.89	2,109.67	1,581.11
TOTAL FINANCIAL LIABILITIES	**76,515.67**	**53,712.75**	**46,151.54**
Non-financial liabilities			
(a) Current tax liabilities (net)	Nil	Nil	Nil
(b) Provisions	61.99	31.34	30.27
(d) Other non-financial liabilities	575.43	277.80	133.90
TOTAL NON FINANCIAL LIABILITIES	**637.42**	**309.14**	**164.17**
Equity			
(a) Equity share capital	3,219.12	3,215.18	2,899.23
(b) Other equity	10,337.70	8,320.00	5,448.11
TOTAL EQUITY	**13,556.82**	**11,535.18**	**8,347.34**
TOTAL LIABILITIES AND EQUITY	**90,709.91**	**65,557.07**	**54,663.05**

SUMMARY RESTATED PROFIT AND LOSS ACCOUNT

(*₹ in million, except per share data*)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations			
(a) Interest income	11,101.68	8,218.93	6,581.08
(b) Fee and commission income	560.10	428.85	317.36
(c) Net gain on fair value changes	126.22	45.37	19.81
Total Revenue from operations	**11,788.00**	**8,693.15**	**6,918.25**
Other income	358.80	143.22	57.41
Total Revenue	**12,146.80**	**8,836.37**	**6,975.66**
Expenses			
(a) Finance costs	4,721.50	3,476.52	3,131.91
(b) Fees and commission expenses	232.82	147.02	120.37
(c) Impairment on financial instruments	489.04	838.78	712.22
(d) Employee benefits expenses	2,476.04	1,754.11	1,315.90
(e) Depreciation, amortisation and impairment	418.70	366.97	272.69
(f) Other expenses	1,224.80	860.88	653.29
Total expenses	**9,562.90**	**7,444.28**	**6,206.38**
Profit before exceptional items and tax	**2,583.90**	**1,392.09**	**769.28**
Exceptional items	(153.70)	-	-
Profit before tax	**2,430.20**	**1,392.09**	**769.28**
Tax expenses:			
Current tax			
(1) Current tax	573.82	471.02	292.36
Deferred tax			
(1) Deferred tax (net)	55.05	(113.52)	(139.92)
Profit for the year	**1,801.33**	**1,034.59**	**616.84**
Other Comprehensive Income/(Loss)			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurement gain / (loss) on defined benefit plans (OCI)	1.55	9.22	4.40
(ii) Tax effect on Remeasurement gain / (loss) on defined benefit plans (OCI)	(0.40)	(2.38)	(1.10)
Total	**1.15**	**6.84**	**3.30**
(b) Items that will be reclassified to profit or loss			
(i) Fair value gain - OCI - Loans	163.38	Nil	Nil
(ii) Fair value gain – OCI – Investment in Government Securities	0.56	Nil	Nil
(iii) Tax effect on fair value gain - OCI - Loans	(41.24)	Nil	Nil
Total	**122.70**	Nil	Nil
Other Comprehensive Income/(Loss)	**123.85**	**6.84**	**3.30**
Total Comprehensive Income	**1,925.18**	**1,041.43**	**620.14**
Earnings per equity share (EPS)			
(1) Basic (INR)	**5.60**	3.32	2.19
(2) Diluted INR)	**5.59**	3.31	2.18
Face value per share (in ₹)	**10.00**	10.00	10.00
	Annualised	Annualised	Annualised

SUMMARY RESTATED STATEMENT OF CASH FLOWS

(*₹ in million*)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax	**2,430.20**	**1,392.09**	**769.28**
Adjustments for :			
Finance cost	4,721.50	3,476.52	3,131.91
Share based payment to employee	79.58	24.86	26.20
Depreciation	418.70	366.97	272.69
Interest from Debentures	(95.43)	(8.93)	(15.80)
Liability no longer required, written back	-	(0.32)	(1.10)
Interest on Fixed Deposit ('FD')	(45.73)	(81.76)	(87.90)
(Profit)/Loss on sale of tangible assets/write off	0.18	7.50	1.30
Profit on Sale Of Mutual Fund units (Net) - Realised	(127.16)	(44.43)	(19.80)
Gain/(Loss) on fair valuation of mutual fund - Unrealised	0.94	(0.94)	-
Security deposit - Fair Valuation	2.93	1.34	1.70
EIR impact on Loans	55.22	23.23	(30.90)
Interest on NPA income booked under IND AS	Nil	Nil	10.30
Direct Assignment Transaction (net)	(348.07)	(70.36)	(75.90)
Impairment on financial instruments	489.03	838.78	712.22
Provision for Doubtful Interest	Nil	Nil	8.60
CWIP written off	Nil	Nil	0.60
Operating profit before working capital changes	**7,581.89**	**5,924.55**	**4,703.40**
Adjustments for working capital:			
- (Increase)/decrease in loans	(23,568.24)	(11,703.85)	(8,858.25)
- (Increase)/decrease in financial asset and non financial asset	(59.64)	(84.03)	(310.10)
- (Increase)/decrease in trade receivables	(44.36)	(127.96)	(6.60)
- Increase/(decrease) in trade payables	196.61	(35.30)	11.40
- Increase/(decrease) in provisions	32.20	10.27	11.05
- Increase/(decrease) in financial liabilities and non financial liabilities	1,695.83	729.00	890.25
Cash generated from/(used in) operating activities	**(14,165.71)**	**(5,287.32)**	**(3,558.85)**
Direct taxes paid (net)	(574.30)	(491.61)	(153.45)
Net cash generated from/(used in) operating activities (A)	**(14,740.01)**	**(5,778.93)**	**(3,712.30)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible assets	(133.94)	(246.08)	(111.53)
Sale of tangible assets	0.30	0.52	0.40
Interest on Fixed Deposit ('FD')	61.91	98.05	87.90
Purchase of intangible assets	(17.05)	(22.78)	Nil
Investment in Government securities	(10,720.91)	(4,187.41)	Nil
Redemption of Government securities	8,253.20	150.00	Nil
Investment/Collection in/from NCD	Nil	Nil	29.70
Investment in Mutual Fund	(83,795.81)	(39,338.03)	(26,912.80)
Redemption in Mutual fund	84,752.69	38,602.60	26,982.65
Investment of fixed deposit	(7,403.67)	(11,455.53)	(10,038.69)
Redemption of fixed assets	7,646.50	12,220.53	9,241.29
Interest from Debentures	61.50	8.93	15.84
Net cash generated from / (used in) investing activities (B)	**(1,295.28)**	**(4,169.20)**	**(705.24)**
CASH FLOW FROM FINANCING ACTIVITIES			
Debt Securities availed	8,350.00	(500.00)	9,975
Debt Securities repaid	(7,750.00)	-	(5,435.30)
Borrowings availed	2,64,197.96	18,500.00	12,580.00
Borrowings repaid	(2,43,830.21)	(11,000.99)	(8,905.20)
Subordinate borrowing	Nil	Nil	2,499.90
Finance Cost	(4,356.79)	(3,491.85)	(3,021.55)
Lease Payment Principal	(218.61)	(185.02)	(127.65)
Lease Payment Interest	(94.26)	(90.05)	(100.30)
Share application money pending allotment	-	(0.36)	0.36
Equity Shares Issued	4.04	288.64	165.00
Share Premium	13.10	-	627.02
Money received on partly paid OCRPS (being fully paid)	Nil	189.66	Nil
Redemption of OCRPS	Nil	(84.20)	Nil
Share Issue Expenses	Nil	1,721.61	(2.30)
Net cash generated from / (used in) financing activities (C)	**16,315.23**	**5,347.44**	**8,255.00**

(*₹ in million*)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Net increase / (decrease) in cash and cash equivalents	**279.94**	**(4,600.69)**	**3,837.46**
Cash and cash equivalents as at the beginning of the period	**659.63**	**5,260.32**	**1,422.86**
Closing balance of cash and cash equivalents (A+B+C)	**939.57**	**659.63**	**5,260.32**
Components of cash and cash equivalents:			
Cash on hand	**133.90**	**168.40**	**74.69**
Balances with banks			
- in current accounts	**805.67**	**491.23**	**1,085.63**
- in fixed deposit with maturity less than 3 months	**-**	**-**	**4,100.00**
Cash and cash equivalents	**939.57**	**659.63**	**5,260.32**

GENERAL INFORMATION

Registered and Corporate Office

Fedbank Financial Services Limited
Kanakia Wall Street
A Wing, 5th Floor, Unit No. 511
Andheri Kurla Road
Andheri (East)
Mumbai 400 093
Maharashtra, India
Registration Number: 364635
CIN: U65910MH1995PLC364635

Address of the RoC

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

Registrar of Companies, Maharashtra
100, Everest
Marine Drive
Mumbai, 400 002
Maharashtra, India

Company Secretary and Compliance Officer

Rajaraman Sundaresan is our Company Secretary and Compliance Officer. His contact details are set forth below:

Rajaraman Sundaresan
Company Secretary and Compliance Officer
Kanakia Wall Street
A Wing, 5th Floor, Unit No. 511
Andheri Kurla Road
Andheri (East)
Mumbai 400 093
Maharashtra, India
Tel: +91 22-68520616
Email: secretarial@fedfina.com

Board of Directors

As on the date of this Draft Red Herring Prospectus, the Board of Directors of our Company comprises the following:

Name	Designation	DIN	Address
Balakrishnan Krishnamurthy	Chairman and Independent Director	00034031	B-17, Floor – 16, Ahuja Tower B Wing, Rajabhau Anant Desai Marg, Plot – 1087-1088, Prabhadevi, Mumbai 400 025, Maharashtra, India
Anil Kothuri	Managing Director and Chief Executive Officer	00177945	B-703, Rustomjee Oriana, N. Dharmadhikari Marg, Bandra East, Mumbai Suburban, Mumbai 400 051, Maharashtra, India
Shyam Srinivasan	Non-Executive Director	02274773	4/99, Federal Villa, Althara G C D A Road Thottakattukara, PO, Aluva, Thottakkattukara, Ernakulam 683 108, Kerala, India
Maninder Singh Juneja	Non-Executive Nominee Director(1)	02680016	D - 1002, Mayfair Meridian, Ceasar Road, Amboli, Andheri (West), Mumbai 400 058, Maharashtra, India
Ashutosh Khajuria	Non-Executive Nominee Director(2)	05154975	Flat No. 2901, 29th Floor, Ashok Towers, C Wing, Parel, Near Hotel Grand Central, Mumbai 400 012, Maharashtra, India
Gauri Rushabh Shah	Independent Director	06625227	5/3, Indian Mercantile Mansion, Madame Cama Road Museum, Opp. Regal Cinema, Colaba, Council Hall, Mumbai 400 039, Maharashtra, India
Peruvemba Ramachandran Seshadri	Additional Independent Director(3)	07820690	No. 107, Sowmya Springs, Diwan Madhava Rao Road, Basavanagudi, Bengaluru South, Bengaluru 560 004, Karnataka, India

(1) *Nominee of True North Fund VI LLP.*
(2) *Nominee of The Federal Bank Limited.*

(3) *Appointed as an additional director (in the capacity of Independent Director) subject to the confirmation of the Shareholders, pursuant to a resolution passed at a meeting of our Board of Directors held on August 12, 2022.*

For further details of our Directors, see "*Our Management*" on page 233.

Filing

A copy of this Draft Red Herring Prospectus has been filed electronically through SEBI's online intermediary portal at https://siportal.sebi.gov.in in accordance with the SEBI ICDR Master Circular. It will also be filed with the SEBI at:

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Maharashtra, India

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 will be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be filed with the RoC at its office.

Book Running Lead Managers

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel: +91 22 6807 7100
E-mail: fedfina.ipo@icicisecurities.com
Investor grievance e-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Shekher Asnani/Gaurav Mittal
SEBI Registration No.: INM000011179

BNP Paribas
BNP Paribas House
1-North Avenue, Maker Maxity
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051
Maharashtra, India
Tel: +91 22 3370 4000
E-mail: DL.Fedfina.IPO@bnpparibas.com
Investor grievance e-mail: indiainvestors.care@asia.bnpparibas.com
Website: www.bnpparibas.co.in
Contact Person: Piyush Ramchandani
SEBI Registration No.: INM000011534

Equirus Capital Private Limited*
12th Floor, C Wing
Marathon Futurex
N M Joshi Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 4332 0700
E-mail: fedfina.ipo@equirus.com
Investor grievance e-mail: investorsgrievance@equirus.com
Website: www.equirus.com
Contact Person: Ankesh Jain
SEBI Registration No.: INM000011286

**Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel: +91 22 6630 3030
E-mail: fedfina.ipo@jmfl.com
Investor grievance e-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration No.: INM000010361

Syndicate Members

[●]

Legal Advisors to the Offer

Legal Counsel to our Company as to Indian law

Cyril Amarchand Mangaldas
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Maharashtra, India
Tel: +91 22 2496 4455

Level 1 & 2, Max Towers
Plot No. C-001/A/1
Sector 16B, Noida 201 301
Gautam Buddha Nagar
Uttar Pradesh, India
Tel: +91 120 669 9000

Statutory Auditors to our Company

B S R & Co. LLP
Chartered Accountants
14th Floor, Central Wing B Wing and North C Wing
Nesco IT Park 4, Nesco Center
Western Express Highway
Goregaon (East)
Mumbai 400 063
Maharashtra, India
Tel: +91 22 6257 1000
Email: asuvarna@bsraffiliates.com
Firm Registration Number: 101248W/W-100022
Peer Review Certificate Number: 014196

There has been no change in our auditors in the last three years, except as disclosed below:

Particulars	Date of change	Reason for change
B S R & Co. LLP Chartered Accountants 14th Floor, Central Wing B Wing and North C Wing Nesco IT Park 4, Nesco Center Western Express Highway Goregaon (East) Mumbai 400 063 Maharashtra, India **Tel:** +91 22 6257 1000 **Email:** asuvarna@bsraffiliates.com **Firm Registration Number:** 101248W/W-100022	September 24, 2021	Appointment until the conclusion of the AGM to be held in 2024

Particulars	Date of change	Reason for change
Peer Review Certificate Number: 014196		
Varma and Varma Chartered Accountants Unit No.101, Option Primo, Plot No. X-21 MIDC Road No.21 Andheri (East) Mumbai- 400 093 Maharashtra, India **Tel:** +91 22 28395837 **Email:** mumbai@varmaandvarma.com **Firm Registration Number:** 004532S **Peer Review Certificate Number:** 011759	September 23, 2021	Completion of term

Registrar to the Offer

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: fedbankfinancialservices.ipo@linkintime.co.in
Investor grievance e-mail: fedbankfinancialservices.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Bankers to the Offer

Escrow Collection Bank, Public Offer Account Bank, Refund Bank

[●]

Sponsor Banks

[●]

[●]

Bankers to the Company

DCB Bank Limited
Peninsula Business Park, Tower A
6th Floor, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6684 7187
E-mail: Mrugendra.joglekar@dcbbank.com
Website: www.dcbbank.com
Contact Person: Mrugendra Shrikant Joglekar

Dhanlaxmi Bank Limited
Shanmugham Road Branch, Ground Floor
Dhanlaxmi Buildings, Near A R Camp
Marine Drive, Shanmugham Road S O
Ernakulam 682 031
Kerala, India
Tel: 0484 2375259
E-mail: dlb.shanmugamroadernakulam@dhanbank.co.in
Website: www.dhanbank.com
Contact Person: Binoy V G

Indian Overseas Bank
101, Naman Centre
G Block, Bandra Kurla Complex
Mumbai
Maharashtra, India
Tel: +91 22 4602 2186
E-mail: Iob2998@iob.in
Website: www.iob.in
Contact Person: Kumar Pratik

HDFC Bank Limited
4th Floor, Tower B
Peninsula Business Park, Lower Parel
Mumbai
Maharashtra India
Tel: +91 96918 53628
E-mail: aayush.goyal@hdfcbank.com
Contact Person: Aayush Goyal

Designated Intermediaries

Self-Certified Syndicate Banks

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

Self-Certified Syndicate Banks and mobile applications enabled for Unified Payments Interface Mechanism

In accordance with SEBI RTA Master Circular and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022 read with other applicable UPI Circulars, UPI Bidders Bidding through UPI Mechanism may apply through the SCSBs and mobile applications, using UPI handles, whose name appears on the SEBI website. A list of SCSBs and mobile applications, which, are live for applying in public issues using UPI mechanism is provided in the list available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

Syndicate Self-Certified Syndicate Banks' Branches

In relation to Bids (other than Bids by Anchor Investor) 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 (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated 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 http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of BSE and NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

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

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 websites of BSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and on the website of NSE at www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Experts to the Offer

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

Our Company has received written consent dated July 26, 2023 from B S R & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, holding a valid peer review certificate from ICAI, and in respect of their (i) examination report, dated June 21, 2023 on our Restated Financial Information; and (ii) their report dated July 26, 2023 on the statement of possible 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. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated July 26, 2023 from M/s R U Kamath & Co, Chartered Accountants, independent chartered accountants, holding a valid peer review certificate from ICAI, to include their name as an "expert" as defined under sections 2(38) and 26 of the Companies Act and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Monitoring Agency

Our Company will appoint the monitoring agency prior to the filing of the Red Herring Prospectus in accordance with Regulation 41 of the SEBI ICDR Regulations.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Credit Rating

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

IPO Grading

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

Trustees

As this is an offering of Equity Shares, the appointment of trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Inter-se allocation of responsibilities

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

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs 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	I-Sec, JM Financial, BNPP	I-Sec
2.	Drafting and approval of all statutory advertisement	I-Sec, JM Financial, BNPP	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	I-Sec, JM Financial, BNPP, Equirus*	JM Financial
4.	Appointment of intermediaries - Registrar to the Offer and advertising agency, including coordination of all agreements to be entered into with such intermediaries	I-Sec, JM Financial, BNPP	I-Sec
5.	Appointment of intermediaries - Banker(s) to the Offer, Sponsor Banks, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	I-Sec, JM Financial, BNPP	BNPP
6.	International institutional marketing of the Offer, which will cover, inter alia: • marketing strategy; • preparation of road show presentation and frequently asked questions • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	I-Sec, JM Financial, BNPP Equirus*	BNPP
7.	Domestic institutional marketing of the Offer, which will cover, inter alia: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	I-Sec, JM Financial, BNPP, Equirus*	I-Sec
8.	Conduct non-institutional marketing of the Offer, which will cover, inter-alia: • Finalising media, marketing and public relations strategy; • Formulating strategies for marketing to Non-Institutional Investors	I-Sec, JM Financial, BNPP, Equirus*	JM Financial
9.	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; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and	I-Sec, JM Financial, BNPP, Equirus*	Equirus*

S. No.	Activity	Responsibility	Coordinator
	• Finalising collection centres		
10.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	I-Sec, JM Financial, BNPP	BNPP
11.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholders	I-Sec, JM Financial, BNPP	BNPP
12.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Banks, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	I-Sec, JM Financial, BNPP	JM Financial

**Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid Lot size will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and the [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the BRLMs after the Bid/ Offer Closing Date.

For further details on method and process of Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 428 and 433, respectively.

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, or in the case of UPI Bidders, by using the UPI Mechanism. In addition to this, the UPI Bidders may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted 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. Retail Individual Bidders, Eligible Employees Bidding in the Employee Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) and Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to Retail Individual Bidders, Non-Institutional Bidders and the Anchor Investors, allocation in the Offer will be on a proportionate basis.

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

The Book Building Process under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure*" on page 433.

Underwriting Agreement

Our Company and each of the Selling Shareholder intends to, prior to the filing of the Prospectus with the RoC, enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The extent of underwriting obligations and the Bids to be underwritten by each Underwriter shall be as per the Underwriting Agreement. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares which they shall subscribe to on account of rejection of bids, either by themselves or by procuring subscription, at a price which shall not be less than the Offer Price, pursuant to the Underwriting Agreement:

(The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus. This portion has been intentionally left blank and will be filled in before, and this portion will be applicable upon the execution of the Underwriting Agreement and filing of the Prospectus with the RoC, as applicable.)

Name, Address, Telephone Number and Email Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representation made to our Company by the Underwriters), the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board/ Capital Raising Committee, 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 in accordance with applicable laws, after the determination of the Offer Price and allocation of Equity Shares, prior to the filing of 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 at the date of this Draft Red Herring Prospectus is set forth below:

(in ₹, except share data)

S. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A	**AUTHORISED SHARE CAPITAL**(1)		
	990,000,000 Equity Shares of face value of ₹ 10 each	9,900,000,000	-
	10,000,000 Preference Shares of face value ₹ 10 each	100,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	322,477,605 Equity Shares of face value ₹ 10 each	3,224,776,050	-
C	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**(3)		
	Offer of [●] Equity Shares# (3) (4)	[●]	[●]
	of which		
	Fresh Issue of [●] Equity Shares aggregating up to ₹ 7,500.00 million (3)	[●]	[●]
	Offer for Sale of 70,323,408 Equity Shares aggregating up to ₹ [●] million(4)	457,142,860	[●]
	The Offer includes:		
	Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ [●] million(5)	[●]	[●]
	Federal Bank Shareholders Reservation Portion of up to [●] Equity Shares	[●]	[●]
	Net Offer of up to [●] Equity Shares	[●]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares of face value of ₹ 10 each	[●]	[●]
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	5,271,088,795.92	
	After the Offer	[●]	

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

\# *Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider a private placement of specified securities, or through such other route as may be permitted under applicable law, of up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹1,500 million prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the minimum Offer Size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least 10% of the post-Offer paid-up Equity Share capital of our Company.*

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 227.*

(2) *The Offer has been authorised by a resolution of our Board dated June 21, 2023. The Fresh Issue has been authorised by a resolution of our Board dated July 26, 2023 and a special resolution of our Shareholders dated July 21, 2023. Our Board has taken on record the affirmative consent of the Selling Shareholders for the Offer under the SHA pursuant to its resolution dated July 17, 2023. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated July 26, 2023.*

(3) *Each of the Selling Shareholders severally confirm that the Offered Shares have been held by them for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details of authorisations for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 406.*

(4) *In the event of under-subscription in the Employee Reservation Portion (if any), 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. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation of up to ₹500,000), shall be added to the Net Offer. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. For further details, see "Offer Structure" on page 428.*

Notes to the Capital Structure

1. **Share capital history of our Company**

a. Equity share capital

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

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
April 17, 1995	700	10	10	Allotment pursuant to initial subscription to the Memorandum of Association	Cash	700	7,000	100 Equity Shares were allotted to M.P.K. Nair, 100 Equity Shares were allotted to A.R. Sankaranarayanan, 100 Equity Shares were allotted to K.T. Chandy, 100 Equity Shares were allotted to K.M. Noordin Mather, 100 Equity Shares were allotted to P.S. Menon, 100 Equity Shares were allotted to T.V. Antony and 100 Equity Shares were allotted to K.M. Chandy, on behalf of and as nominees of our Promoter.
1995-1996*	4,999,300	10	10	Further allotment	Cash	5,000,000	50,000,000	4,999,300 Equity Shares were allotted to The Federal Bank Limited.
May 22, 1997*	10,000,000	10	10	Further allotment	Cash	15,000,000	150,000,000	10,000,000 Equity Shares were allotted to The Federal Bank Limited.
March 5, 2001*	Pursuant to a resolution of our Shareholders dated October 28, 2000 and an order of the High Court of Kerala dated February 12, 2001, the issued and paid-up Equity Share capital of our Company was reduced by ₹145,000,000 from ₹150,000,000 comprising 15,000,000 Equity Shares of face value ₹ 10 each to ₹ 5,000,000 comprising 500,000 Equity Shares of face value ₹ 10 each.							
July 5, 2007*	9,500,000	10	10	Further allotment	Cash	10,000,000	100,000,000	9,500,000 Equity Shares were allotted to The Federal Bank Limited.
December 30, 2010*	25,000,000	10	10	Further allotment	Cash	35,000,000	350,000,000	25,000,000 Equity Shares were allotted to The Federal Bank Limited.
September 3, 2011*	35,000,000	10	10	Further allotment	Cash	70,000,000	700,000,000	35,000,000 Equity Shares were allotted to The Federal Bank Limited.
February 15, 2012*	120,000,000	10	10	Further allotment	Cash	190,000,000	1,900,000,000	120,000,000 Equity

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
								Shares were allotted to The Federal Bank Limited.
November 13, 2018	40,042,500	10	42.11	Preferential allotment	Cash	230,042,500	2,300,425,000	40,042,500 Equity Shares were allotted to True North Fund VI LLP.
September 27, 2019	26,714,257	10	42.11	Preferential allotment	Cash	256,756,757	2,567,567,570	26,714,257 Equity Shares were allotted to True North Fund VI LLP.
March 30, 2020	16,666,668	10	48	Rights issue	Cash	273,423,425	2,734,234,250	12,333,334 Equity Shares were allotted to The Federal Bank Limited and 4,333,334 Equity Shares were allotted to True North Fund VI LLP.
October 13, 2020	16,500,000	10	48	Rights issue	Cash	289,923,425	2,899,234,250	12,210,000 Equity Shares were allotted to The Federal Bank Limited and 4,290,000 Equity Shares were allotted to True North Fund VI LLP.
April 21, 2021	12,000	10	30	Exercise of stock options	Cash	289,935,425	2,899,354,250	12,000 Equity Shares were allotted to B. Sivakumar pursuant to exercise of stock options granted under ESOP 2018.
June 29, 2021	28,571,450	10	70	Rights issue	Cash	318,506,875	3,185,068,750	21,141,998 Equity Shares were allotted to The Federal Bank Limited, 7,428,270 Equity Shares were allotted to True North Fund VI LLP and 1,182 Equity Shares were allotted to B. Sivakumar.
November 13, 2021	120,000	10	30	Exercise of stock options	Cash	318,626,875	3,186,268,750	40,000 Equity Shares were allotted to Amit Gupta, 40,000 Equity

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
								Shares were allotted to Aliasad Ansari and 40,000 Equity Shares were allotted to Shekaar Subramanian pursuant to exercise of stock options granted under ESOP 2018.
December 22, 2021	91,000	10	42.11	Exercise of stock options	Cash	318,717,875	3,187,178,750	51,000 Equity Shares were allotted to Sivakumar Nadipati and 40,000 Equity Shares were allotted to Ashish Gautam pursuant to exercise of stock options granted under ESOP 2018.
December 22, 2021	40,000	10	30	Exercise of stock options	Cash	318,757,875	3,187,578,750	40,000 Equity Shares were allotted to Paramjit Chawla pursuant to exercise of stock options granted under ESOP 2018.
February 14, 2022	2,729,730	10	42.10	Conversion of OCRPS	Cash	321,487,605	3,214,876,050	2,729,730 Equity Shares were allotted to Anil Kothuri pursuant to conversion of 2,729,730 OCRPS. 2,729,730 Equity Shares held by Anil Kothuri which have been pledged by him pursuant to an agreement dated November 3, 2021, as supplemented by an amendment offer letter dated February 4, 2022 in relation to a loan facility taken by Anil Kothuri in his personal capacity. For further details, see "*History and Certain Corporate Matters – Shareholders'*

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
								agreements – Notice cum Waiver Letter dated February 7, 2022 from The Federal Bank Limited and True North Fund VI LLP" on page 231.
March 28, 2022	10,000	10	30	Exercise of stock options	Cash	321,497,605	3,214,976,050	10,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.
March 28, 2022	20,000	10	48	Exercise of stock options	Cash	321,517,605	3,215,176,050	20,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.
May 6, 2022	30,000	10	30	Exercise of stock options	Cash	321,547,605	3,215,476,050	30,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.
July 21, 2022	60,000	10	30	Exercise of stock options	Cash	321,607,605	3,216,076,050	20,000 Equity Shares were allotted to Aliasad M. Ansari, 20,000 Equity Shares were allotted to Sudeep Agrawal and 20,000 Equity Shares were allotted to Shekaar Subramanian pursuant to exercise of stock options granted under ESOP 2018.
July 21, 2022	29,000	10	42.11	Exercise of stock options	Cash	321,636,605	3,216,366,050	29,000 Equity Shares were allotted to Sivakumar Nandipati pursuant to exercise of stock options granted under ESOP 2018.

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
July 21, 2022	260,000	10	48	Exercise of stock options	Cash	321,896,605	3,218,966,050	260,000 Equity Shares were allotted to C.V. Ganesh pursuant to exercise of stock options granted under ESOP 2018.
October 17, 2022	15,000	10	42.11	Exercise of stock options	Cash	321,911,605	3,219,116,050	15,000 Equity Shares were allotted to Jagadeesh Rao pursuant to exercise of stock options granted under ESOP 2018.
July 11, 2023	246,000	10	48	Exercise of stock options	Cash	322,157,605	3,221,576,050	226,000 Equity Shares were allotted to C.V. Ganesh and 20,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.
July 11, 2023	320,000	10	30	Exercise of stock options	Cash	322,477,605	3,224,776,050	300,000 Equity Shares were allotted to Shardul Kadam and 20,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.

** Certain corporate and secretarial records of our Company, including the board resolutions and Roc filings, are not traceable by our Company, or with the RoC, in connection with the allotment of equity shares for certain allotments. For further details, see "Risk Factors – 26. There may be certain inadvertent discrepancies in our secretarial filings and/ or corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies." on page 42. Accordingly, certain details in relation to the allotments made during this period, including the list of allottees, cannot be ascertained.*

b. Preference Share capital

The history of the Preference Share capital of our Company is set forth below:

Date of allotment of Preference Shares	Number of Preference Shares allotted	Face value per Preference Share (in ₹)	Issue price per Preference Share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital
October 31, 2019	4,729,730	10	42.10	Preferential allotment[(1)]	Cash	4,729,730	47,297,300

(1) 4,729,730 OCRPS were allotted to Anil Kothuri in accordance with a shareholders' agreement dated October 2019, as amended on October 27, 2020 and February 7, 2022. For further details, see "History and Certain Corporate Matters – Shareholders' agreements – Share subscription cum shareholders' agreement dated October 2019, as amended by the amendment agreement dated October 27, 2020 and by the second amendment agreement dated February 7, 2022 ("OCRPS SHA") among our Company and Anil Kothuri" on page 231.

Pursuant to Board resolutions each dated February 14, 2022, 2,000,000 OCRPS were redeemed by our Company for an aggregate amount of ₹ 84.20 million and 2,729,730 OCRPS were converted into 2,729,730 Equity Shares. Accordingly, there are no outstanding OCRPS as on the date of this Draft Red Herring Prospectus.

2. **Issue of shares through bonus issue or for consideration other than cash or out of revaluation of reserves**

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

3. **History of the equity share capital held by our Promoter**

As on the date of this Draft Red Herring Prospectus, our Promoter holds 235,685,332 Equity Shares (*including 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar K. K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I. V., on behalf of and as nominees of our Promoter*) equivalent to 73.09% of the issued, subscribed and paid-up Equity Share capital of our Company.

a. Build-up of the equity shareholding of our Promoter in our Company

The details regarding the equity shareholding of our Promoter since incorporation of our Company are set forth in the table below.

Date of allotment/transfer and made fully paid-up	Nature of transaction	Number of Equity Shares	Nature of consideration	Face Value per Equity Share (₹)	Issue/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%)
The Federal Bank Limited							
April 17, 1995#	Allotment pursuant to initial subscription to the Memorandum of Association	700	Cash	10	10	Negligible	[●]
1995-1996*	Further allotment	4,999,300	Cash	10	10	1.55	[●]
May 22, 1997*	Further allotment	10,000,000	Cash	10	10	3.10	[●]
March 5, 2001*	Pursuant to a resolution of our Shareholders dated October 28, 2000 and an order of the High Court of Kerala dated February 12, 2001, the issued and paid-up Equity Share capital of our Company was reduced by ₹145,000,000 from ₹150,000,000 comprising 15,000,000 Equity Shares of face value ₹ 10 each to ₹ 5,000,000 comprising 500,000 Equity Shares of face value ₹ 10 each.						
July 5, 2007*	Further Allotment	9,500,000	Cash	10	10	2.95	[●]
December 30, 2010*	Further	25,000,000	Cash	10	10	7.75	[●]

Date of allotment/transfer and made fully paid-up	Nature of transaction	Number of Equity Shares	Nature of consideration	Face Value per Equity Share (₹)	Issue/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%)
	Allotment						
September 3, 2011*	Further Allotment	35,000,000	Cash	10	10	10.85	[●]
February 15, 2012*	Further Allotment	120,000,000	Cash	10	10	37.21	[●]
March 30, 2020	Rights issue	12,333,334	Cash	10	48	3.82	[●]
October 13, 2020	Rights issue	12,210,000	Cash	10	48	3.79	[●]
June 29, 2021	Rights issue	21,141,998	Cash	10	70	6.56	[●]

** Certain corporate and secretarial records of our Company, including the board resolutions and Roc filings, are not traceable by our Company, or with the RoC, in connection with the allotment of equity shares for certain allotments. For further details, see "Risk Factors – 26. There may be certain inadvertent discrepancies in our secretarial filings and/ or corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies." on page 42. Accordingly, certain details in relation to the allotments made during this period, including the list of allottees, cannot be ascertained.*

 # 100 Equity Shares were allotted to M.P.K. Nair, 100 Equity Shares were allotted to A.R. Sankaranarayanan, 100 Equity Shares were allotted to K.T. Chandy, 100 Equity Shares were allotted to K.M. Noordin Mather, 100 Equity Shares were allotted to P.S. Menon, 100 Equity Shares were allotted to T.V. Antony and 100 Equity Shares were allotted to K.M. Chandy, on behalf of and as nominees of our Promoter.

b. *Details of Promoter's contribution and lock-in*

i. Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, as amended, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoter shall be locked in for a period of eighteen months as minimum Promoter's contribution from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations and the shareholding of our Promoter 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 or such other period as may be prescribed under the SEBI ICDR Regulations.

ii. Details of the Equity Shares to be locked-in for eighteen months from the date of Allotment as minimum Promoter's contribution are set forth in the table below:

Name of Promoter	Number of Equity Shares locked-in (1)	Date of allotment/ transfer of Equity Shares and when made fully paid-up*	Nature of transaction	Face Value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)
The Federal Bank Limited	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]

** Subject to finalisation of the basis of allotment.*

(1) All Equity Shares allotted to our Promoter were fully paid-up at the time of allotment.

Our Company undertakes that the Equity Shares that are being locked-in will not be ineligible for computation of Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

iii. In this connection, please note that:

a. The Equity Shares offered for Promoter's contribution do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, or (ii) Equity Shares that have resulted from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or resulted from bonus shares issued against Equity Shares, which are otherwise ineligible for computation of minimum Promoter's contribution.

b. The minimum Promoter's 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 one or more partnership firms or a limited liability partnership firm.

d. All the Equity Shares held by our Promoter are in dematerialised form.

e. As on the date of this Draft Red Herring Prospectus, the Equity Shares held by our Promoter and offered for Promoter's contribution are not subject to any pledge or any other form of encumbrance.

c. Other lock-in requirements:

i. In addition to the 20% of the post-Offer shareholding of our Company held by our Promoter and locked in for eighteen months as specified above, in terms 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 or such other period as may be prescribed under the SEBI ICDR Regulations, including any unsubscribed portion of the Offer for Sale, except for (i) any Equity Shares held by the employees (whether currently employees or not) of our Company which have been or will be allotted to them under ESOP 2018; (ii) the Equity Shares which are successfully transferred as a part of the Offer for Sale by the Selling Shareholders; (iii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least six months from the date of purchase by such shareholders. Accordingly, subject to completion of the six months holding period from the date of purchase, the Equity Shares held by True North Fund VI LLP shall be exempt from the aforementioned lock-in requirement since it is a Category II AIF; and (iv) any other categories of shareholding exempted under Regulation 17 of the SEBI ICDR Regulations.

ii. 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.

iii. The Equity Shares held by persons other than our Promoter and locked-in for a period of six months from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations in the Offer 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 SEBI Takeover Regulations.

iv. The Equity Shares held by our Promoter which are locked-in may be pledged as collateral security for loans granted by scheduled commercial banks, public financial institutions, NBFC-SI or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or NBFC-SIs or housing finance companies in terms of Regulation 21 of the SEBI ICDR Regulations.

d. Lock-in of the Equity Shares to be allotted, if any, to the Anchor Investors

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 a lock-in of 30 days on the remaining 50% of the Equity Shares allotted to the Anchor Investors from the date of Allotment.

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

Our Company has not allotted any equity shares pursuant to a scheme of amalgamation approved under Sections 230 to 234 of the Companies Act, 2013.

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

Except as disclosed above in "– *Share capital history of our Company*" on page 78, our Company has not issued any Equity Shares during a period of one year preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price.

6. **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 shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								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)	
								Class: Equity Shares	Total								
(A)	**Promoter and Promoter Group**	9*	235,685,332	-	-	235,685,332	73.09	235,685,332	235,685,332	73.09	-	73.09	-	0.00	-	0.00	235,685,332
(B)	**Public**	13	86,792,273	-	-	86,792,273	26.91	86,792,273	86,792,273	26.91	-	26.91	-	0.00	2,729,730	3.15	86,792,273
(C)	**Non Promoter - Non Public**	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	0.00	-
(C1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	0.00	-
(C2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	0.00	-
	Total	**22**	**322,477,605**	**-**	**-**	**322,477,605**	**100.00**	**322,477,605**	**322,477,605**	**100.00**	**-**	**100.00**	**-**	**0.00**	**2,729,730**	**0.84**	**322,477,605**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar KK, one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*

***Includes 2,729,730 Equity Shares held by Anil Kothuri which have been pledged by him pursuant to an agreement dated November 3, 2021 , as supplemented by an amendment offer letter dated February 4, 2022 in relation to a loan facility taken by Anil Kothuri in his personal capacity.*

7. ***Details of shareholding of major Shareholders of our Company***

(a) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis, as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Number of Equity Shares on a fully diluted basis^	Percentage of the fully diluted Equity Share capital (%)^
1.	The Federal Bank Limited	235,685,332*	235,685,332*	72.15%
2.	True North Fund VI LLP	82,808,361	82,808,361	25.35%
3.	Anil Kothuri	2,729,730	3,396,397	1.04%
	Total	**321,223,423**	**321,890,090**	**98.54%**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar KK, one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*
^Our pre-Offer paid-up share capital has been considered on a fully diluted basis, including vested options outstanding under ESOP 2018 as on the date of this Draft Red Herring Prospectus.

(b) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis, as of 10 days prior to the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Number of Equity Shares on a fully diluted basis^	Percentage of the fully diluted Equity Share capital (%)^
1.	The Federal Bank Limited	235,685,332*	235,685,332*	72.15%
2.	True North Fund VI LLP	82,808,361	82,808,361	25.35%
3.	Anil Kothuri	2,729,730	3,396,397	1.04%
	Total	**321,223,423**	**321,890,090**	**98.54%**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar KK, one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*
^Our pre-Offer paid-up share capital has been considered on a fully diluted basis, including vested options outstanding under ESOP 2018 as on the date of this Draft Red Herring Prospectus.

(c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, on a fully diluted basis, as of one year prior to the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Number of Equity Shares on a fully diluted basis^	Percentage of the fully diluted Equity Share capital (%)^
1.	The Federal Bank Limited*	235,685,332*	235,685,332*	72.75%
2.	True North Fund VI LLP	82,808,361	82,808,361	25.56%
	Total	**318,493,693**	**318,493,693**	**98.31%**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar KK, one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*
^Our pre-Offer paid-up share capital has been considered on a fully diluted basis, including vested options outstanding under ESOP 2018 as on a date one year prior to the date of this Draft Red Herring Prospectus.

(d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, on a fully diluted basis, as of two years prior to the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Number of Equity Shares on a fully diluted basis^	Percentage of the fully diluted Equity Share capital (%)^
1.	The Federal Bank Limited*	235,685,332*	235,685,332*	73.61%
2.	True North Fund VI LLP	82,808,361	82,808,361	25.86%
	Total	**318,493,693**	**318,493,693**	**99.47%**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar KK, one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*
^Our pre-Offer paid-up share capital has been considered on a fully diluted basis, including vested options outstanding under ESOP 2018 as on a date two years prior to the date of this Draft Red Herring Prospectus. This excludes 4,729,730 OCRPS which were held by Anil Kothuri as of two years prior to the date of this Draft Red Herring Prospectus, of which 2,000,000 OCRPS were redeemed by our Company and 2,729,730 OCRPS were converted into 2,729,730 Equity Shares, pursuant to Board resolutions dated February 14, 2022. For further details, see "- Notes to the Capital Structure - Share capital history of our Company – b. Preference Share capital" on page 84.

8. As on the date of the filing of this Draft Red Herring Prospectus, our Company has 22 Shareholders (including Shareholders holding Equity Shares as nominees of our Promoter).

9. None of the members of our Promoter Group, directors of our Promoter or our Company or any of their relatives have purchased or sold any Equity Shares during a period of six months preceding the date of this Draft Red Herring Prospectus.

10. **Employee stock option scheme**

Fedbank Financial Services Limited Employee Stock Option Plan 2018 ("ESOP 2018")

Our Company, pursuant to the resolution passed by our Board on November 13, 2018 and the resolution passed by our Shareholders on November 13, 2018, adopted the ESOP 2018. ESOP 2018 was last amended pursuant to resolution passed by our Board on May 26, 2023 and the resolution passed by our Shareholders on July 21, 2023 ("**ESOP Amendment**"). Pursuant to the ESOP Amendment, the exercise period within which options granted under ESOP 2018 may be exercised, was amended from three years to ten years, unless the Equity Shares are listed on the Stock Exchanges, in which case, (i) the options granted under ESOP 2018 which have vested prior to the date of listing, may be exercised within three years from the date of listing; and (ii) the options granted under ESOP 2018 which have vested after the date of listing, may be exercised within three years from the date of vesting. The purpose of ESOP 2018 is to reward employees for their performance as well as to motivate them to contribute to the growth and profitability of our Company, and to attract and retain talent in our Company. Under ESOP 2018, an aggregate of 14,552,601 options have been granted, an aggregate of 4,175,994 options have vested (excluding the options that have been exercised) and an aggregate of 1,253,000 options have been exercised as on the date of this Draft Red Herring Prospectus. The ESOP 2018 is in compliance with the SEBI SBEB & SE Regulations. The details of ESOP 2018 are as follows:

Particulars	**Details**			
	Fiscal 2021	**Fiscal 2022**	**Fiscal 2023**	**From April 1, 2023 till the date of this Draft Red Herring Prospectus**
Total options outstanding as at the beginning of the period	5,511,351	8,151,351	7,870,351	13,476,351
Total options granted	2,700,000	Nil	6,281,250	Nil
Exercise price of options in ₹ (as on the date of grant options)	48.00	N.A.	72.37	N.A.
Options forfeited/lapsed/cancelled	48,000	Nil	281,250	247,500
Variation of terms of options	i. Pursuant to a resolution of our Board dated February 7, 2022 and of our Shareholders dated February 14, 2022, the exercise period of vested options for serving employees was reduced from 10 years to 3 years. Further, changes were made to ESOP 2018 to comply with the SEBI SBEB & SE Regulations. ii. Pursuant to a resolution of our Board dated May 26, 2023 and of our Shareholders dated July 21, 2023, the exercise period within which options granted under ESOP 2018 may be exercised, was amended from 3 years to 10 years, unless Equity Shares are listed on the Stock Exchanges.			
Money realized by exercise of options during the year/period	Nil	10,252,010	17,032,840	21,408,000
Total number of options outstanding in force at the end of period/year	8,151,351	7,870,351	13,476,351	12,662,851
Total options vested (excluding the options that have been exercised)	655,000	764,000	671,000	2,085,994
Options exercised (since implementation of the ESOP scheme)	12,000	281,000	394,000	566,000
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	1,253,000			
Employee wise details of options granted to:				
(i) Key managerial personnel and senior management personnel:	2,600,000	Nil	3,130,000	Nil
Anil Kothuri	Nil	Nil	2,000,000	Nil
C.V. Ganesh	1,200,000	Nil	Nil	Nil
Rajaraman Sundaresan	Nil	Nil	30,000	Nil
Shardul Kadam	Nil	Nil	Nil	Nil
Siddharth K.	1,000,000	Nil	Nil	Nil
K. Sureshkumar	Nil	Nil	100,000	Nil
Vikas Mohan Srivastava	Nil	Nil	200,000	Nil

Particulars	Details			
	Fiscal 2021	**Fiscal 2022**	**Fiscal 2023**	**From April 1, 2023 till the date of this Draft Red Herring Prospectus**
Anila Rajneesh	Nil	Nil	100,000	Nil
Ramchandar R	100,000	Nil	300,000	Nil
Jagadeesh Rao	300,000	Nil	400,000	Nil
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	Nil	Nil	Nil
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil			
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	Modified Black Scholes Model. Refer to footnote below table.*			
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the SEBI SBEB & SE Regulations had been followed, in respect of options granted in the last three years	N.A.			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with Ind AS 33 'Earnings Per Share.	2.18	3.31	5.59	N.A.
Where our Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of our Company	N.A. since Fair Value using Modified Black Scholes Model has been used for calculating Employee Compensation Cost.			
Intention of the Key Managerial Personnel, senior management personnel and whole time directors who are holders of Equity Shares allotted on exercise of options granted to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer	Yes			
Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N.A.			

**Modified Black Scholes Model*

Particulars	*Fiscal 2021*	*Fiscal 2022*	*Fiscal 2023*	*From April 1, 2023 till the date of this Draft Red Herring Prospectus*
Fair Value of Options at grant date (₹)	*6.50-24.60*	*6.50-24.60*	*6.50-27.76*	*6.50-27.76*
Fair Value of Equity Shares at grant date (₹)	*42.11-48.00*	*42.11-48.00*	*42.11-72.37*	*42.11-72.37*
Exercise Price (₹)	*30.00-48.00*	*30.00-48.00*	*30.00-72.37*	*30.00-72.37*
Dividend Yield (%)	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Expected volatility (%)	*31.36%*	*31.36%*	*29.19%*	*29.19%*
Risk free interest rate (%)#	*6.38%*	*6.38%*	*6.30%*	*6.30%*
Expected life of the option (years)#	*3.84*	*3.84*	*3.19*	*3.19*

 # The values in the above items are weighted average.

11. Except for the issue of any Equity Shares pursuant to the exercise of options to be granted under ESOP 2018, our

Company 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 by way of 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 otherwise.

12. Except for any issue of Equity Shares pursuant to the Fresh Issue, allotment of Equity Shares pursuant to the Pre-IPO Placement, exercise of options vested under ESOP 2018, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

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

14. **Details of Equity Shares held by our Directors, Key Managerial Personnel, Senior Management Personnel, Promoter, directors of Promoter and members of our Promoter Group**

Except as disclosed below our Directors, Key Managerial Personnel, Senior Management Personnel, Promoter, directors of Promoter and other members of our Promoter Group do not hold Equity Shares and employee stock options in our Company:

Sr. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Number of employee stock options outstanding	Percentage of the post-Offer of Equity Share Capital (%)
Directors, directors of our Promoter, Key Managerial Personnel and Senior Management Personnel					
1.	Anil Kothuri	2,729,730^	0.85	3,351,351	[●]
2.	Shyam Srinivasan*#	200	Negligible	Nil	[●]
3.	Ashutosh Khajuria*#	1	Negligible	Nil	[●]
4.	C.V. Ganesh	486,000	0.15	714,000	[●]
5.	Jagadeesh Rao	15,000	Negligible	785,000	[●]
6.	Shardul Kadam	300,000	0.09	700,000	[●]
7.	Rajaraman Sundaresan	Nil	Nil	30,000	[●]
8.	Siddharth K.	Nil	Nil	1,000,000	[●]
9.	K. Sureshkumar	Nil	Nil	800,000	[●]
10.	Vikas Mohan Srivastava	Nil	Nil	800,000	[●]
11.	Anila Rajneesh	Nil	Nil	600,000	[●]
12.	Ramchandar R	Nil	Nil	800,000	[●]
Promoter and Promoter Group					
1.	The Federal Bank Limited	235,685,332**	73.09	Nil	[●]

**As a nominee of our Promoter*

***Includes 200 Equity Shares held by Shyam Srinivasan#, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier#, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria#, one Equity Share held by Ajith Kumar KK, one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter*

 # Director of our Promoter

^2,729,730 Equity Shares held by Anil Kothuri which have been pledged by him pursuant to an agreement dated November 3, 2021, as supplemented by an amendment offer letter dated February 4, 2022 in relation to a loan facility taken by Anil Kothuri in his personal capacity. For further details, see "History and Certain Corporate Matters - Shareholders' agreements - Notice cum Waiver Letter dated February 7, 2022 from The Federal Bank Limited and True North Fund VI LLP" on page 231.

15. **Details of acquisition of specified securities by our Promoter, members of the Promoter Group, Selling Shareholders and other Shareholders with nominee director rights or other rights, in the last three years preceding the date of this Draft Red Herring Prospectus**

S. No.	Name of the acquirer/shareholder	Date of acquisition of Equity Shares	Number of Equity Shares acquired	Acquisition price per Equity Share
Promoter (also the Promoter Selling Shareholder)				
1.	The Federal Bank Limited	June 29, 2021	21,141,998	70
		October 13, 2020	12,210,000	48
Investor Selling Shareholder				
1.	True North Fund VI LLP	June 29, 2021	7,428,270	70
		October 13, 2020	4,290,000	48
Shareholders with nominee director rights or other rights				
1.	The Federal Bank Limited	June 29, 2021	21,141,998	70
		October 13, 2020	12,210,000	48
2.	True North Fund VI LLP	June 29, 2021	7,428,270	70
		October 13, 2020	4,290,000	48

The above details have been certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.

16. Except employee stock options granted pursuant to ESOP 2018, there are no outstanding convertible securities, warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.

17. All Equity Shares offered and Allotted pursuant to the Offer shall be fully paid-up at the time of Allotment.

18. As on the date of this Draft Red Herring Prospectus, the Book Running Lead Managers and their associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company.

19. There have been no financing arrangements whereby our Promoter, Directors of our Promoter, members of our Promoter Group, our Directors and their 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 relevant financing entity) during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus and the Red Herring Prospectus.

20. No person connected with the Offer, including, but not limited to, the Book Running Lead Managers, the members of the Syndicate, our Company, Directors, Promoter, and members of our Promoter Group shall offer any incentive, whether 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.

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

OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale.

Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale after deducting their proportion of Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale. For further details of the Offer for Sale, see "*The Offer*" beginning on page 63.

The Fresh Issue

Our Company proposes to utilize the Net Proceeds from the Fresh Issue towards augmenting our Company's Tier – I capital base to meet our Company's future capital requirements, arising out of the growth of our business and assets. Further, a portion of the proceeds from the Fresh Issue will be used towards meeting Offer Expenses. For further details, see "*– Offer Expenses*" on page 94 below.

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including enhancement of our Company's brand name and creation of a public market for our Equity Shares in India.

The main objects clause and objects incidental and ancillary to the main objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by us in the Fresh Issue.

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any bank/ financial institution or agency.

Net Proceeds

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

Particulars	Estimated amount (₹ in million)
Gross proceeds of the Fresh Issue[1]	Up to 7,500
(Less) Fresh Issue expenses	[●][2][3]
Net Proceeds	**[●]**

(1) Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider a Pre-IPO Placement, of specified securities, or through such other route as may be permitted under applicable law, for up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law. If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to compliance with the minimum net offer size requirements prescribed under rule 19(2)(b) of the SCRR.

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

(3) For details, see "- Offer Expenses" below.

Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be utilised towards augmentation of our Company's Tier – I capital base to meet our Company's future capital requirements which are expected to arise out of the growth in our Company's business and assets. For further details, see "*Risk Factors – 40. We propose to utilize the Net Proceeds of the Fresh Issue to maintain the minimum capital adequacy ratio and to meet future capital requirements arising out of the growth in our business and not for any specified projects.*" on page 47.

Proposed Schedule of Implementation and Deployment of Funds

The Net Proceeds are proposed to be deployed over the course of Fiscals 2024, 2025 and 2026. The fund deployment is based on current circumstances of our business, and we may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. However, there will be no variation in the deployment of funds, including in the event there is a delay in receipt of the mandatory approvals.

Our Company proposes to utilize the Net Proceeds from the Fresh Issue towards augmenting its Tier-I capital base to meet its future capital requirements. The table sets forth the details of composition of the Company's Tier – I and Tier – II capital as at March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in millions except percentages)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Share Capital	3,219.12	3,215.18	2,899.23
Reserves & Surplus (excluding ESOP Reserve)	10,189.60	8,217.76	5,392.85
Intangible Assets	(32.01)	(30.64)	(23.14)
Credit Enhancement under Securitisation	Nil	Nil	(21.81)
Deferred Revenue (Prepaid Expense)	(144.75)	(218.64)	-
Deferred Tax Asset	(218.36)	(314.98)	(203.79)
Capital Redemption Reserve	(20.00)	Nil	Nil
Unrealised Gain Arising on financial Instruments	(714.30)	Nil	Nil
Tier I Capital	**12,279.30**	**10,868.68**	**8,043.26**
Subordinated Debt	2,077.36	2,500.00	2,584.59
General Provision & Standard Asset Provision	246.44	252.24	453.56
Preference Share Capital	Nil	Nil	3.29
Credit Enhancement under Securitisation	Nil	Nil	(21.81)
Tier II Capital	**2,323.80**	**2,752.24**	**3,019.63**
Total Capital Fund (Tier I & II)	**14,603.10**	**13,620.92**	**11,062.89**

Notes:

1. *As per the capital adequacy norms issued by the RBI, we are required to have a regulatory minimum Capital to Risk Weighted Assets Ratio ("**CRAR**")of 15% consisting of Tier I and Tier II capital. Additionally, we are required to maintain a Tier I capital of 10% at all times. Our Company proposes to utilise the Net Proceeds towards augmenting its capital base to meet future capital requirements, 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.*
2. *The computations of Tier I Capital (as defined in the RBI Master Direction – NBFC – ND-SI) and Tier II Capital (as defined in the RBI Master Direction – NBFC – ND-SI) in the above table confirm to guidelines in the RBI Master Direction – NBFC – ND-SI updated from time to time.*

Details of the Objects of the Fresh Issue

The details in relation to objects of the Fresh Issue are set forth herein below.

We are an NBFC in India and are registered with the RBI under Section 45 IA of the Reserve Bank of India Act, 1934. We are the fastest growing gold loan NBFC in India among the peer set as of March 31, 2023. *(Source: CRISIL Report)* For details, see "*Our Business*" on page 184. As an NBFC, 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 capital adequacy norms issued by the RBI, we are required to have a regulatory minimum CRAR of 15%. For further details, see "*-Offer Expenses*" and "*Key Regulations and Policies*" on pages 94 and 211.

As of March 31, 2023, our Company's CRAR, in accordance with the Restated Financial Information, was 17.94%, of which Tier – I capital was 15.09%. As we continue to grow our loan portfolio and asset base, we will require additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. The Net Proceeds will be utilised to increase our Company's Tier – I capital base to meet our future capital requirements which are expected to arise out of growth of our business and assets, and to ensure compliance with the NBFC-ND-SI Directions. We anticipate that the Net Proceeds will be sufficient to satisfy our Company's Tier – I capital requirements for Financial Years 2024, 2025 and 2026.

We typically use our Tier – I capital towards our Company's business and growth, including onwards lending, payment of operating expenditure, repayment and/or prepayment of outstanding liabilities and interest thereon as part of our business activities, capital expenditure towards scaling-up branch infrastructure and technology and other general corporate purposes.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million.

The Offer related expenses primarily include listing fees, fees payable to the BRLMs and legal counsel, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. Other than (a) the listing fees, audit fees of the statutory auditors (other than to the extent attributable to the Offer) which will be borne by our Company and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all cost, charges, fees and expenses (including all the applicable taxes) associated with and incurred with respect to the Offer shall be shared amongst our Company and Selling Shareholders in proportion of the Equity Shares issued by our Company in the Fresh Issue and the Offered Shares transferred by the Selling Shareholders, respectively, as a percentage of the total Equity Shares issued and sold in the Offer. However expenses relating to the Offer may be paid by the Company on behalf of the Selling Shareholders in the first instance, and the Selling Shareholders shall reimburse the Company for any expenses in relation to the Offer to the extent of their respective proportions of the Offer related expenses, directly from the Public Offer Account.

The estimated Offer related expenses are as under:

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 fee payable to the Sponsor Banks for Bids made by RIBs using UPI [(2)]	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs[(3)(4)]	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to others[(5)]	[●]	[●]	[●]
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	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) Amounts will be finalised on determination of Offer Price

(2) Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Eligible Employees, Federal Bank Shareholders and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Bidders	*[●]% of the Amount Allotted* (plus applicable taxes)*
Employee Reservation Portion	*[●]% of the Amount Allotted* (plus applicable taxes)*
Federal Bank Shareholders Reservation Portion	*[●]% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*[●]% 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.

(3) No processing fees shall be payable by our Company and Selling Shareholders to the SCSBs on the applications directly procured by them.

Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Eligible Employees, Federal Bank Shareholders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Bidders, Eligible Employees, Federal Bank Shareholders and Non-Institutional Bidders	*₹[●] per valid application (plus applicable taxes)*

(4) Selling commission on the portion for UPI Bidders using the UPI mechanism, Non-Institutional Bidders, Eligible Employees and Federal Bank Shareholders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs or for using 3-in-1 type accounts-linked online trading, demat and bank account provided by some of the brokers which are members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted* (plus applicable taxes)*
Portion for Federal Bank Shareholders	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*

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

The Selling Commission payable to the 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.

Uploading Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the applications made by RIBs using 3-in-1 accounts, Eligible Employees, Federal Bank Shareholders and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking or using 3-in-1 accounts, would be as follows: ₹ [●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

Selling commission/ uploading charges payable to the Registered Brokers on the portion for UPI Bidders procured through UPI Mechanism, Non-Institutional Bidders, Eligible Employees and Federal Bank Shareholders which are directly procured by the Registered Broker and submitted to SCSB for processing, would be as follows:

*Portion for RIBs**	*₹ [●] per valid application (plus applicable taxes)*
*Portion for Eligible Employees**	*₹ [●] per valid application (plus applicable taxes)*
*Portion for Federal Bank Shareholders**	*₹ [●] per valid application (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*₹ [●] per valid application (plus applicable taxes)*

**Based on valid applications*

Uploading charges/ Processing fees for applications made by UPI Bidders using the UPI Mechanism would be as under:

Members of the Syndicate / RTAs / CDPs (uploading charges)	*₹ [●] per valid application*
Sponsor Banks (Processing fee)	*₹ [●] per valid application (plus applicable taxes)* *The Sponsor Banks shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required*

	in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and the Cash Escrow and Sponsor Banks Agreement.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (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 in accordance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

(5) *This includes fees payable to our Statutory Auditors, practicing company secretary and the independent chartered accountant appointed for providing confirmations and certificates for the purpose of the Offer, CRISIL for preparing the industry report commissioned by our Company, the virtual data room provider in connection with due diligence for the Offer, etc.*

Means of finance

The fund requirements set out for the aforesaid objects of the Offer 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.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company will deposit the Net Proceeds only with one or more scheduled commercial banks included in the second schedule of the RBI Act as may be approved by our Board or Capital Raising Committee.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the equity shares of any other listed company or for any investment in equity markets.

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.

Monitoring of Utilization of Funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company shall appoint a Monitoring Agency for monitoring the utilisation of Net Proceeds prior to the filing of the Red Herring Prospectus with the RoC, as the proposed Fresh Issue exceeds ₹ 1,000.00 million.

Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Net Proceeds have been utilised in full. Our Company shall for the purposes of the quarterly report to be prepared by the Monitoring Agency, provide description for all the expense heads under the objects of the Offer. 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 and continue to disclose, the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such fiscals as required under applicable law, clearly specifying the purposes for which the Net Proceeds have been utilised, till the time any part of the Net Proceeds remains unutilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds. Further, our Company, on a quarterly basis, shall include the deployment of Net Proceeds under various heads, as applicable, in the notes to our quarterly results. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) and Part C of Schedule II, of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. 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 of our Company. Furthermore, in accordance with Regulation 32(1) 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 actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director’s report, after placing the same before the Audit Committee.

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. Further, the dissenting Shareholders shall be provided an exit opportunity at a price and in such manner as prescribed under Regulation 59 and Schedule XX of the SEBI ICDR Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by us as consideration to our Promoter, Promoter Group, Group Company, the Directors and Key Managerial Personnel, Senior Management Personnel except in the normal course of business and in compliance with applicable law.

Our Company has not entered into and is not planning to enter into any arrangement/ agreements with our Promoter, Promoter Group, Directors, Key Managerial Personnel and Senior Management Personnel in relation to the utilisation of the Net Proceeds. Further there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered 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 face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should refer to "*Risk Factors*", "*Our Business*", "*Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 184, 275 and 371, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are as follows:

- Our presence in large, underpenetrated markets with strong growth potential
- Our focus on retail loan products with a collateralized lending model targeting individuals and the emerging MSME sector which is difficult to replicate
- Strong underwriting capability and presence in select customer segment combined with robust risk management capabilities focused on effective underwriting and collections
- Experienced, cycle tested management team
- Well diversified funding profile with an advantage of lower cost of funds
- Technology driven company with scalable operating model

For details, see "*Our Business – Our Competitive Strengths*" on page 185.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Information. For details, see "*Restated Financial Information*" and "*Other Financial Information*" on pages 275 and 370, 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 Equity Share ("EPS") (face value of each Equity Share is ₹10):

Fiscal ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2023	5.60	5.59	3
March 31, 2022	3.32	3.31	2
March 31, 2021	2.19	2.18	1
Weighted Average	4.27	4.26	

Notes:

i. *The face value of each Equity Share is ₹ 10.*

ii. *Basic Earnings per share = Net profit after tax (loss after tax) as restated / Weighted average number of equity shares outstanding during the year.*

iii. *Diluted Earnings per share = Net profit after tax (loss after tax) as restated / Weighted average number of potential equity shares outstanding during the year.*

iv. *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.*

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 year ended March 31, 2023	**[●]***	**[●]***
Based on diluted EPS for year ended March 31, 2023	**[●]***	**[●]***

* *To be computed after finalisation of the Price Band.*

C. Industry Peer Group P/E ratio

	P/E Ratio (x)
Highest	31.73
Lowest	7.28
Average	18.97

Notes:

(1) *The highest and lowest industry P/E shown above is based on the peer set provided below under "Comparison with listed industry peers". The industry average has been calculated as the arithmetic average P/E of the peer set provided below.*

(2) *P/E figures for the peer are computed based on closing market price as on July 21, 2023 on the BSE, divided by Basic EPS (on consolidated basis unless otherwise available only on standalone basis) based on the financial results of the respective company for the year ended March 31, 2023 submitted to stock exchanges.*

D. Return on Net worth ("RoNW")

Fiscal	RoNW (%)	Weight
March 31, 2023	13.29	3
March 31, 2022	8.97	2
March 31, 2021	7.39	1
Weighted Average	**10.87**	-

Notes:

1. *Weighted average = Aggregate of year-wise weighted Net Worth divided by the aggregate of weights i.e. [(Net Worth x Weight) for each year] / [Total of weights]*
2. *Return on Net Worth (%) = Net profit after tax, as restated / Net worth as restated as at year end.*
3. *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 of Assets and Liabilities of the Company.*

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

Financial Year ended	Amount (₹)
As on March 31, 2023	42.11
After the completion of the Offer	
- At the Floor Price	[●]*
- At the Cap Price	[●]*
Offer Price	[●]*

Notes:

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

1. *Net asset value per share= Net worth as restated / Number of equity shares as at year end*

F. Key Performance Indicators

The tables below set forth the details of certain financial data based on our Restated Financial Information, certain non-GAAP measures and key performance indicators ("**KPIs**") that our Company considers have a bearing for arriving at the basis for Offer Price. All the financial data based on our Restated Financial Information, certain non-GAAP measures and KPIs disclosed below have been approved and confirmed by a resolution of our Audit Committee dated July 25, 2023.

A list of certain financial data, based on our Restated Financial Information is set out below for the indicated Fiscals:

(₹ in million, unless otherwise specified)

Particulars	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Capital			
Shareholder Equity	13,556.82	11,535.18	8,347.34
Capital Adequacy Ratio	17.94%	23.04%	23.52%
Profitability			
Total Income	12,146.80	8,836.37	6,975.66
Net Interest income	6,380.18	4,742.41	3,449.17
Fee and Other income	918.90	572.07	374.77
Profit After Tax	1,801.33	1,034.59	616.84
NPA / Asset Quality			
Gross NPA (%)	2.03%	2.23%	1.01%
Net NPA (%)	1.59%	1.75%	0.71%
Earning per share			
Basic	5.60	3.32	2.19
Diluted	5.59	3.31	2.18

For reconciliation of certain non-GAAP measures, see *"Selected Statistical Information"* on page 257.

Further, the following KPIs have been certified by M/s R U Kamath & Co, Chartered Accountants, independent chartered accountants, pursuant to their certificate dated July 26, 2023, for the indicated periods:

A list of our KPIs for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 are set out below:

(₹ in million, unless otherwise specified)

Particulars	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Scale			
AUM	90,696.04	61.872.04	48,624.31
AUM Growth (%)	46.59%	27.25%	26.68%
Capital			
Total Borrowings to Shareholder Equity ratio	5.26	4.35	5.18
Cost of Borrowings	7.77%	7.44%	8.30%
Profitability			
Yield on Average Net Advances	15.17%	15.59%	15.47%
Spread	7.40%	8.15%	7.17%
NPA / Asset Quality			
Provision Coverage Ratio	22.19%	22.07%	29.88%
Return Ratio			
Net Interest Income to Average AUM	8.36%	8.58%	7.93%
Net Interest Margin	8.17%	7.89%	7.22%
Operating Expenses to Average AUM	5.71%	5.66%	5.40%
Credit cost to Average AUM	0.64%	1.52%	1.64%
PAT to Average AUM	2.36%	1.87%	1.42%
Return on Total Average Assets (%)	2.31%	1.72%	1.29%
Return on Average Equity (%)	14.36%	10.41%	8.08%
Distribution			
States and UTs	16	15	15
Branches	575	516	359
Productivity			
AUM/Branch	157.73	119.91	135.44
AUM/Employee	25.41	21.69	22.83
Credit ratings			
CARE	CARE AA (Stable)	CARE AA- (Stable)	CARE AA- (Stable)
INDIA Ratings	IND AA- (Stable)	IND AA- (Stable)	IND AA- (Stable)

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"* beginning on pages 184 and 371, respectively.

Our Company shall continue to disclose the KPIs disclosed hereinabove in this section on a periodic basis, at least once in a year (or for any lesser period as determined by the Board of our Company), for a period of one year from the date of listing of the Equity Shares on the Stock Exchanges pursuant to the Offer, or for such other period as may be required under the SEBI ICDR Regulations.

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 are 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.

Explanations for certain financial data based on Restated Financial Information

Key Performance Indicator
(1) Shareholder Equity represents the sum of equity share capital and reserves and surplus as of the last day of the relevant fiscal year.
(2) Capital Adequacy Ratio (%) as of the last day of the relevant fiscal year as reported by the company.
(3) Total Income as reported by the company refers to the summation of total revenue from operations and the other income.
(4) Net Interest Income represents total interest income minus total finance cost.
(5) Fee and Other Income represents sum of fee and commission income and other income reported by the company.
(6) Profit After Tax represents the profit for the period as reported.
(7) Gross NPA (%) refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).
(8) Net NPA (%) refers to Gross NPA reduced by impairment loss allowance (i.e. ECLs allowance) made against these loans as of the last day of the relevant reporting period.
(9) Basic EPS: Basic EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33.
(10) Diluted EPS: Diluted EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33.

Explanation for certain non-GAAP measures

Explanation for the KPIs

Key Performance Indicator
(1) AUM represents Advances under Management as disclosed by the company as of the last day of the relevant period.
(2) AUM Growth represents growth in AUM for the relevant period over AUM of the previous period.
(3) Total Borrowings to Shareholder Equity ratio represents total borrowings (Sum of debt securities, borrowings (other than debt securities) and subordinated liabilities) to total shareholder equity.
(4) Cost of Borrowings represents total interest expense divided by the average of sum of deposits and borrowings, expressed as a percentage
(5) Yield on Average Net Advances represent interest income on loans and advances divided by average of net advances, expressed as percentage
(6) Spread represents difference of yield on advances and cost of funds for the company
(7) Provision Coverage Ratio (%) represents the ratio of NPA provision including technical write off and Gross NPA, including technical write off.
(8) Net Interest Income to Average AUM represents net interest income divided by average AUM, expressed as percentage
(9) Net Interest Margin represents net interest income divided by average total assets, expressed as percentage
(10) Operating Expenses to Average AUM represents operating expenses (sum of, Fee and commission expenses, Employee benefits expenses, Depreciation amortization and impairment and Other expenses) divided by average AUM, expressed as percentage
(11) Credit cost to Average AUM represents impairment on financial instruments divided by average AUM, expressed as percentage
(12) PAT to Average AUM represents profit after tax divided by average AUM, expressed as percentage
(13) AUM/Branch represents AUM divided by total number of branches
(14) AUM/Employee represents AUM divided by total number of employees
(15) Branches represents the geographical presence of our Company by means of physical branches
(16) States and UTs represents the geographical presence of our Company by means of physical branches in the States and Union Territories of India
(17) Credit Ratings represents the long term credit ratings of our Company's various borrowing facilities on the basis of the assessment by independent rating agencies.
(18) Return on Total Average Assets (%) represents profit after tax divided by average total assets, expressed as percentage.
(19) Return on Average Equity (%) represents profit after tax divided by average total shareholder equity, expressed as percentage.

The certificate dated July 26, 2023 issued by M/s R U Kamath & Co, Chartered Accountants has been included in "*Material Contracts and Documents for Inspection – Material Documents*" on page 460.

Comparison of our KPIs with listed industry peers for the Financial Years included in the Restated Financial Information

The following table provides a comparison of the KPIs of our Company with our peer group. The peer group has been determined on the basis of companies listed on Indian stock exchanges and globally, whose business profile is comparable to our businesses in terms of our size and our business model:

(₹ in million, unless otherwise specified)

Particulars	Fedbank Financial Services Limited			Five Star Business Finance			Aptus Value Housing Finance			Muthoot Finance			Manappuram Finance			IIFL Finance		
	FY 2023	**FY 2022**	**FY 2021**	**FY 2023**	**FY 2022**	**FY 2021**	**FY 2023**	**FY 2022**	**FY 2021**	**FY 2023**	**FY 2022**	**FY 2021**	**FY 2023**	**FY 2022**	**FY 2021**	**FY 2023**	**FY 2022**	**FY 2021**
Scale																		
AUM(1)	90,696.04	61.872.04	48,624.31	69,148.00	50,670.80	44,453.80	67,380.00	51,800.00	40,680.00	632,098.00	580,530.00	526,223.00	355,000.00	303,000.00	272,240.00	646,380.00	512,100.00	446,880.00
AUM Growth(2) (%)	46.59%	27.25%	26.68%	36.47%	13.99%	14.21%	30.08%	27.34%	27.80%	8.88%	10.32%	26.46%	17.16%	11.30%	7.92%	26.22%	14.59%	17.75%
Capital																		
Shareholder Equity(3)	13,556.82	11,535.18	8,347.34	43,395.35	37,103.51	23,181.72	33,393.30	29,161.60	19,794.50	210,619.28	183,440.00	152,388.93	89,799.10	79,430.00	69,017.24	51,149.10	44,269.00	38,207.32
Capital Adequacy Ratio(4)	17.94%	23.04%	23.52%	67.17%	75.20%	58.86%	80.79%	85.61%	73.63%	31.8%	30.0%	27.4%	31.7%	31.3%	29.0%	20.4%	23.9%	25.4%
Total Borrowings to Shareholder Equity ratio(5)	5.26	4.35	5.18	0.98	0.69	1.48	1.13	0.93	1.27	2.36	2.72	3.02	2.1	2.3	2.6	3.4	3.7	4.3
Cost of Borrowings(6)	7.77%	7.44%	8.30%	7.8%	10.0%	11.2%	8.5%	8.0%	9.1%	7.4%	8.0%	8.9%	8.1%	7.8%	9.7%	8.7%	9.9%	10.1%
Profitability																		
Total Income(7)	12,146.80	8,836.37	6,975.66	15,289.28	12,561.69	10,512.55	11,289.99	8,402.10	6,582.00	105,437.48	110,980.00	105,743.59	48,268.70	45,870.00	51,935.15	40,886.90	40,892.50	34,362.05
Net Interest Income(8)	6,380.18	4,742.41	3,449.17	12,325.33	9,031.60	6,896.85	7,824.90	5,830.80	4,203.20	66,694.71	71,200.00	66,360.88	32,425.00	31,475.70	34,177.99	20,124.60	19,482.00	15,154.16
Fee and Other Income(9)	918.90	572.07	374.77	301.44	524.09	363.79	705.99	485.50	313.50	1,751.37	2,923.49	2,458.30	859.60	476.30	557.41	6,202.70	5,254.40	3,658.14
Profit After Tax(10)	1,801.33	1,034.59	616.84	6,034.96	4,535.45	3,589.94	5,030.10	3,701.40	2,669.40	34,735.31	39,540.00	37,221.78	12,662.70	13,045.37	16,979.19	8,054.90	7,454.80	3,425.77
Yield on Average Net Advances(11)	15.17%	15.59%	15.47%	25.1%	24.7%	24.3%	18.1%	17.2%	17.2%	16.8%	19.0%	21.2%	20.1%	20.6%	25.1%	25.3%	23.8%	20.0%
Spread(12)	7.40%	8.15%	7.17%	17.31%	14.70%	13.08%	9.66%	9.25%	8.10%	9.34%	11.04%	12.30%	11.99%	12.81%	15.40%	16.63%	13.91%	9.83%
Return Ratio																		
Net Interest Income to Average AUM(13)	8.36%	8.58%	7.93%	20.57%	18.99%	16.55%	13.13%	12.61%	11.59%	11.00%	12.87%	14.08%	9.86%	10.94%	13.03%	3.47%	4.06%	3.67%
Net Interest Margin(14)	8.17%	7.89%	7.22%	16.4%	14.9%	13.6%	12.2%	11.4%	10.2%	9.3%	10.6%	11.6%	11.5%	12.0%	13.8%	8.5%	8.6%	7.3%

Particulars	Fedbank Financial Services Limited			Five Star Business Finance			Aptus Value Housing Finance			Muthoot Finance			Manappuram Finance			IIFL Finance		
	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021
Operating Expenses to Average AUM[15]	5.71%	5.66%	5.40%	7.31%	6.43%	5.14%	2.77%	2.53%	2.78%	3.49%	3.30%	3.78%	4.79%	4.74%	4.02%	2.25%	2.10%	1.79%
Credit cost to Average AUM[16]	0.64%	1.52%	1.64%	0.34%	0.96%	0.84%	0.57%	0.75%	0.16%	0.1%	0.2%	0.2%	0.1%	0.3%	0.5%	0.5%	1.0%	1.9%
PAT to Average AUM[17]	2.36%	1.87%	1.42%	10.07%	9.54%	8.61%	8.44%	8.00%	7.36%	5.73%	7.15%	7.90%	3.85%	4.54%	6.47%	1.39%	1.55%	0.83%
Return on Total Average Assets (%)[18]	2.31%	1.72%	1.29%	8.0%	7.5%	7.1%	7.8%	7.3%	6.5%	4.9%	5.9%	6.5%	4.5%	5.0%	6.9%	3.4%	3.3%	1.6%
Return on Average Equity (%)[19]	14.36%	10.41%	8.08%	15.0%	15.0%	16.8%	16.1%	15.1%	14.5%	17.6%	23.5%	27.8%	15.0%	17.6%	27.7%	16.9%	18.1%	9.2%
NPA / Asset Quality																		
Gross NPA (%)[20]	2.03%	2.23%	1.01%	1.4%	1.1%	1.0%	1.2%	1.2%	0.7%	3.8%	3.0%	0.9%	1.3%	3.0%	1.9%	1.8%	3.2%	2.0%
Net NPA (%)[21]	1.59%	1.75%	0.71%	0.7%	0.7%	0.8%	0.9%	0.9%	0.5%	3.4%	2.7%	0.8%	1.1%	2.7%	1.4%	1.1%	1.8%	0.9%
Provision Coverage Ratio[22]	22.19%	22.07%	29.88%	49.33%	34.89%	17.96%	25.00%	25.31%	27.48%	10.28%	10.59%	13.05%	NA	8.11%	20.15%	50.54%	49.21%	64.89%
Distribution																		
States and UTs[23]	16	15	15	8	9	9	5	5	4	29	29	29	28	28	28	NA	NA	25
Branches[24]	575	516	359	373	300	262	231	208	190	4,739	4,617	4,632	5,232	5,057	4,637	4,200	3,294	2,563
Productivity																		
AUM/Branch[25]	157.73	119.91	135.44	185	169	170	292	249	214	133	126	114	68	60	59	154	155	174
AUM/Employee[26]	25.41	21.69	22.83	9	9	11	NA	23	21	23	22	20	NA	11	9	NA	18	23
Earning per Share																		
Basic[27]	5.60	3.32	2.19	20.71	16.09	14.01	10.11	7.58	5.56	86.54	98.55	92.79	14.96	15.41	20.08	21.20	19.66	9.05
Diluted[28]	5.59	3.31	2.18	20.49	15.92	13.61	10.08	7.53	5.55	86.52	98.50	92.71	14.96	15.41	20.08	21.04	19.54	9.03
Credit Ratings[29]																		
CARE	CARE AA (Stable)	CARE AA- (Stable)	CARE AA- (Stable)	CARE A+/ CARE A1+ (Stable)	CARE A+/ CARE A1+ (Stable)	CARE A/ CARE A1 (Stable)	CARE AA- (Stable)	CARE A+ (Positive)	CARE A+ (Stable)	-	-	-	CARE AA (Stable)	CARE AA (Stable)	CARE AA (Stable)	CARE AA (Stable)	CARE AA (Stable)	CARE AA (Negative)
ICRA	IND AA-	IND AA-	IND AA-	ICRA AAA(C	ICRA AAA(C	ICRA AAA(C	ICRA AA-	ICRA AA-	ICRA A+	ICRA AA+ (Stable)	ICRA AA+	ICRA AA+	-	-	-	ICRA AA (Stable)	ICRA AA (Stable)	ICRA AA (Negative)

Particulars	Fedbank Financial Services Limited			Five Star Business Finance			Aptus Value Housing Finance			Muthoot Finance			Manappuram Finance			IIFL Finance		
	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021	FY 2023	FY 2022	FY 2021
	(Stable)	(Stable)	(Stable)	E) /ICRA AA- (Stable)	E) /ICRA A+ (Stable)	E) /ICRA A (Stable)	(Stable)	(Stable)	(Stable)		(Stable)	(Stable)						
INDIA Ratings	-	-	-	IND AA-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CRISIL	-	-	-	-	-	-	-	-	-	CRISIL PPMLD AA+/CRISIL AA+ (Stable)	CRISIL PPMLD AA+ r/ CRISIL AA+/ Withdrawn (Stable)	CRISIL PPMLD AA+ r/ CRISIL AA+ (Stable)	CRISIL AA (Stable)	CRISIL AA/CRISIL PPMLD AA r/Withdrawn (Stable)	CRISIL PPMLD AA r/ CRISIL AA (Stable)	CRISIL AA/CRISIL PPMLD AA (Stable)	CRISIL AA/CRISIL PPMLD AA r (Stable)	CRISIL AA/CRISIL PPMLD AA r (Stable)

Notes:

(1) AUM represents Advances under Management as disclosed by the company as of the last day of the relevant period.

(2) AUM Growth represents growth in AUM for the relevant period over AUM of the previous period.

(3) Shareholder Equity represents the sum of equity share capital and reserves and surplus as of the last day of the relevant fiscal year.

(4) Capital Adequacy Ratio (%) as of the last day of the relevant fiscal year as reported by the company.

(5) Total Borrowings to Shareholder Equity ratio represents total borrowings (Sum of debt securities, borrowings (other than debt securities) and subordinated liabilities) to total shareholder equity.

(6) Cost of Borrowings represents total interest expense divided by the average of sum of deposits and borrowings, expressed as a percentage.

(7) Total Income as reported by the company refers to the summation of total revenue from operations and the other income.

(8) Net Interest Income represents total interest income minus total interest expense.

(9) Fee and Other Income represents sum of fee income and other income reported by the company.

(10) Profit After Tax represents the Profit for the period as reported.

(11) Yield on Average Net Advances represent interest income on loans and advances divided by average of net advances, expressed as percentage.

(12) Spread represents difference of yield on advances and cost of funds for the company.

(13) Net Interest Income to Average AUM represents net interest income divided by average AUM, expressed as percentage.

(14) Net Interest Margin represents net interest income divided by average total assets, expressed as percentage.

(15) Operating Expenses to Average AUM represents operating expenses (sum of, Fee and commission expenses, Employee benefits expenses, Depreciation amortization and impairment and Other expenses) divided by average AUM, expressed as percentage.

(16) Credit cost to Average AUM represents impairment on financial instruments divided by average AUM, expressed as percentage.

(17) PAT to Average AUM represents profit after tax divided by average AUM, expressed as percentage.

(18) Return on Total Average Assets (%) represents profit after tax divided by average total assets, expressed as percentage.

(19) Return on Average Equity (%) represents profit after tax divided by average total shareholder equity, expressed as percentage.

(20) Gross NPA (%) refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).

(21) Net NPA (%) refers to Gross NPA reduced by impairment loss allowance (i.e. ECLs allowance) made against these loans as of the last day of the relevant reporting period.

(22) Provision Coverage Ratio (%)represents the ratio of NPA provision including technical write off and Gross NPA, including technical write off.

(23) States and UTs represents the geographical presence of the company by means of physical branches in the States and Union Territories of India.

(24) Branches represents the geographical presence of the Company by means of physical branches.

(25) AUM/Branch represents AUM divided by total number of branches.

(26) AUM/Employee represents AUM divided by total number of employees.

(27) Basic EPS: Basic EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33.

(28) Diluted EPS: Diluted EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33.

(29) Credit Ratings represents the long term credit ratings of our Company’s various borrowing facilities on the basis of the assessment by independent rating agencies.

G. Comparison with Listed Industry Peers

Name of the Company	Total Revenue (₹ in million)	Face Value (₹)	P/E	EPS (Basic) (₹)	Return on Net Worth (%)	NAV per share (₹)
Fedbank Financial Services Limited	12,146.80	10	-	5.60	13.29%	42.11
Aptus Value Housing (Consolidated)	11,289.99	2	27.04	10.11	15.06%	67.05
IIFL Finance (Consolidated)	84,471.10	2	14.52	39.49	17.88%	236.37
Five Star Business Finance (Consolidated)	15,289.28	1	31.73	20.71	13.91%	148.94
Manappuram Finance Limited (Consolidated)	67,499.50	2	7.28	17.72	15.55%	113.95
Muthoot Finance Limited (Consolidated)	119,750.05	10	14.29	89.99	16.94%	539.69

Source: All the financial information for listed industry peer mentioned above is on a consolidated basis unless otherwise available only on standalone) and is sourced from the filings made with stock exchanges available on the BSE for the Financial Year ended March 31, 2023.
Source for Fedbank Financial Services Limited: Based on the Restated Financial Statements for the year ended March 31, 2023.

Notes:

i. P/E Ratio has been computed based on the closing market price of equity shares on July 21, 2023, divided by the Basic EPS.
ii. Return on Net Worth (%) = Net profit after tax, as restated / Net worth as restated as at year end

iii. Net worth has been computed as sum of paid-up share capital and other equity.
iv. NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.

H. Weighted average cost of acquisition ("WACA")

(a) Price per share of our Company based on primary/ new issue of Equity Shares or convertible securities (excluding Equity Shares issued under ESOP 2018 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 fully diluted paid up share capital of our Company in a single transaction or multiple transactions combined together over a span of rolling 30 days

NIL

(b) Price per share of Issuer Company based on secondary sale / acquisition of shares (equity/convertible securities), where promoter / promoter group entities or shareholder(s) selling shares through offer for sale in IPO or shareholder(s) having the right to nominate director(s) in the Board of the Issuer Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of the DRHP / RHP, where either acquisition or sale is equal to or more than 5 per cent of the fully diluted paid-up share capital of the Issuer Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days

NIL

(c) Since there are no transactions to report under H(a) and H(b) above, the following are the details basis the last five primary and secondary transactions (secondary transactions where Promoter, Promoter Group, Selling Shareholders or Shareholder(s) having the right to nominate director(s) to the Board of the Company, are a party to the transaction), during the three years preceding the date of this Draft Red Herring Prospectus, irrespective of the size of transactions:

Primary transactions:

Name of acquirer	Nature of consideration (Cash/ other than cash)	Date of acquisition/ allotment / transfer	Face Value (₹)	No. of shares acquired/ allotted	Acquisition price per share (including securities premium) (₹)	Reason for allotment/ transfer (preferential allotment/ bonus etc.)	Total Cost (₹)
The Federal Bank Limited	Cash	October 13, 2020	10	12,210,000	48	Rights issue	586,080,000
True North Fund VI LLP	Cash	October 13, 2020	10	4290,000	48	Rights issue	205,920,000
The Federal Bank Limited	Cash	June 29, 2021	10	21,141,998	70	Rights issue	1,479,939,860
True North Fund VI LLP	Cash	June 29, 2021	10	7,428,270	70	Rights issue	519,978,900
Total				**45,070,268**			**2,791,91,8760**

Secondary acquisition:

There have been no secondary transactions where our Promoter, members of the Promoter Group, Selling Shareholders are a party to the transaction, in the last three years preceding the date of this Draft Red Herring Prospectus.

I. Weighted average cost of acquisition ("WACA"), floor price and cap price

Based on the above transactions (set out in point H above), below are the details of the WACA, as compared to the Floor Price and the Cap Price:

Past Transactions	WACA	Floor Price	Cap Price
Weighted average cost of acquisition for last 18 months for primary / new issue of shares (equity/ convertible securities), excluding shares issued under an employee stock option plan/employee stock option scheme and issuance of bonus shares, during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where such issuance is equal to or more than five per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	NIL	[●]	[●]
Weighted average cost of acquisition for last 18 months for secondary sale / acquisition of shares (equity/convertible securities), where promoter / promoter group entities or Selling Shareholders or shareholder(s) having the right to nominate director(s) in our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than five per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	NIL	[●]	[●]
If there were no primary or secondary transactions of equity shares of our Company during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where either issuance or acquisition/ sale is equal to or more than five per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), the information has been disclosed for price per share of our Company based on the last five primary or secondary transactions where promoter /promoter group entities or Selling Shareholders or shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction, during the last three years preceding to the date of filing of this Draft Red Herring Prospectus irrespective of the size of the transaction	61.95		
(a) Based on primary transactions	61.95	[●]	[●]
(b) Based on secondary transactions	N.A.	[●]	[●]

J. Justification for Basis of Offer Price

Detailed explanation for Offer Price/Cap Price being [●] price of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares along with our Company's key financial and operational metrics and financial ratios for and Fiscal 2023, 2022 and 2021

[●]

Explanation for Offer Price/Cap Price being [●] price of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares (set out in point H above) in view of the external factors which may have influenced the pricing of the Offer

[●]

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 184, 275 and 371, respectively, to have a more informed view.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors

Fedbank Financial Services Limited

A-Wing, Unit No: 511

Kanakia Wall Street

Andheri - Kurla Rd, Andheri East

Mumbai, Maharashtra 400093

26 July 2023

Subject: Statement of possible special tax benefits ("the Statement") available to Fedbank Financial Services Limited ("the Company") and its shareholders prepared in accordance with the requirement under Schedule VI – Part–A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the ICDR Regulations")

This report is issued in accordance with the Engagement Letter dated 09 June 2023 and addendum to engagement letter dated 14 June 2023.

We hereby report that the enclosed Annexure I and Annexure II prepared by the Company, initialed by us for identification purpose, states the possible special-tax benefits available to the Company and its shareholders, under direct and indirect taxes (together "**the Tax Laws**"), presently in force in India as on the signing date, which are defined in Annexure I. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the Management of the Company. We were informed that the 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 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 proposed initial public offering of equity shares of the Company (the "**Proposed Offer**") particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

i) the Company and its shareholders will continue to obtain these possible special tax benefits in future; or
ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Statement in the Draft Red Herring Prospectus and in any other material used in connection with the Proposed Offer, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Ashwin Suvarna
Partner
Membership No: 109503
UDIN: 23109503BGXUQA9201
Mumbai
26 July 2023

ANNEXURE I

LIST OF DIRECT AND INDIRECT TAX LAWS ('TAX LAWS')

Sr. No.	Details of tax laws
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017
5.	Goods and Services Tax legislations as promulgated by various states

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO FEDBANK FINANCIAL SERVICES LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Tax Laws in force in India (i.e. applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25 till the signing date of this annexure). These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

A. Special tax benefits available to the Company

<u>**Under the Income Tax Act, 1961 ('the Act')**</u>

Deduction under section 36(1)(viia) of 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 while 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.

As per first proviso to section 36(1)(vii) of the IT Act, where the Company has claimed deduction under section 36(1)(viia) of the Act, then subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act would be reduced to the extent of deduction already claimed under section 36(1)(viia) of the Act.

It must be noted that as per CBDT instruction 17-2008 dated 26 November 2008 amount of deduction claimed by assessee in respect of bad debts under section 36(1)(vii) of the IT Act is required to be reduced by opening balance of provision for bad and doubtful debts created under section 36(1)(viia) of the Act.

As per section 41(4) of the Act, where any deduction has been claimed by the Company in respect of a bad debt under Section 36(1)(vii) of the Act, then any amount subsequently recovered on any such debt is greater than the difference between such debt and the amount so allowed as a deduction under section 36(1)(vii) of the Act, the excess shall be deemed to be business income of the year in which it is recovered.

As per Section 43D(a) of the Act, interest income in relation to certain categories of bad or doubtful debts, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier. This provision is an exception to the accrual system of accounting which is regularly followed by such assessee's for computation of total income. Until FY 2022-23, a systemically important non-deposit taking non-banking financial company could claim benefit of this section by virtue of Explanation (h) to Section 43D of the Act. Recently the Finance Act 2023 has made an amendment to this provision to state that it shall be applicable to such class of NBFCs as may be notified by the Central Government in the Official Gazette. The Central Government is yet to come out with the notification.

Lower corporate tax rate under Section 115BAA of the Act

Section 115BAA of the Act provides an option to domestic companies to compute its corporate tax at a reduced rate of 25.168% (22% Basic Tax (+) 10% Surcharge (+) 4% cess). Companies availing this option will not be governed by the provisions of Minimum Alternate Tax (MAT) i.e. tax on book profits under Section 115JB of the Act. The company has opted to be governed by the provisions of Section 115BAA of the Act.

<u>**Under the Central Goods and Services Tax Act 2017 (CGST Act)**</u>

The Company is into a Non-Banking Finance Company Financial Services. In the purview of Sub-Section (4) of Section 17 of CGST Act, the NBFC have been given an option for 50% reversal of ITC instead of proportionate reversal on account of exempt income earned by Non-Banking Financial Companies will benefit credit of tax paid regarding services & inputs.

B. Special tax benefits available to the Shareholders

There are no special tax benefits available to the Shareholders for investing in the shares of the Company under the Tax Laws identified in Annexure I above. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the Act.

As per Section 112A of the IT Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfillment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 1,00,000.

As per Section 111A of the IT Act, short term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfillment of prescribed conditions under the IT Act.

In respect of non-resident shareholders, 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.

NOTES:

1. The above is as per the current Tax Laws.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information contained in this section is derived from a report titled "Analysis of NBFC sector and select asset classes in India" dated July 2023 prepared by CRISIL, and exclusively commissioned and paid by our Company only for the purposes of the Offer. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Forecasts, estimates, predictions, and other forward-looking statements contained in the CRISIL Report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements. In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 22. In this section, please note that numbers or multiples denoting (a) a 'lakh' is equal to 100,000 and 10 lakhs is equal to 1 million or one million; and (b) a 'crore' is equal to 10,000,000 and 100 lakhs or one crore is equal to 10 million.

Macroeconomic scenario

Global economy is witnessing tightening of monetary conditions

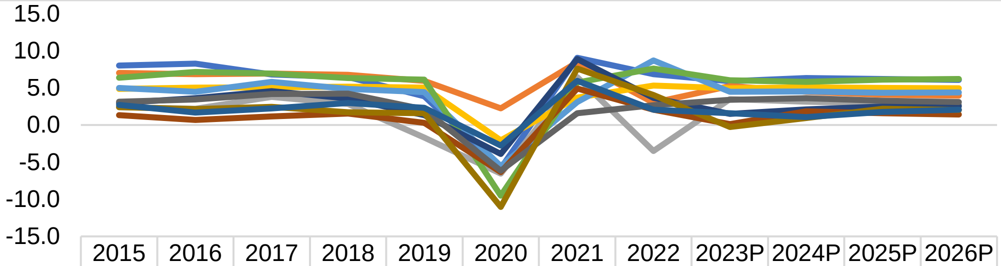
The global economy is witnessing tightening of monetary conditions in most regions. As per the International Monetary Fund ("**IMF**") (World Economic Outlook Update – April 2023), global growth prospects are estimated to fall from 3.4% in 2022 to 2.8% in 2023 and then witness an increase in 2024 to 3.0%, the impact of which is expected to be witnessed in the Indian economy as well. Global trade is estimated to have reached a record level of approximately US$32 trillion in 2022, but its growth had turned negative during the second half of 2022. The trade outlook for calendar year 2023 is expected to be negatively impacted because of geopolitical frictions, persisting inflation and lower global demand. In addition, deceleration in domestic growth could lead to some softening in imports.

The United States ("**US**") economy grew by an annualised 1.1% in the first quarter of 2023, slowing compared with the previous quarter (2.6%). The United Kingdom ("**UK**") economy grew at 0.1% on-quarter in the first quarter, but the latest data for March 2023 shows that its gross domestic product ("**GDP**") contracted 0.3% on-month. At the same time, manufacturing activity in China contracted for the first time since the country reopened after ending its zero-COVID policy. Inflation hardened in the eurozone in April 2023, while it eased only marginally in the US. Inflation remains high in several key economies prompting central banks to continue with rate hikes. The US Federal Reserve (the "**Fed**"), Bank of England and European Central Bank ("**ECB**") all hiked interest rates at their May 2023 policy meetings.

However, financial conditions in India eased in April 2023 after Reserve Bank of India ("**RBI**") paused on rate hikes in its monetary policy, keeping the repo rates at 6.5%. While RBI indicated its readiness to move if inflation surprised on the upside, incoming headline inflation print, based on the consumer price index ("**CPI**"), eased to 4.3% in May – below Monetary Policy Committee's (the "**MPC**") upper threshold of 6%. Moreover, bond yields eased significantly as investors factored in a pause in rate hikes. Foreign portfolio investment ("**FPIs**") increased their investment in the Indian markets as global risk sentiment revived with the US banking turmoil staying largely under control. Equity markets also gained amid the pause in rate hike and rising FPI inflows.

External risks remain high because of the possible impact of elevated interest rates in advanced economies on the leveraged market segments. However, India's macroeconomic fundamentals are expected to improve this fiscal, which should cushion its vulnerability to global shocks. This, coupled with a pause on rate hikes by the RBI and US Federal Reserve, should limit tightening of domestic financial conditions going ahead. Russia – Ukraine war slowed global recovery; but India expected to remain one of the fastest growing economies.

India is expected to remain one of the fastest-growing major economies amid global slowdown (GDP growth, % year-on-year)



	2015	2016	2017	2018	2019	2020	2021	2022	2023P	2024P	2025P	2026P
India	8.0	8.3	6.8	6.5	3.9	-5.8	9.1	6.8	5.9	6.3	6.2	6.1
China	7.0	6.9	6.9	6.8	6.0	2.2	8.5	3.0	5.2	4.5	4.1	4.0
Hong Kong SAR	2.4	2.2	3.8	2.8	-1.7	-6.5	6.4	-3.5	3.5	3.1	2.9	2.8
Indonesia	4.9	5.0	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.1	5.0	5.0
Malaysia	5.0	4.5	5.8	4.8	4.4	-5.5	3.1	8.7	4.5	4.5	4.4	4.4
Philippines	6.3	7.1	6.9	6.3	6.1	-9.5	5.7	7.6	6.0	5.8	6.1	6.2
Singapore	3.0	3.6	4.5	3.6	1.3	-3.9	8.9	3.6	1.5	2.1	2.5	2.5
South Africa	1.3	0.7	1.2	1.5	0.3	-6.3	4.9	2.0	0.1	1.8	1.6	1.4
Thailand	3.1	3.4	4.2	4.2	2.1	-6.2	1.6	2.6	3.4	3.6	3.3	3.1
United Kingdom	2.4	2.2	2.4	1.7	1.6	-11.0	7.6	4.0	-0.3	1.0	2.2	2.0
United States	2.7	1.7	2.2	2.9	2.3	-2.8	5.9	2.1	1.6	1.1	1.8	2.1

Note: All forecasts refer to IMF forecasts. GDP growth is based on constant prices, Data represented is for calendar years, P: Projected; Source: IMF (World Economic Outlook – April 2023 update)

Indian Economy to be a major part of world trade

Along with being one of the fastest growing economies in the world, India ranked fifth in the world in terms of nominal GDP for 2023 according to IMF forecasts (World Economic Outlook – April Update). India overtook UK to become the fifth largest economy in the world in calendar year 2022. In terms of purchasing power parity ("**PPP**"), India is the third largest economy in the world, only after China and the United States.

GDP Ranking of key economies across the world (2023)

Country	GDP Rank	% Share (World GDP)	PPP Rank	% share (GDP, PPP)
United States	1	25.4%	2	15.4%
People's Republic of China	2	18.4%	1	18.9%
Japan	3	4.2%	4	3.7%
Germany	4	4.1%	5	3.2%
India	5	3.5%	3	7.5%
United Kingdom	6	3.0%	10	2.2%
France	7	2.8%	9	2.2%
Italy	8	2.1%	12	1.8%
Canada	9	2.0%	15	1.4%
Brazil	10	2.0%	8	2.3%
Russian Federation	11	2.0%	6	2.9%
Republic of Korea	12	1.6%	14	1.7%

Source: IMF (World Economic Outlook – April 2023 update), CRISIL MI&A

With continuous growth in the GDP, India is expected to become the third largest global economy by 2030, as per the Centre for Economics and Business Research (the "**CEBR**"). This growth in India's GDP is expected to be driven by rapid urbanisation, rising consumer aspiration and increasing digitalisation coupled with Government support in the form of reforms and policies that are expected to support growth.

CPI inflation to average at 5.0% in fiscal 2024

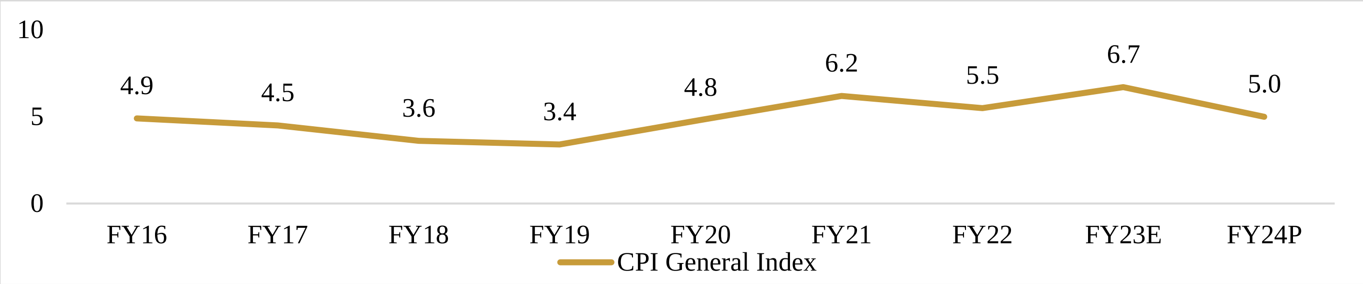
May 2023 saw CPI at 4.3%, down from 4.7% in April 2023 and considerably lower than 7.8% seen in April 2022. Four factors have influenced the fall in inflation over the last few months. First, a considerable part of the fall is due to a high base effect of last year when the Russia-Ukraine conflict had intensified which consequently pushed up the fuel, metal and food prices. Second, a fall in global oil and commodity prices. The global energy index fell an average 31.1% on-year in the last four months, while the metals index is down 17% on average. Third, easing supply chain pressures leading to better availability of inputs and therefore reduced pressure on prices. Fourth, easing food inflation as the rabi crop enters the market which led to food inflation falling 0.2% on a seasonally adjusted on-month basis.

However, inflation in cereals, which is major contributor to food inflation remained high at 12.7% in May 2023 led by rice and wheat categories. Fuel inflation corrected from 5.5% in April to 4.6% in May aided by high base effect. Core inflation which has been a major concern over the past year cooled significantly in April and remained the same as 5.1% in May.

Inflation moving below the 5% mark gives relief to the MPC, which in its recent policy review kept the repo rate unchanged leaving room to assess the cumulative impact of rate hikes on inflation. CRISIL MI&A expects CPI inflation to average 5% in Fiscal 2024 from 6.7% in Fiscal 2023 on the assumption of a normal monsoon. A high base should favour inflation rates for another a month or two. In the coming months, the key monitorable for food inflation is expected to be the progress of monsoon given the El Niño risk. Core inflation, the pain point for the RBI due to its stickiness, should see limited easing as producers continue to pass on input costs.

For Fiscal 2024, CRISIL MI&A expects CPI inflation to come down, averaging 5% on-year, within the RBI's target range of 4-6%. A combination of three factors — impact of rising interest rates on domestic demand, a global demand slowdown leading to falling international commodity prices, and the base effect — should lead to lower inflation.

Annual Inflation (y-o-y%) trend



Source: CSO, Ministry of Industry and Commerce, CRISIL

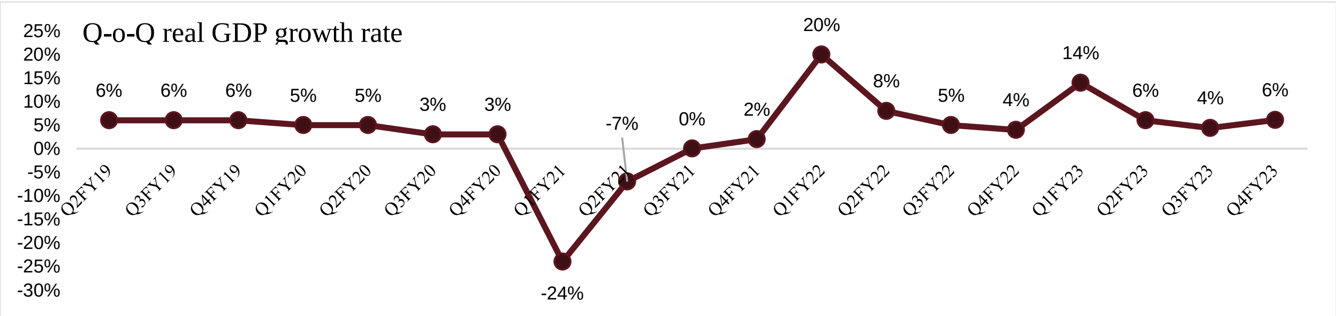
Financial conditions eased after RBI's surprise pause in April

The MPC kept policy rate unchanged in April, keeping the repo rate at 6.5%. This pause in rate hikes was against wide market expectations. While the RBI indicated its readiness to move if inflation surprised on the upside, incoming headline inflation print, based on the CPI, eased to 5.7% in March – below MPC's upper threshold of 6%. CPI eased further to 4.7% in April 2023 and 4.3% in May 2023. MPC kept the policy rates unchanged in the June meet.

The GDP numbers showed India's growth slowing to 4.1% year-on-year in the fourth quarter of Fiscal 2022 compared to 5.4% in the previous quarter. The first quarter of Fiscal 2023 shows broadening recovery to the extent of 13.5%. However, the growth in the second quarter of Fiscal 2023 moderated to 6.3% while further coming down to 4.4% in the third quarter Fiscal 2023. India's real GDP growth rose sharply to 6.1% on year in the fourth quarter Fiscal 2023. Fourth quarter growth was primarily driven by investment and net exports, with the latter less of a drag given rising exports and slowing imports. Fixed investment turned in the strongest growth on the demand side while private consumption growth was more subdued on-quarter. Manufacturing and agriculture growth improved on-quarter on the supply side even as services growth remained strong, albeit slowing a tad relative to the previous quarter.

While GDP growth was robust in Fiscal 2023, a slowdown is inevitable in Fiscal 2024 led by increase in borrowing costs. While major central banks have aggressively raised policy rates over the last 15 months, their transmission into the broader lending rates is taking place with a lag. CRISIL MI&A expects rates to peak in Fiscal 2024, hitting both global and domestic demand. External demand is expected to take a bigger hit with most major economies facing the highest interest rates in over a decade. Major slowdown is expected in key economies such as US and Europe, which accounts for nearly 33% of India's goods exports.

Trend in real GDP growth rate on quarterly basis

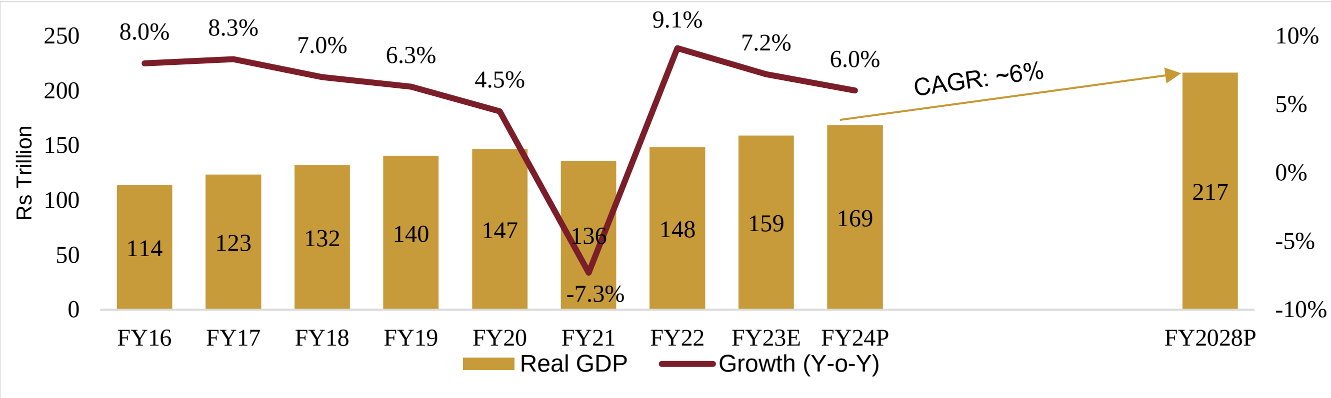


Source: CSO, RBI, CRISIL

The global slowdown is in the early stages. The US and Europe performed reasonably well in the December quarter, but it was driven by less import sensitive sectors. The slowdown in exports is also because the pattern of consumption in the West after opening has become skewed towards services, which are not import sensitive. Demand momentum is expected to slow further due to transmission of the RBI's rate hikes. The transmission is yet to be completed, which is likely to lead to a further rise in borrowing costs.

The advanced economies are expected to inevitably face slower growth in calendar year 2023 as their interest rates are already at decadal highs. They account for 45% of India's exports which is expected to bear brunt of weaker demand. Besides the global slowdown, a forecast of El Niño which disturbs Indian monsoons, is another risk which could hit rural incomes. These factors are expected to slow India's GDP growth to 6.0% in Fiscal 2024 from 7.2% in Fiscal 2023.

India's economy to grow at 6.0% in fiscal 2024



Note: Fiscal 2024 is projected based on CRISIL MI&A estimates. Fiscal 2025-Fiscal 2028 is projected based on IMF estimates
Source: CRISIL MI&A, IMF World Economic Outlook – April 2023

Macroeconomic outlook for Fiscal 2024

Macro variables	FY23E	FY24P	Rationale for outlook
GDP (y-o-y)	7.2%	6.0%	Slowing global growth is likely to weaken India's export in Fiscal 2024. Domestic demand could also come under pressure as RBI rate hikes are transmitted to consumers.
CPI inflation (y-o-y)	6.7%	5.0%	Lower commodity prices, base effect, expectation of softer food prices and cooling off domestic demand is likely to help in moderating inflation in Fiscal 2024.
10-year Government security yield (fiscal-end)	7.4%	7.0%	A moderate increase in gross market borrowings is budgeted for Fiscal 2024. This, coupled with lower inflation and the RBI's rate outs, is likely to moderate yields in Fiscal 2024.
CAD (Current account balance)/GDP (%)	-2.0%	-1.8%	Lower crude prices and cooling of domestic demand is expected to lead to moderation of trade deficit in Fiscal 2024.
₹/$ (March average)	82.3	83.0	While a lower current account deficit ("**CAD**") is expected to support the rupee, challenging external financing conditions are expected to continue to exert pressure in the next fiscal.

Note: E- Estimated, P – Projected;
Source: Reserve Bank of India (RBI), National Statistics Office (NSO), CRISIL MI&A

Positive government measures to aid economic growth

Going forward, CRISIL MI&A expects India's GDP growth to decelerate to 6.0% in Fiscal 2024 from 7.2% in Fiscal 2023 due to global slowdown, monetary policy impact and volatile geopolitical scenario. However, some optimism can be seen in form of moderating consumer inflation, capital and productivity increases aided by better physical and digital infrastructure. This growth is expected to be supported by the following factors:

1. Production linked incentive ("**PLI**") scheme which aims to incentivise local manufacturing by giving volume-linked incentives has been launched by the Government of India for six of the India's top 10 export verticals which is likely to

propel incremental exports. In Fiscal 2024, PLI-driven exports are expected to be the lone growth driver for India, helping improve the overall export growth to 2-4%.

2. Focus on investments rather than consumption push enhancing the productive capacity of the economy. Policy push and new age opportunities to lead capital expenditure ("**capex**") growth in Fiscal 2024.

3. Policies aimed towards greater formalisation of the economy, which are bound to lead to an acceleration in per capita income growth.

Despite the mark-down in near-term growth, India is expected to remain a growth outperformer over the medium run. Stronger domestic demand is expected to drive India's growth premium over peers in the medium run. Investment prospects are optimistic given the Government of India's capex push, progress of PLI scheme, healthier corporate balance sheets, and a well-capitalised banking sector with low non-performing assets ("**NPAs**"). India is also likely to benefit from the China-plus-one policy as global supply chains get reconfigured with shifting focus from efficiency towards resilience and friend-shoring. Private consumption (approximately 58% of GDP as of March 31, 2023) is expected to play a supportive role in raising GDP growth over the medium run.

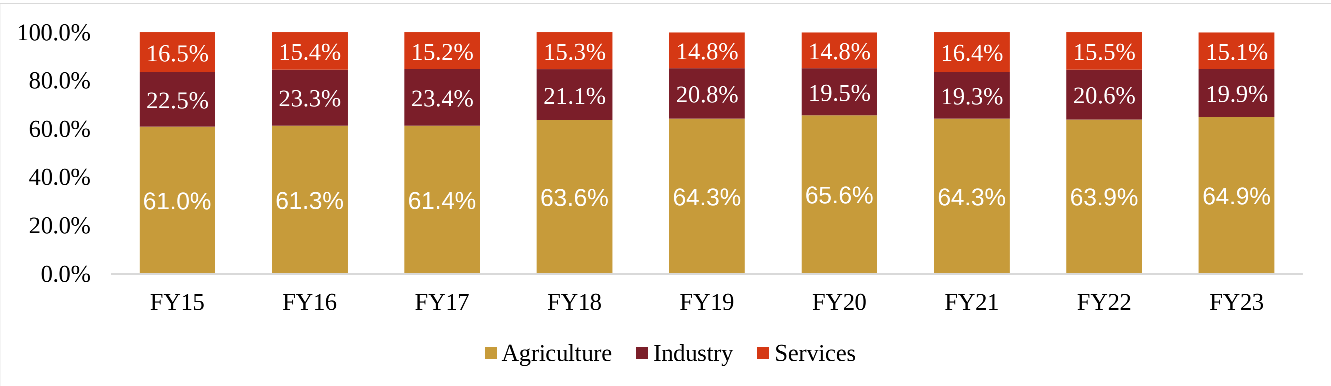
Announcements of Union Budget of 2023-24:

Announcement	Impact
Strong thrust towards capex seeing a 24% increase to ₹ 18,600 billion to support growth	Highest allocation seen in the infrastructure related sectors such as roads and railways. The allocation of tax-free loan from the Centre to states is also set to increase 30% to 1,300 billion, providing a further boost to the infrastructure sector.
Tax rebate for income up to ₹ 0.7 million (as per the new regime)	Provides the middle-income households mild relief by increasing their disposable income and cushion the impact of the external slowdown by improving domestic demand and consumer confidence
Simplification of the know-your-customer process through an expanded DigiLocker service and National Financial Information Registry	Support in technological advancement would promote financial inclusion, ensure better availability of customer data, enable faster and secure sharing of documents with financial institution and increase rural penetration. The aforesaid is expected to led to improving efficiency in terms of operating and credit cost for financial institutions.
Setting up of three centres of excellence for realising the vision of 'Make AI in India and Make AI work for India'	The improvement in digital infrastructure is expected to lead to a significant rise in the creation and consumption of digital data, and the demand for data storage and processing capabilities. This, coupled with the Government of India's initiative of data embassies, is expected to attract private investments in the data centre ecosystem. For Fiscal 2024, data centre investments are estimated to be $4.8-5.0 billion

Contribution of various sectors to India's GDP

As compared to various developed economies, which witnessed a good contribution from manufacturing and industry first and subsequently in services, the Indian transformation story has been different. A notable feature of Indian economy has been the services sector's rising contribution to the overall output of the economy. Over Fiscals 2018 to 2020, the service sector has grown at a rate of approximately 7%, thereby increasing the contribution of services sector to 65.6% in Fiscal 2020 in terms of Gross Value Added ("**GVA**") at constant prices. In Fiscal 2023, overall GVA expanded by approximately 7.0%.

Share of sector in GVA at constant prices



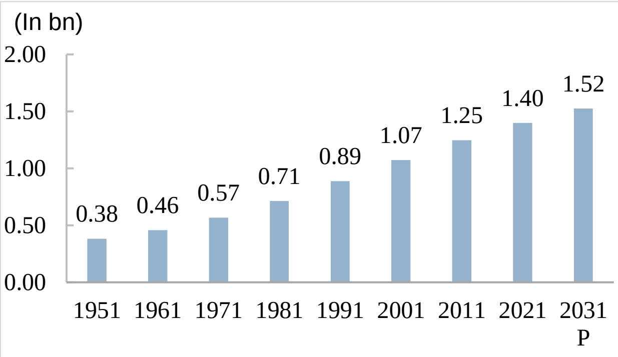
Source: RBI; CRISIL MI&A

Key growth drivers

India has world's second largest population

As per Census 2011, India's population was approximately 1.25 billion, and comprised nearly 245 million households. The population, which grew at nearly 1.5% compound annual growth rate ("**CAGR**") between 2001 and 2011, is expected to increase at 1.1% CAGR between 2011 and 2021, to 1.4 billion. As of calendar year 2022, the population is more than 1.42 billion and has surpassed China as of January 2023 as the most populous country in the world. The population is expected to reach 1.5 billion by 2031, and number of households are expected to reach approximately 376 million over the same period.

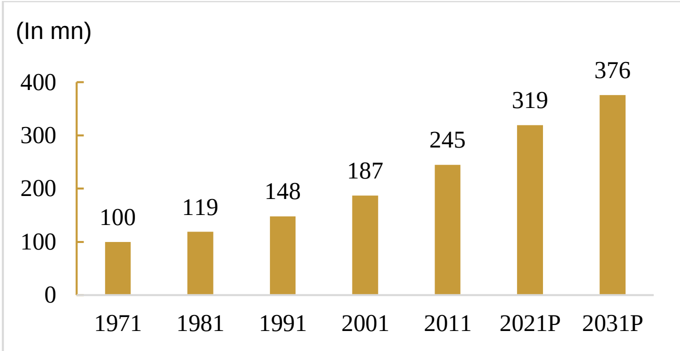
India's population growth trajectory



Note: P: Projected

Source: United Nations Department of Economic and Social affairs[1], CRISIL MI&A

Number of households in India



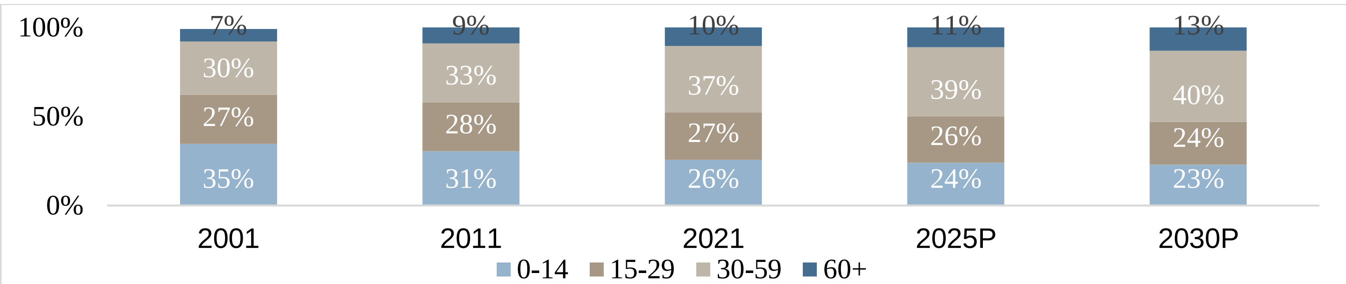
Note: P: Projected

Source: United Nations Department of Economic and Social affairs2, CRISIL MI&A

Favourable demographics

As of calendar year 2021, India has one of the largest young populations in the world, with a median age of 27.6 years as compared to the world average of 30 years. (*Source: United Nations Department of Economic and Social Affairs, World Urbanization Prospects: The 2018 Revision (UN) (https://population.un.org/wup/)).* As of calendar year 2021, approximately 90% of Indians were below the age of 60 and that 64% of them are between 15 and 59 years of age. *(Source: World Population Prospects 2022).* In comparison, in calendar year 2021, the US, China and Brazil had 77%, 82% and 86%, respectively, of their population below the age of 60. *(Source: World Population Prospects 2022).*

India's demographic dividend



Note: P: Projected; Source: United Nations Department of Economic and Social affairs[3], CRISIL MI&A

Urbanisation

Urbanisation is one of India's most important economic growth drivers. It is expected to drive substantial investments in infrastructure development, which in turn is expected to create jobs, develop modern consumer services and increase the ability to mobilise savings. India's urban population has been rising consistently over the decades. In 1950, the urban population was 17% of the total population of India. (*Source: Word Urbanization Prospects*). As per the 2018 revision of World Urbanization Prospects, the urban population was estimated at 34.9% of India's total population. According to the World Urbanization Prospects, the percentage of the population residing in urban areas in India is expected to increase to 37.4% by 2025.

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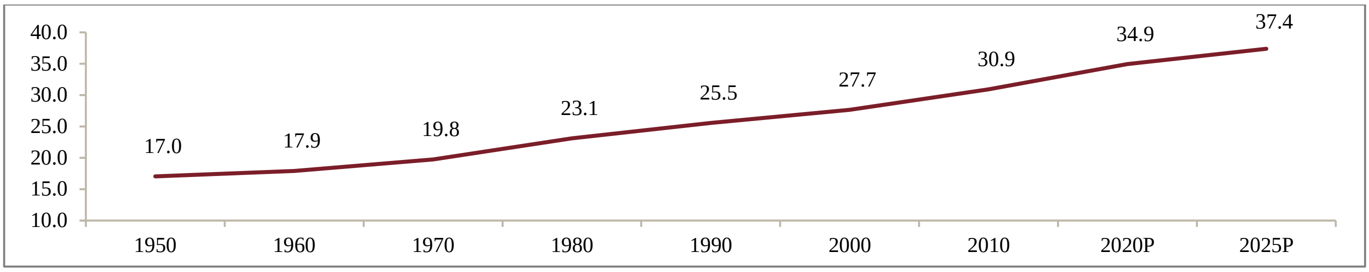
[1] https://population.un.org/wpp/

[2] https://population.un.org/wpp/

[3] https://population.un.org/wpp/

Urban population as a percentage of total population (%)



Note: P - projected
Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)[4]

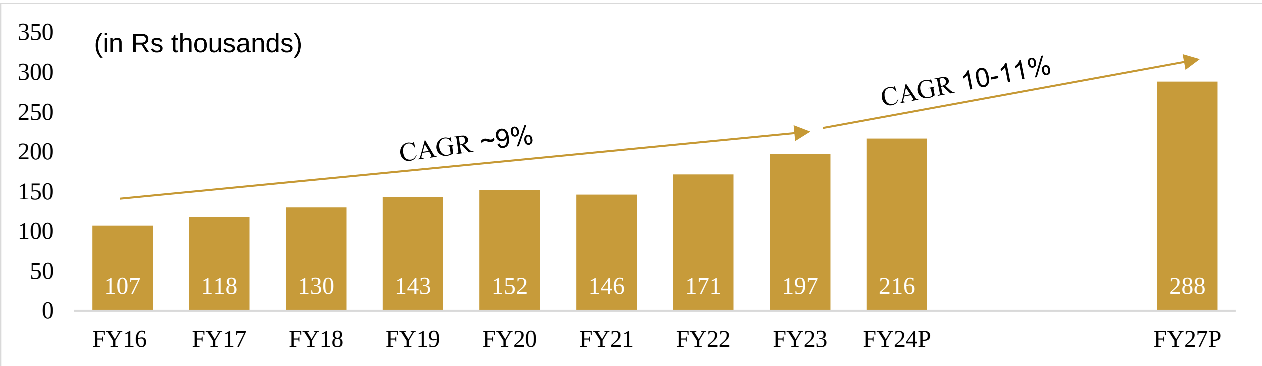
Increasing per capita GDP

In Fiscal 2023, India's per capita income expanded by 6.0%. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 5% CAGR from Fiscal 2023 to Fiscal 2026.

Per capita income	Level in FY2023^ (₹ '000)		Growth at constant prices (%)										
	Current prices	Constant prices	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY26 P
	172	98	4.6	6.2	6.7	6.8	5.7	5.8	2.9	-7.6	7.6	6.0	5.3*

Note – P: Projected, (^) Per Capita NNI as per second advanced estimates of national income, 2022-23; (*) – 3-year CAGR growth (FY2023-FY2026), as per IMF estimates of April 2023; Source – Ministry of Statistics and Program Implementation (MOSPI), International Monetary Fund (IMF), CRISIL MI&A

Trend in Nominal GDP per capita (at current prices)



Note: P- Projected; FY23-FY25 Data projected as per IMF estimates
Source: MOSPI, IMF, CRISIL MI&A

Rising Middle India population to propel economic growth

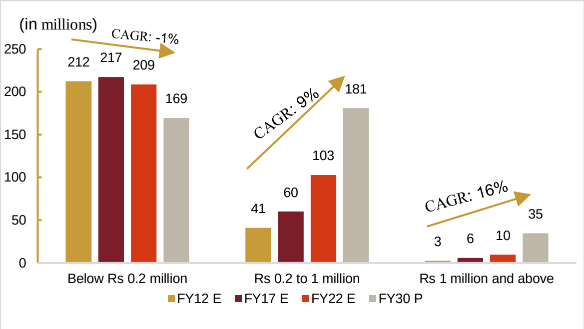
Proportion of Middle India (defined as households with annual income of between ₹ 0.2 to 1 million) has been on a rise over the last decade and is expected to grow further with continuous increase in the GDP and household incomes

To illustrate, CRISIL MI&A estimates that there were 41 million households in India in this category as of Fiscal 2012, and by Fiscal 2030, they are projected to increase to 181 million households translating into a CAGR of 9% over this time period. This growth in the number of middle-income households is expected to lead to enhanced opportunities for retail and MSME financiers as well as consumer goods marketers. A large number of these households, which have entered the Middle-Income bracket in the last few years, are likely to be from semi-urban and rural areas. The rise in incomes in these areas is also evident when one observes the trend in share of deposits coming into banks.

Consistent improvement in the literacy levels, increasing access to information and awareness, increase in the availability of basic necessities such as electricity, cooking gas, toilets and improvement in road infrastructure has led to an increase in aspirations of Middle India, which is likely to translate into increased opportunities for financial service providers. In fact, some of these trends are already visible. Smart phone ownership, internet users and the proportion of users accessing social media is increasing at a breakneck speed. Smaller cities and towns (with population less than 1 million) account for a significant portion of sales of e-retailers.

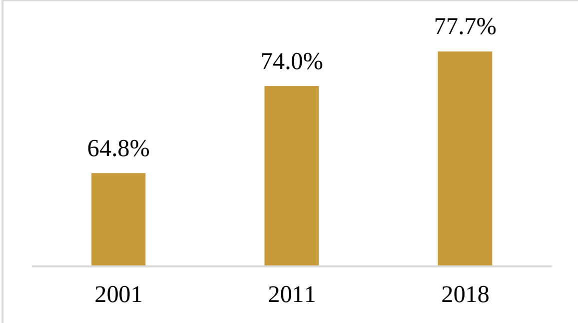
4 https://population.un.org/wup/

Middle India households to witness high growth over Fiscal 2012 to Fiscal 2030



Note: E: Estimated, P: Projected
Source: CRISIL MI&A

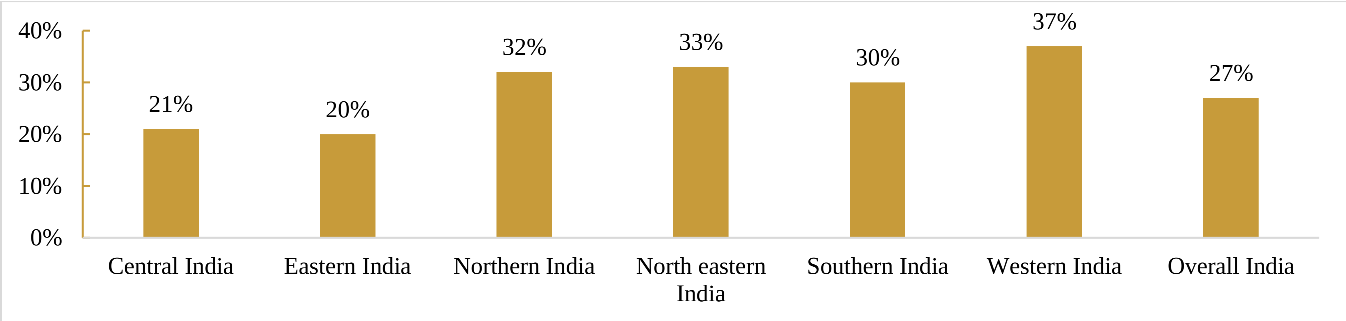
Overall literacy rate on the rise in India



Source: Census 2011, NSO Survey on household social consumption (2017-18), CRISIL MI&A

With increasing financial literacy, mobile penetration, awareness and the Prime Minister's Jan Dhan Yojana bank accounts (scheme aimed at bringing the unbanked under the formal banking system), there has been a rise in the participation of individuals from non-metro cities in banking. With more people attached to the formal banking sector, the demand for financial products in smaller cities has seen a major increase in recent years. Going forward, CRISIL MI&A expects financial penetration to increase on account of increasing financial literacy.

Financial Literacy across India

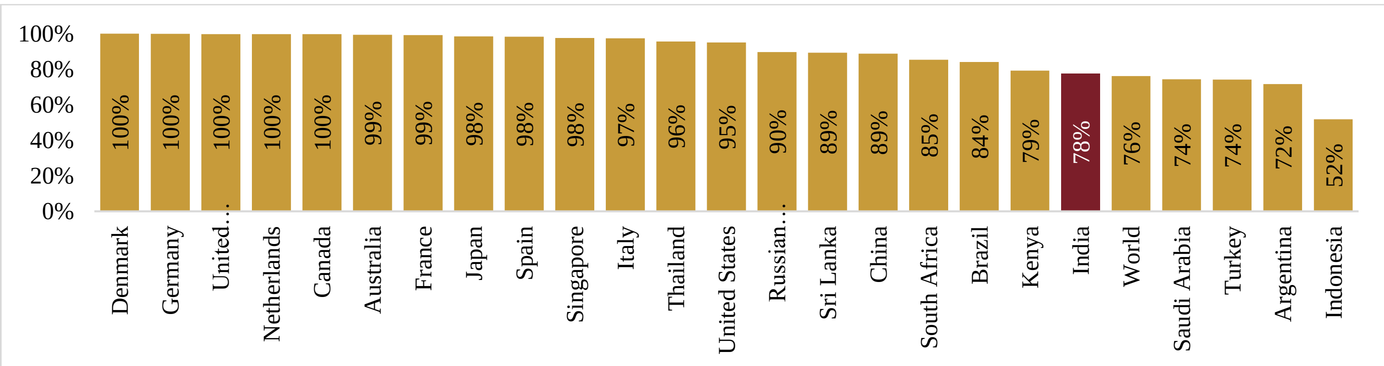


Source: National Financial Literacy and Inclusion Survey (NCFE-FLIS) 2019 Report, National Centre for Financial Education

Financial Inclusion on a fast path in India

Overall literacy in India is at 77.7% as per the results of recent National Sample Survey Office 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. The survey defines financial literacy as combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. According to the World Bank's Global Findex Database 2021, the global average of adult population with an account opened with a bank, financial institution or mobile money provider, was approximately 69% in calendar year 2017. 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 concentrated efforts to promote financial inclusion and the proliferation of supporting institutions.

Adult population with a bank account (%): India vis-à-vis other countries



Note: 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 of India to promote financial inclusion are the Pradhan Mantri Jan Dhan Yojana ("**PMJDY**") and Pradhan Mantri Jeevan Jyoti Bima Yojana ("**PMJJBY**"). Under the PMJDY, the Government of India's aim is to ensure that every household in India has a bank account which they can access from anywhere and avail of all financial services such as savings and deposit accounts, remittances, credit and insurance affordably. PMJJBY is a one-year life insurance scheme that offers a life cover of ₹ 0.2 million at a premium of ₹ 330 per annum per member, which can be renewed every year. The Government of India has also launched the Pradhan Mantri Suraksha Bima Yojana ("**PMSBY**"), an accident insurance policy that offers an accidental death and full disability cover of ₹ 0.2 million at a premium of ₹ 12 annually. As per the Government of India, more than 100 million people have registered for these two social security schemes.

PMJDY launched in August 2014, is aimed at ensuring that every household in India has a bank account which they can access from anywhere and avail of all financial services such as savings and deposit accounts, remittances, credit and insurance affordably. PMJDY focuses on household coverage compared to the earlier schemes that focused on coverage of villages. It aims to extend banking facilities to all within a reasonable distance in each sub-service area (consisting of 1,000-1,500 households) across India.

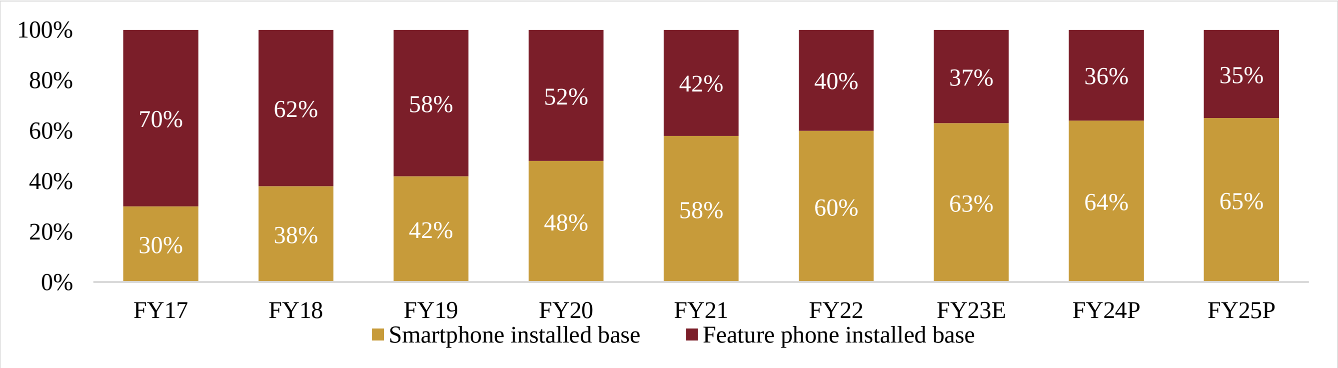
Account Aggregators framework to build a financial data ecosystem in India

The RBI launched the account aggregator system on September 2, 2021, which has the potential to transform the MSME finance space once there is widespread adoption amongst the lending community. These account aggregators would provide granular insights to lenders into customers' financial assets and their borrowing history centrally, based on customer consent. Inclusion of additional data such as electricity bill payments and mobile recharges/bill payment data under the purview of account aggregators would further enhance its utility.

Digitisation to support economic growth and financial services

Technology is expected to play a pivotal role in taking the financial sector to the next level of growth, by helping to surmount challenges stemming from India's vast geography, which makes physical footprints in smaller locations commercially unviable. Technology is conducive for India, considering its demographic structure where the median age is less than 30 years. The young population is tech savvy and at ease with using it to conduct the entire gamut of financial transactions. With increasing smartphone penetration and faster data speeds, consumers are now encouraging digitisation as they find it more convenient. Digitisation is expected to help improve efficiency and optimise cost. Players with better mobile and digital platforms are expected to draw more customers and emerge as winners in the long term.
Mobile penetration: Higher mobile penetration, improved connectivity, and faster and cheaper data speed, supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one.

Data-savvy and younger users to drive adoption of smartphones

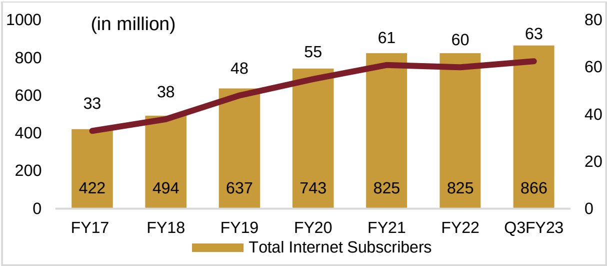


Note: E: Estimated, P: Projected
Source: CRISIL MI&A

Rise in 4G penetration and smartphone usage

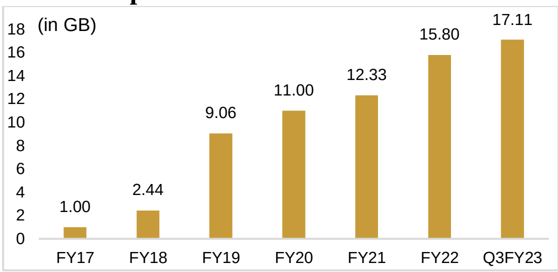
India had 1,142.93 million wireless subscribers as of December 31, 2022, and the number is growing at a steady pace every year. The reach of mobile network, internet and electricity is continuously expanding the subscriber footprint to remote areas leading to rising smartphone and internet penetration in India. Internet subscribers have risen sharply in India from 422 million subscribers in Fiscal 2017 to 866 million subscribers in the third quarter of Fiscal 2023 growing at a CAGR of 13%. In terms of number of internet subscribers per 100 population, number has almost doubled from 33 in Fiscal 2017 to 63 in the third quarter of Fiscal 2023.
Average wireless data usage per month per subscriber has seen an increasing trend over the last eight years. Per subscriber per month data usage was 0.1 gigabyte ("**GB**") in Fiscal 2015 which has increased to 17 GB in the third quarter of Fiscal 2023. This is due to increasing internet data penetration in India.

Trend in internet subscribers in India



Source: TRAI, CRISIL MI&A

Trend of average wireless data usage per wireless data subscriber per month



Source: TRAI, CRISIL MI&A

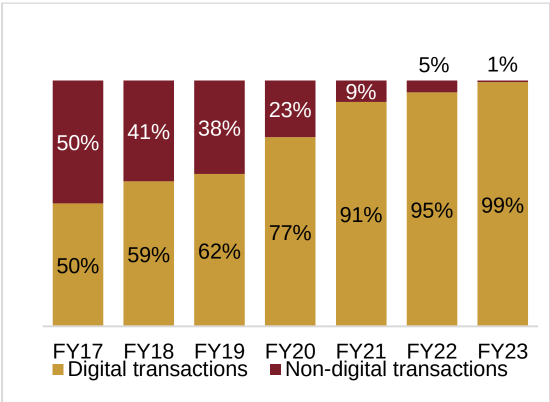
Increasing share of digital channels in domestic monetary transactions

The share of different channels in domestic money transfer has changed significantly over the past five years. Banks, for example, are witnessing a change in customer behaviour with fewer customers visiting bank branches for transactions. This change in behaviour was led by demonetisation when cash transactions slowed down, many new accounts were opened, and digital banking witnessed a surge in use and continued its growth trajectory. The preference has also shifted from cost factors to convenience and ease of performing transactions, which helps in saving time spent in queues, not disturbing the daily working hours and avoiding any potential monetary loss. Post-COVID, with consumers preferring to transact digitally rather than engage in physical exchange of any paper or face-to-face contact, digital transactions have received another shot in the arm.

Digital payments have witnessed substantial growth

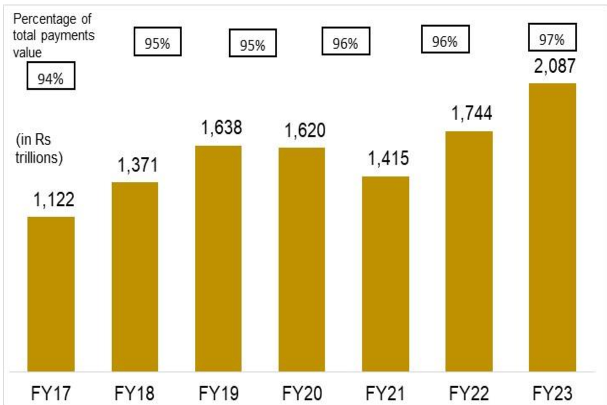
Total digital payments in India have witnessed significant growth over the past few years. Between Fiscal 2016 and 2022, the volume of digital payments transactions has increased from 6.3 billion to 113.9 billion, causing its share in overall payment transactions to increase from 39% in Fiscal 2016 to 99% in Fiscal 2023. During the same period, value of digital transactions has increased from ₹ 920 trillion in Fiscal 2016 to ₹ 2,087 trillion in Fiscal 2023.

Trend in volume of digital payments



Note: Digital Payments includes RTGS payments, Credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI), Debit Transfers (BHIM, ECS Dr, NACH Dr, NETC), Card Payments (Debit and Credit Cards) and Prepaid Payments Instruments
Source: RBI, CRISIL MI&A

Trend in Value of Digital Payments



Note: Digital Payments includes RTGS payments, Credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI), Debit Transfers (BHIM, ECS Dr, NACH Dr, NETC), Card Payments (Debit and Credit Cards) and Prepaid Payments Instruments
Source: RBI, CRISIL MI&A

Measures deployed to counter the COVID-19 pandemic's onslaught on growth

RBI goes all out to combat the crisis

The MPC of RBI slashed the repo rate by 115 basis points ("bps") to address financial market stress in the wake of the COVID-19 pandemic and the subsequent lockdown. In an unusual move, the MPC also asymmetrically slashed the reverse repo initially by 90 bps and by another 25 bps and 40 bps subsequently.
RBI also announced a host of other measures to address financial market stress due to the COVID-19 pandemic or lockdown:

- **Reducing debt-servicing burden through moratorium period:** RBI initially permitted lending institutions to allow a moratorium of three months on repayment of instalments for term loans outstanding as on March 1, 2020 and defer interest payments due on working capital facilities outstanding.

- **Loan restructuring:** RBI constituted a committee which identified 26 sectors for restructuring which included aspects related to leverage, liquidity and debt serviceability to be factored by the lending institutions while finalising resolution plans for borrowers.
- **Enhancing liquidity**: Apart from reducing repo and reverse repo rate, RBI reduced the cash reserve ratio ("**CRR**") requirements of all banks by 100 bps to 3% of net demand and time liabilities ("**NDTL**").
- **Supporting financial market liquidity:** RBI initially announced targeted long-term repo operations ("**TLTROs**") of up to three years' tenure for a total of up to ₹ 1 trillion. Liquidity availed under the scheme by banks had to be deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures.
- **Measures during second wave of COVID-19:** In May 2021, RBI announced several measures to protect small and medium businesses and individual borrowers from the adverse impact of the intense second wave of COVID-19 across India. Resolution framework 2.0 was announced wherein individuals and MSMEs having aggregate loan exposure of up to ₹ 250 million, who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0 dated August 6, 2020), and who were classified as 'Standard' as on March 31, 2021, were allowed to restructure their loans.

4. 'Aatmanirbhar' package is a timely relief amid the COVID-19 pandemic

Liquidity boost for NBFCs

The Indian government announced a ₹ 450 billion partial guarantee scheme for non-banking financial companies ("**NBFCs**") and ₹ 300 billion special liquidity scheme for NBFCs, housing finance companies ("**HFCs**") and mutual fund institutions ("**MFIs**"), aimed at covering the concern of credit risk perception on mid and small size non-banks.

Emergency Credit Line Guarantee Scheme ("ECLGS") for MSMEs (₹ 4.5 trillion)

Banks and NBFCs are directed to offer up to 20% of entire outstanding credit to MSMEs. MSMEs with up to ₹ 250 million outstanding credits and ₹ 1 billion turnover are eligible for these loans.

5. Subordinated debt to MSMEs (₹ 200 billion)

The Indian government is also facilitating the provision of ₹ 200 billion as subordinate debt for stressed assets of MSMEs. It is expected to also provide ₹ 40 billion as partial credit guarantee support to banks for lending to MSMEs.

6. Equity infusion in MSMEs (₹ 500 billion)

The Government of India has committed to infuse ₹ 500 billion in equity of MSMEs having growth potential and viability. It is expected to also encourage MSMEs to list on stock exchanges.

7. Clearing MSME dues; guarantee scheme

The Government of India has requested central public sector enterprises to release all pending MSME payments within 45 days. It is expected to boost transaction-based lending by financial technology entities ("**fintechs**") enterprises.

8. Global tenders disallowed up to ₹ 2 billion

The Indian government is expected to not allow foreign companies in government procurement tenders of value up to ₹ 2 billion. This is likely to ease the competition faced by the MSMEs against foreign companies.

9. Loan interest subvention scheme (₹ 15 billon)

Under this scheme, the Indian government has provided 2% interest subvention for loans given under Mudra-Shishu scheme. These loans are up to the ticket size of ₹ 50,000 and are mostly given by NBFC-MFIs that benefit low-income groups customers.

10. Special credit facility for street vendors (₹ 50 billon)

The Government of India announced this scheme to facilitate easy access of credit to street vendors to offset the adverse effect of COVID-19 pandemic on their livelihoods.

11. "Aatmanirbhar 3.0" stimulus package rolled out to boost economy in November 2020

The finance minister, on November 12, 2020, announced a stimulus package amounting to ₹ 2.65 trillion. Under the package, 12 stimulus measures were rolled out to, among other things, boost employment in the formal and informal economy, help housing infrastructure, enhance ease of doing business and extend the deadline for the Credit Line Guarantee Scheme.

An additional outlay of ₹ 180 billion for PM Awaas Yojana ("**PMAY**") Urban was announced, which is expected to help ground 1.2 million houses and complete 1.8 million houses. The move is expected to create additional 7.8 million jobs and improve production and sale of steel and cement, resulting in a multiplier effect on the economy. Stimulus packages worth ₹ 2.65 trillion were announced by the Government of India.

Following are the twelve announcements made in the Aatmanirbhar 3.0 stimulus package:

1.2 Aatmanirbhar Bharat Rozgar Yojana: Aatmanirbhar Bharat Rozgar Yojana, operational during October 1, 2020 to June 2021 to incentivise creation of new employment opportunities during COVID-19 recovery phase.

2.2 ECLGS 2.0: Launch of an ECLGS 2.0 for guaranteed credit to 26 stressed sectors. Tenure of additional credit under ECLGS 2.0 to be 5 years, including 1 year of moratorium on principal repayment. ECLGS extended till March 31, 2021.

3.2 PLI scheme: Introduction of the PLI scheme in 13 key sectors for enhancing India's manufacturing capabilities and exports.

4.2 PMAY **–** Urban**:** ₹ 180 billion is expected to be provided over the Budged Estimates for 2020-21 PMAY – Urban through additional allocation and extra-budgetary resources. This is over and above the ₹ 80 billion already budgeted this year.

5.2 Support for construction and infrastructure – Relaxation of earnest money deposit ("**EMD**") and performance security on Government tenders.

Performance security on contracts to be reduced to 3% instead of 5-10%

EMD is expected to not be required for tenders and is expected to be replaced by Bid Security Declaration

Relaxations are expected to be given till December 31, 2021

1. Demand booster for residential real estate income-tax relief for developers and home buyers: Increase in the differential from 10% to 20% for the period from the date of the announcements to June 20, 2021 for only primary sale of residential units of value up to ₹ 2 billion.

6.2 The Government of India is expected to invest ₹ 60 billion as equity in the NIIF debt platform. Infra project financing of ₹ 1.1 trillion is expected to be provided by the Government of India.

7.2 The Government of India is expected to provide support to farmers with ₹ 650 billion for subsidised fertilisers

8.2 Boost for the rural employment – Enhanced outlays under PM Garib Kalyan Rozgar Yojana: ₹ 400 billion was additionally provided in Atmanirbhar Bharat 1.0. Further outlay of ₹ 100 billion to be provided for PM Garib Kalyan Rozgar Yojana in the current Fiscal.

9.2 Boost for exports – ₹ 30 billion to EXIM Bank for lines of credit: ₹ 30 billion is expected to be released to EXIM Bank for promotion of project exports through lines of credit under the IDEAS scheme.

10.2 Capital and industrial stimulus: ₹ 102 billion additional budget outlay is expected to be provided towards capital and industrial expenditure.

11.2 Research and development grant for COVID-19 vaccine development: ₹ 9 billion provided for COVID-19 Suraksha Mission for research and development of an Indian COVID-19 vaccine to the Department of Biotechnology

Scope of ECLGS Scheme further expanded post the COVID-19 second wave

In September 2021, with a view to support various businesses impacted by the second wave of COVID-19 pandemic, the timeline for ECLGS has been extended till March 2022 or till guarantees for an amount of ₹ 4.5 lakh crore are issued under the scheme, whichever is earlier. In addition, the last date of disbursement under the scheme has also been extended to June 2022. Out of the targeted amount of ₹ 4.5 trillion, ₹ 3.32 trillion has been sanctioned as of April 30, 2022 of which ₹ 2.54 trillion has been disbursed.

In June 2021, the Government of India increased the overall admissible guaranteed limit from ₹ 3.0 trillion to ₹ 4.5 trillion. In addition, the limit of admissible guarantee and outstanding loan amount is increased from 20% to 40% of outstanding for COVID-affected sectors like hospitality sector, travel and tourism sector, leisure and sporting sector and civil aviation sector, subject to a maximum of ₹200 crore per borrower.

Earlier, in May 2021, the Government of India announced the following further modifications to the ECLGS scheme:

- The scope was expanded to cover loans up to ₹ 20 million to hospitals/ nursing homes/ clinics/ medical colleges for setting up on-site oxygen generation plants with interest rate capped at 7.5%
- Additional ECLGS assistance of up to 10% of the outstanding loans as on February 29, 2020 was allowed to borrowers covered under ECLGS 1.0
- Civil aviation sector was included in the list of sectors covered
- Ceiling of ₹ 5 billion of loan outstanding for eligibility under ECLGS 3.0 was removed, subject to maximum additional ECLGS assistance to each borrower being limited to 40% or ₹ 2 billion, whichever was lower
- Borrowers who had availed loans under ECLGS 1.0 of overall tenure of 4 years comprising of repayment of interest only during the first 12 months with repayment of principal and interest in 36 months were allowed to increase the tenure to 5 years (repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter)

Earlier, in March 2021, the Government of India had made the following modifications to the scheme

- The scope of ECLGS was expanded to cover business enterprises in hospitality, travel and tourism, leisure and sporting sectors which had, as on February 29, 2020, total credit outstanding not exceeding ₹ 5 billion and were less than or equal to 60 days past due as on that date.

- The validity of ECLGS was extended up to June 30, 2021 or till guarantees for an amount of ₹ 3 trillion were issued.

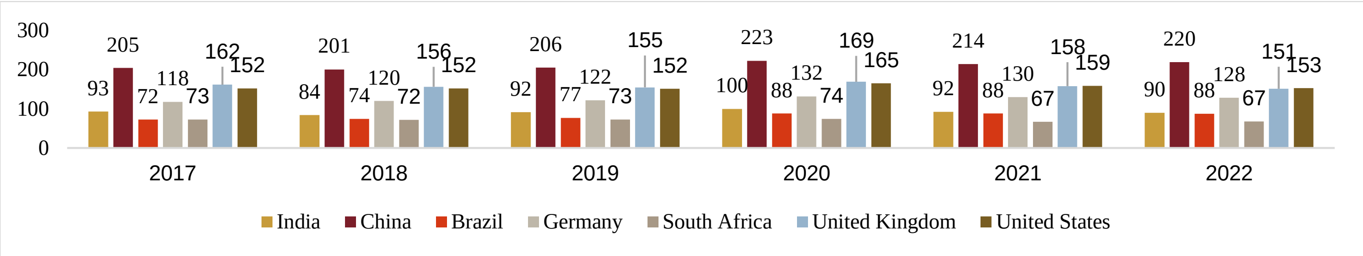
Key structural reforms: Long-term positives for the Indian economy

- Financial inclusion improved significantly with the help of schemes like PMJDY, PMJJBY and PMSBY.
- GST has spawned structural changes in the supply chain and logistics network in India which ensures that more players in the supply chain come under the tax ambit. The GST regime has been stabilising fast and is expected to bring more transparency and formalisation, eventually leading to higher economic growth.
- Production-Linked Incentive scheme aims to spawn a handful of globally competitive large scale manufacturing units in the identified sectors. Furthermore, the Government of India also hopes to reduce India's dependence on raw material imports from China. The scheme is expected to provide a boost to economic growth over the medium-term and create more employment opportunities as many of these sectors are labor intensive in nature.
- The Insolvency and Bankruptcy Code ("**IBC**") is a reform that is expected to structurally strengthen the identification and resolution of insolvency in India. It attempts to simplify legal processes, preserve value for creditors and provide them with greater certainty of outcome. With this reform, RBI has sent a strong signal to borrowers to adhere to credit discipline and encourage banks to break resolution deadlocks by introducing definite timelines. IBC is expected to enhance investors' confidence when investing in India.
- On September 20, 2019, the finance minister announced Taxation Laws (Amendment) Ordinance, 2019 to make certain amendments in the Income Tax Act, 1961, to allow any domestic company the option to pay income tax at the rate of 22%, subject to the condition that they are expected to not avail of any exemption/incentive. The amendments could boost the capital base of the financial institutions and help revive growth in the financial services sector, which has been battling with high NPAs, increasing defaults and liquidity concerns.

Credit penetration is lower in India compared to other countries

In terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as China indicating that the potential that can be tapped. Similarly, in terms of credit to households as a proportion of GDP as well, India lags other markets, with retail credit hovering at around 26% of GDP as of Fiscal 2023.

Credit to GDP ratio (%) (CY2022)



Note: Data is represented for calendar years for all countries except India. For India, numbers are for fiscal year 2021
Source: Bank of International Settlements[5], CRISIL MI&A

Delhi, Maharashtra, Telangana and Chandigarh have a higher credit penetration compared to other states

Delhi, Maharashtra, Telangana and Chandigarh have a credit to GDP ratio of more than 100% as of March 2023 which indicates that credit penetration in the state is higher as compared to other states in India. Chandigarh has the highest credit penetration of 271% as of March 2023 followed by Delhi at 240%. Maharashtra has the third highest credit penetration in Indian States at 206% which has the highest contribution to Indian GDP.

In terms of credit growth, among the top ten states, Andhra Pradesh (16%) and Rajasthan (15%) witnessed the highest credit growth from Fiscal 2016 to Fiscal 2023. Amongst the top 15 states, the asset quality in states such as Andhra Pradesh, Telangana, Gujarat, Rajasthan and Kerala is better as compared to other states as of Fiscal 2023. In states such as Maharashtra and Karnataka, the asset quality is slightly worse compared to Andhra Pradesh and Rajasthan but is better than India average. Delhi and Chandigarh which are smaller states have high credit concentration, for example Chandigarh has an urban credit share of 100% and Delhi has a metropolitan credit share of 99%. Densely populated states like Bihar and Uttar Pradesh have rural credit share at 21% and 16%, respectively, which is low considering majority of the population lives in rural areas.

5 https://www.bis.org/statistics/c_gaps.htm?m=6_380_670

State-wise credit penetration (Fiscal 2023)

State	Credit Penetration as of March 2023	Credit Growth (FY16-FY23)	GSDP (FY21-FY22) in Rs billion	Percentage share in India's GDP	Rural Credit Share	Semi Urban Credit Share	Urban Credit Share	Metropolitan Credit Share
Maharashtra*	206%	8%	18,893	12.7%	2%	4%	4%	90%
Tamil Nadu	94%	9%	13,451	9.0%	11%	23%	14%	51%
Karnataka	73%	10%	12,522	8.4%	8%	12%	16%	64%
Gujarat*	58%	9%	12,482	8.4%	8%	13%	17%	62%
Uttar Pradesh	57%	12%	11,231	7.5%	16%	16%	32%	36%
West Bengal*	62%	6%	7,927	5.3%	13%	10%	20%	58%
Andhra Pradesh	77%	16%	7,469	5.0%	15%	25%	30%	30%
Rajasthan	62%	15%	7,330	4.9%	13%	24%	25%	38%
Telangana	102%	10%	6,763	4.5%	7%	11%	9%	74%
Delhi	240%	6%	6,224	4.2%	0%	1%	0%	99%
Madhya Pradesh	60%	13%	6,217	4.2%	11%	22%	18%	48%
Haryana	68%	13%	5,888	4.0%	9%	15%	68%	8%
Kerala	83%	11%	5,509	3.7%	2%	50%	48%	0%
Bihar	46%	16%	4,281	2.9%	21%	24%	25%	30%
Punjab	68%	6%	4,275	2.9%	18%	29%	26%	28%
Odisha	46%	14%	4,203	2.8%	19%	23%	58%	0%
Chhattisgarh*	61%	13%	2,455	1.6%	8%	17%	26%	49%
Jharkhand	42%	12%	2,368	1.6%	17%	20%	28%	35%
Assam*	45%	15%	2,285	1.5%	21%	30%	49%	0%
Uttarakhand	37%	12%	1,899	1.3%	21%	21%	58%	0%
Himachal Pradesh	34%	11%	1,244	0.8%	58%	32%	10%	0%
Jammu and Kashmir	71%	14%	1,215	0.8%	35%	26%	21%	19%
Goa*	48%	8%	534	0.4%	18%	82%	0%	0%
Tripura	27%	14%	405	0.3%	27%	27%	46%	0%
Chandigarh*	271%	5%	279	0.2%	0%	0%	100%	0%
Puducherry	62%	11%	266	0.2%	9%	20%	71%	0%
Meghalaya	41%	16%	257	0.2%	33%	18%	49%	0%
Manipur*	50%	24%	208	0.1%	30%	21%	49%	0%
Sikkim	28%	18%	207	0.1%	28%	10%	62%	0%
Arunachal Pradesh*	37%	16%	189	0.1%	28%	72%	0%	0%
Nagaland*	42%	16%	180	0.1%	22%	46%	32%	0%
Mizoram*	28%	15%	144	0.1%	8%	25%	67%	0%

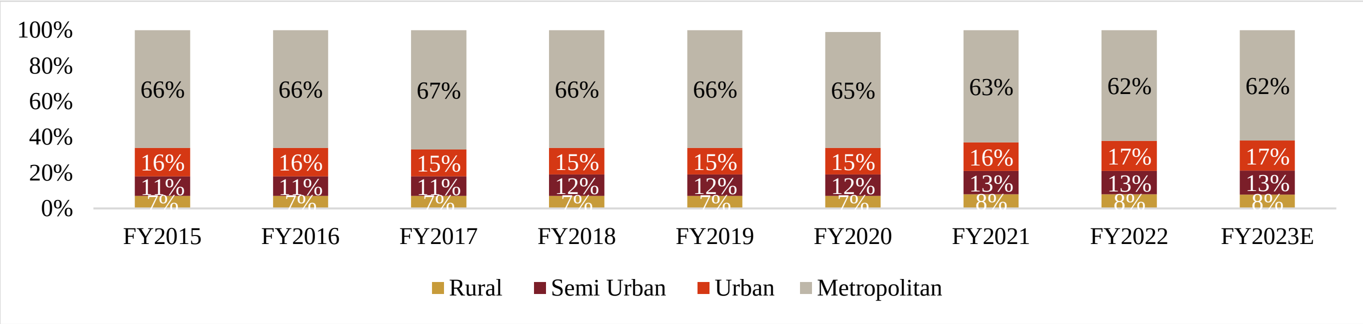
*Note: Credit penetration calculated as banking credit to states as of Fiscal 2023 divided by state GSDP (at constant prices) as of Fiscal 2022; Region wise credit % calculated as credit divided by total credit, GDP taken as GSDP at constant prices, Base Year: 2011-12., * GDSP taken for Fiscal 2021, Source: RBI, MOSPI, CRISIL MI&A Estimates*

Rural India – Under penetration and untapped market presents a huge opportunity for growth

Credit to metropolitan areas has decreased over the past few years with its share decreasing from 66% in Fiscal 2015 to 62% in Fiscal 2023. Between the same period, credit share has witnessed a marginal rise in rural and urban areas. For semi-urban areas, credit share has gone up from 11% in Fiscal 2015 to 13% in Fiscal 2023.

At end of Fiscal 2023 rural areas, which account for 47% of GDP, received just 8% of the overall banking credit, which shows the vast market opportunity for banks and NBFCs to lend in these areas. With increasing focus of the Government of India towards financial inclusion, rising financial awareness, increasing smartphone and internet penetration, CRISIL expects delivery of credit services in rural area to increase. In addition, usage of alternative data to underwrite customers is expected to also help the financiers to assess customers and cater to the informal sections of the society in these regions.

Share of rural and semi-urban credit has increased marginally between Fiscal 2015 and Fiscal 2023



Source: RBI, MOSPI, CRISIL MI&A

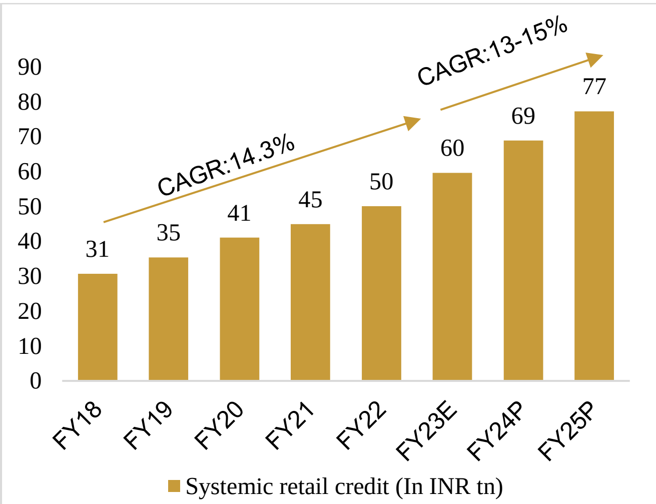
Retail credit market to grow at a healthy pace and remain profitable

Over last few years, retail credit grew at a strong pace from ₹ 30 trillion in Fiscal 2018 to ₹ 60 trillion in Fiscal 2023 and it constituted 32% of total systemic credit in India. The credit gap is much larger in case of Emerging Self-Employed Individuals.

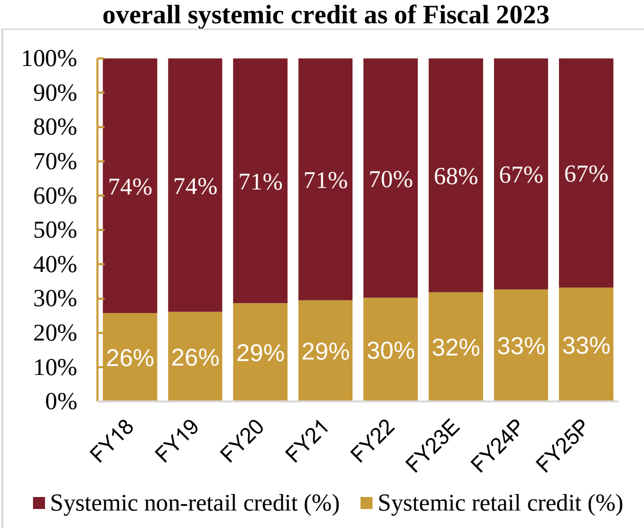
Retail credit is expected to further log a CAGR of 13-15% between Fiscals 2023 and 2025. It is likely to be propelled by an increase in private consumption with a steady rise in GDP growth, a shift in attitude of consumers towards debt, the continuing trend of urbanisation and nuclearisation, increased availability of data from credit bureaus as well as non-traditional data and financiers leveraging technology and data analytics to serve their target markets more efficiently. In addition, CRISIL MI&A sees that despite fast growth in retail credit, India's household debt in relation to its GDP still remains low at 21% compared with the BRICS countries – 34% in Brazil, and 62% in China.

From a profitability perspective as well, retail lending is an attractive proposition with NBFCs across various asset classes being able to earn fairly healthy return on assets over the course of a business cycle. Given that the market is large, has good growth prospects, is under penetrated and profitable, CRISIL MI&A expects retail credit to continue to remain a key focus area for banks and NBFCs.

Retail credit growth to continue on a strong footing in Fiscal 2024

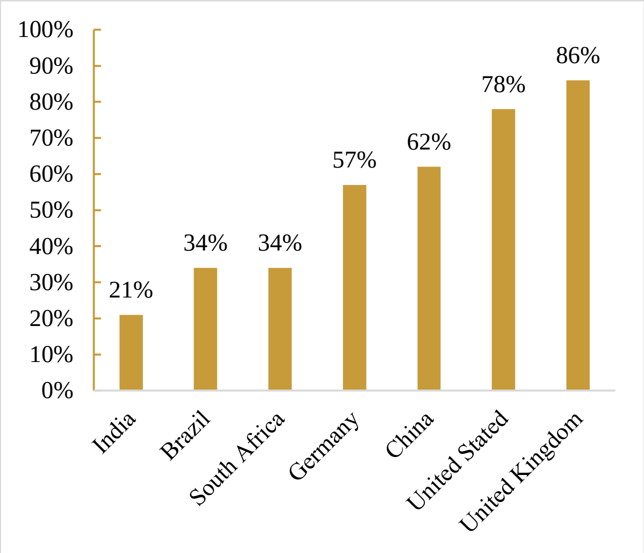


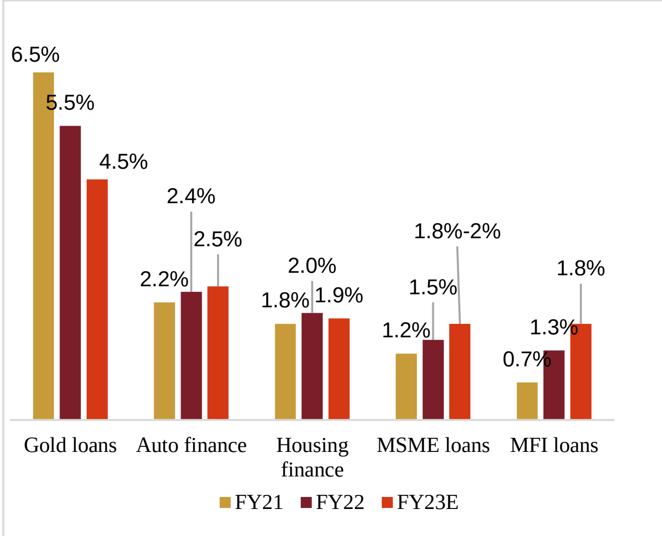
Retail segment is estimated to account for 32% of overall systemic credit as of Fiscal 2023



India most underpenetrated in terms of retail credit indicating significant potential for growth

Retail lending is profitable for NBFCs across various asset classes as indicated by their Return on Assets



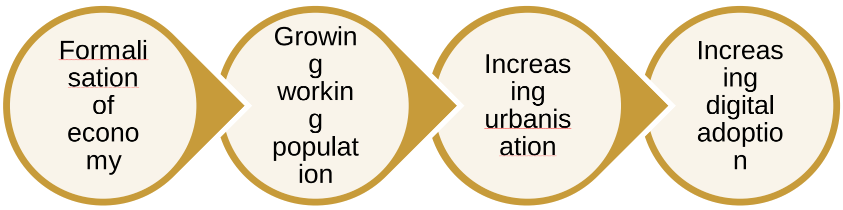


Note: E = Estimated; P = Projected, above retail credit market includes housing finance, Auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans

For countries except India, data is represented for calendar years. For India, data represented is for fiscal year 2022.

Source: RBI, Bank of International Settlements, Company reports, CRISIL MI&A

Factors that are expected to support retail credit growth

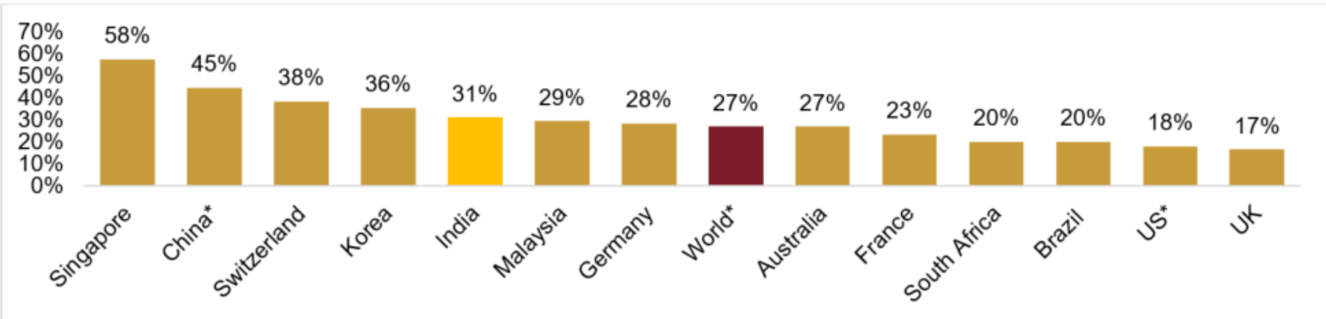


Source: CRISIL MI&A

Household savings to increase

India's slowing economy took a toll on much-needed savings too, with the savings rate touching a 15-year low in Fiscal 2019 to 30.6%, and household savings also falling. Indian households contributed to about 62% of India's savings in Fiscal 2020. However, India remains favorable in terms of gross domestic savings rate compared with most other emerging market peers at 31% in 2021, greater than the world average of 27%.

Gross Domestic Savings rate (in %): India vs other countries (CY 2021)

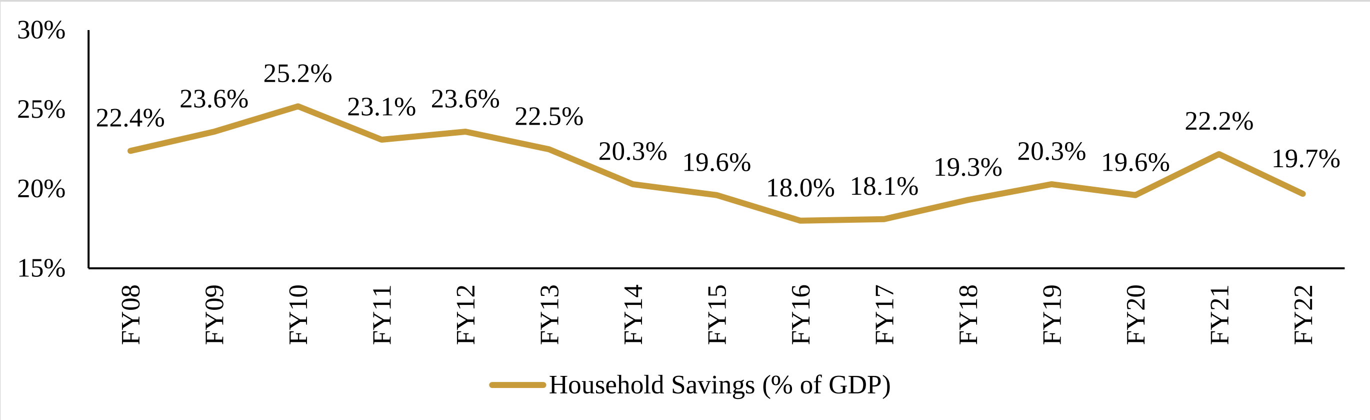


Note: Gross Domestic Saving consists of savings of household sector, private corporate sector and public sector; (*) Data as of CY2020; Source: World Bank6, Handbook of Statistics on Indian Economy 2020-21, RBI, MOSPI, CRISIL MI&A

[6] https://data.worldbank.org/indicator/NY.GDS.TOTL.ZS

Specifically, household savings as a percentage of GDP has been sliding since Fiscal 2012, with its share as a proportion of GDP falling significantly from 23.6% in Fiscal 2012 to 18.0% in Fiscal 2016. The household savings as percentage of GDP rose to 19.7% in Fiscal 2022.

Household savings as a percentage of GDP is 19.7% in Fiscal 2022



Note: E: Estimated
Source: Ministry of Statistics and Programme Implementation (MOSPI), RBI, CRISIL MI&A

Gross domestic savings trend

Parameters (₹ billion)	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
GDS	36,082	40,200	42,823	48,251	54,807	60,003	59,959	55,924	54,266
Household sector savings (net financial savings, savings in physical assets and in the form of gold and silver ornaments)	22,853	24,391	24,749	27,871	32,966	38,446	39,291	43,906	46,195
Gross financial savings	11,908	12,572	14,962	16,147	20,564	22,636	23,991	31,089	25,979
Financial liabilities	3,587	3,768	3,854	4,686	7,507	7,712	7,866	8,052	8,071
Savings in physical assets	14,164	15,131	13,176	15,946	19,442	23,094	22,735	20,484	27,690
Savings in the form of gold and silver ornaments	368	456	465	465	467	427	431	384	597

Note: The data is for financial year ending March 31; Physical assets are those held in physical form, such as real estate, etc.
Source: MOSPI, National Accounts National Accounts Statistics, CRISIL MI&A

Household savings growth

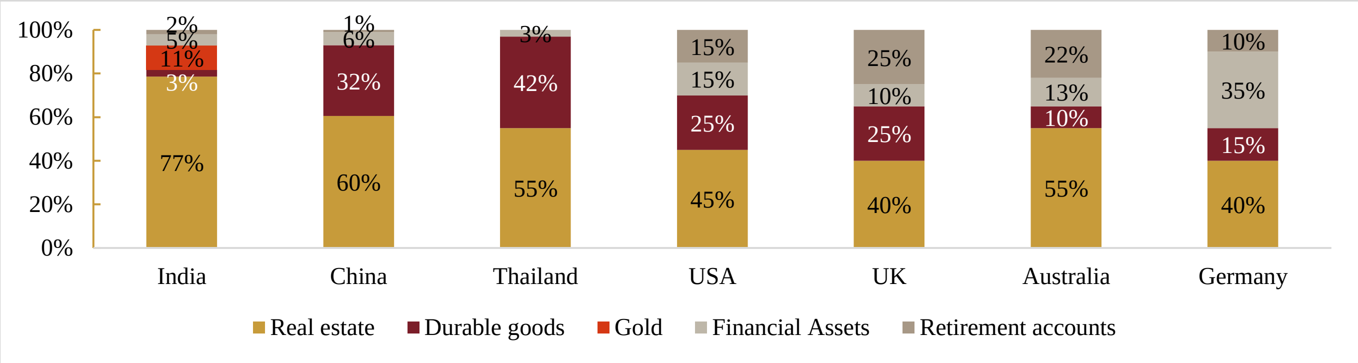
Note: The data is for financial year ending March 31
Source: MOSPI, CRISIL MI&A

CRISIL MI&A expects India to continue being a high savings economy. CRISIL MI&A is also sanguine on savings rate increasing in the medium-term, as households become more focused post the COVID-19 pandemic-induced uncertainty on creating a nest egg for the future post the COVID-19 pandemic-induced uncertainty. In addition, according to the SEBI, during Fiscal 2021, until the third quarter, the household financial savings deployed in securities market had grown significantly to 1.2% of GDP as compared to 0.3% earlier. Going forward, if the amount of savings deployed in securities market sustained, it is expected to boost the capital markets and economy.

Physical assets still account for majority of the savings

Unlike most other countries, where financial savings account for a significant proportion of savings, physical assets in the form or real estate, gold and silver still account for most household savings in India.

Trend of savings in India and other economies

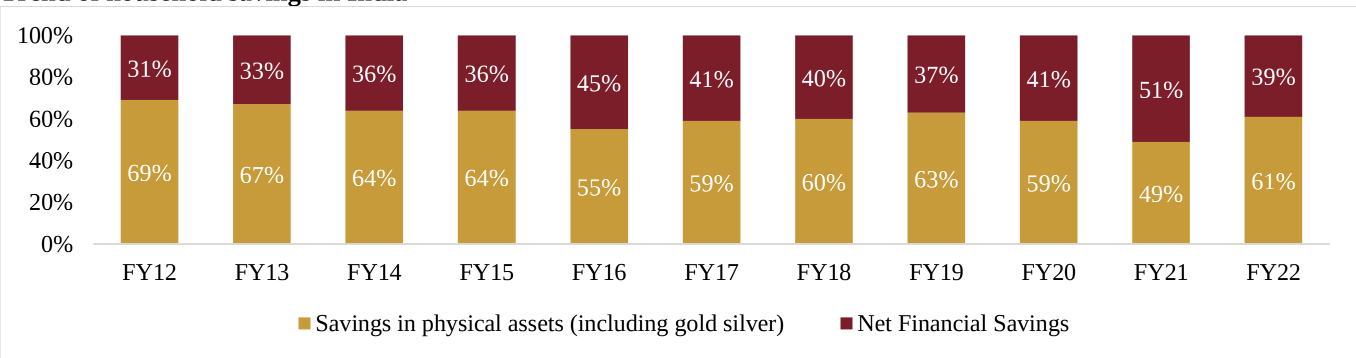


Source: Report of the Household Finance Committee- July 20177, RBI, CRISIL MI&A

Although households' savings in physical assets has declined to 61% in Fiscal 2022 from 69% in Fiscal 2012, it constitutes a substantial share in overall savings. On the other hand, the share of financial savings has witnessed an uptrend to 39% in Fiscal 2022 from 31% in Fiscal 2012.

In the long-term, with increase in financial literacy, CRISIL MI&A expects the share of financial assets as a proportion of net household savings to increase over the next five years, thereby boosting investments in assets such as insurance and mutual funds.

Trend of household savings in India

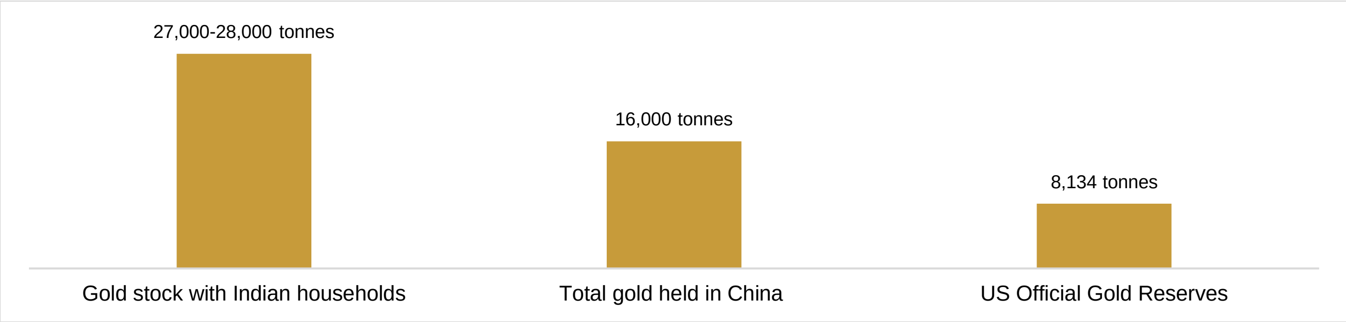


Note: The data is for financial year ending March 31
Source: Handbook of Statistics on Indian Economy 2020-21, RBI, MOSPI, CRISIL MI&A

As of March 2011, Indian households had gold stock of around 19,000 to 20,000 tonnes. In addition, as of March 2023, the gold pledged with financiers constituted around 7% of the 28,000 tonnes of gold holdings in Indian Households as per CRISIL MI&A estimates.

[7] https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/HFCRA28D0415E2144A009112DD314ECF5C07.PDF

India has world's largest private gold holdings



Source: World Gold Council, CRISIL MI&A estimates

As more and more households become more open to monetising their gold holdings to meet either personal or business needs and the ease of obtaining a gold loan improves, the addressable market for financiers would expand significantly. At the average market price of ₹ 60,555 per 10 gram of gold in May 2023, monetising even 20% of the gold stock in the form of a loan at a 70% loan-to-value ratio ("**LTV**") is expected to lead to a ₹ 23 trillion market opportunity for financiers.

<u>NBFC OVERVIEW</u>

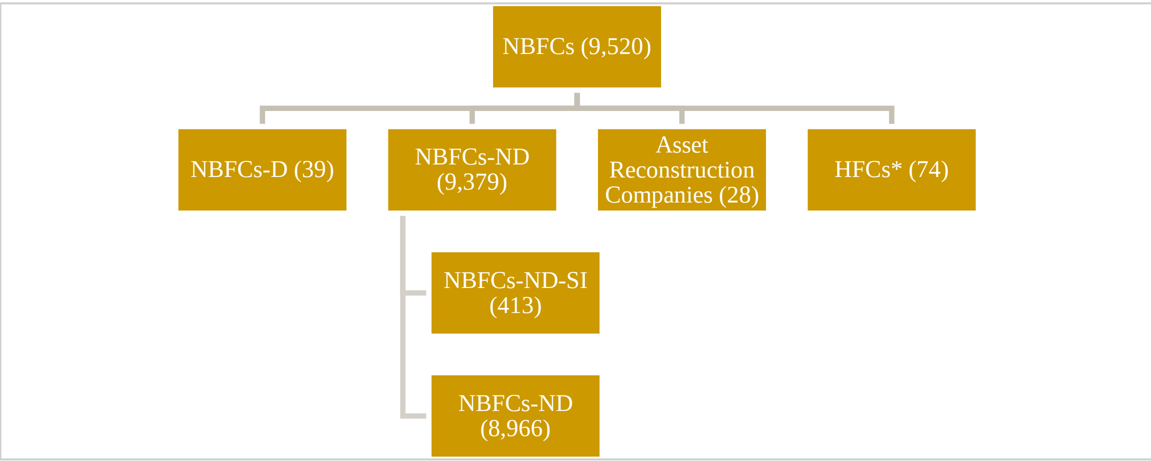
Constituents of NBFC industry in India

The Indian financial system includes banks and NBFCs. Though the banking system dominates financial services, NBFCs have grown in importance by carving a niche for themselves by catering to customers in underbanked regions or those who would not be catered to by traditional financial institutions, due to absence of credit history or lack of proper collateral records.

Classification of NBFCs

NBFCs are classified on the basis of liabilities into two broad categories – deposit-taking and non-deposit-taking. Deposit-taking NBFCs ("**NBFC-D**") are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms, etc. In addition, in 2015, non-deposit-taking NBFCs with an asset size of ₹ 500 crore and above were labelled as "systemically important non-deposit taking NBFCs" ("**NBFC–ND–SI**") and separate prudential regulations were made applicable to them.

Classification of NBFCs based on liabilities



Note: Figures in brackets represent the number of entities registered with RBI as of March 2023.
Source: RBI, CRISIL MI&A

Key regulations for NBFC

Over the past three decades, NBFCs have become part and parcel of formal credit system. RBI, on its part, has been continuously refining the regulations with a view to improve regulatory oversight as well as to be in tune with business dynamics of NBFC segment.

Here are a few key legislative and regulatory developments:

Amendments to the RBI Act in 1997 bestowed comprehensive powers on RBI to regulate and supervise NBFCs. Prominent features of the amendments include:

- Making it mandatory for NBFCs to obtain certificate of registration from RBI and maintain a minimum level of net owned funds (“**NoF**”)
- Requiring deposit taking NBFCs to maintain a certain percentage of assets in unencumbered approved securities
- Empowering RBI to determine policy and issue directions with respect to income recognition, accounting standards, etc
- Empowering RBI to order special audit of NBFCs
- Asset Liability management guidelines
- Corporate governance framework

Key regulations pertaining to NBFCs

Given the importance of NBFCs in financial system especially by accessing public funds and inter-connectedness with banking, they are subject to prudential regulations by RBI as given below

Regulatory distinction between banks and NBFCs

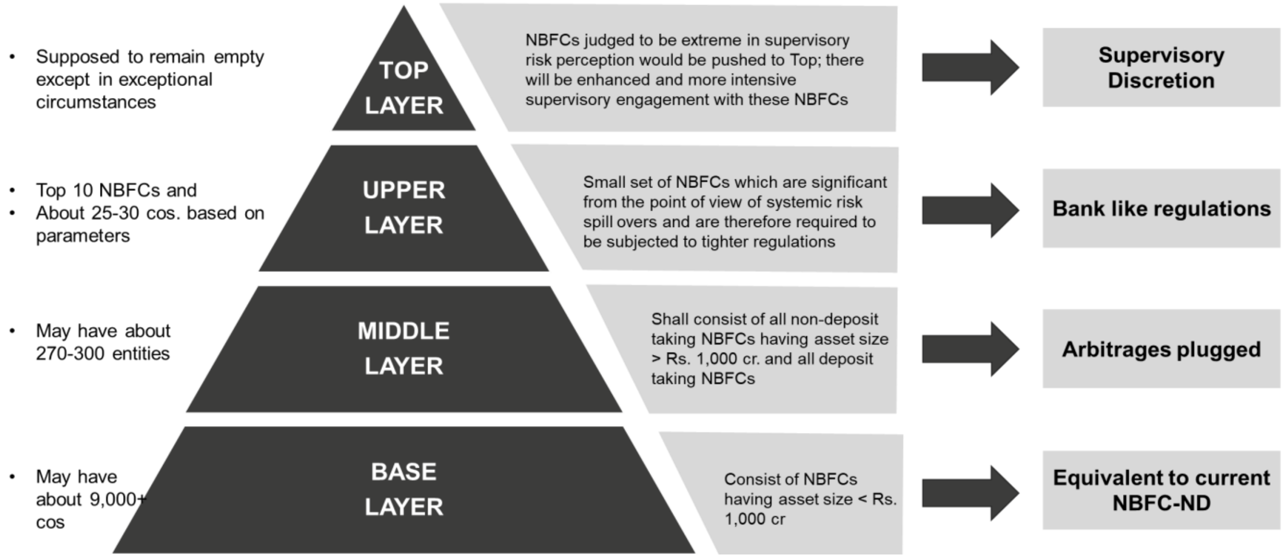
	NBFC – ND –SI	***NBFC – D***	***Banks (Basel-III)***
Minimum NoF	*₹ 20 million*	*₹ 20 million*	*N.A.*
Capital Adequacy	*15.0%*	*15.0%*	*11.5%*
Tier I Capital	*10.0%*	*10.0%*	*9.5%*
Stage III assets	*90 days#*	*90 days#*	*90 days*
Cash Reserve ratio (CRR)	*N.A.*	*N.A.*	*3.0%*
Statutory liquidity ratio (SLR)	*N.A.*	*15.0%*	*18.00%*
Priority Sector	*N.A.*	*N.A.*	*40% of advances*
SARFAESI eligibility	*Yes**	*Yes**	*Yes*
Exposure norms (% of NOF)	*Single borrower: 15% (+10% for IFC)*	*Single borrower: 15%*	*Single borrower: 15% (+5% for infrastructure projects)*
	Group of borrowers: 25% (+15% for IFC)	*Group of borrowers: 25%*	*Group of borrowers: 30% (+10% for infrastructure projects)*

Note: NA = Not applicable
Minimum NoF for NBFC-MFI and NBFC - Factors is Rs 50 million, while for IFC it is Rs 3000 million
**The Ministry of Finance in its union budget of 2021 has proposed the SARFAESI threshold to be reduced from the existing level of ₹5 million to ₹2 million*
 # Discretion with the audit committee of NBFCs to defer stage 3 classification beyond 90+dpd
Source: CRISIL MI&A

Scale based approach proposed for NBFCs

RBI in January 2021 had proposed a tighter regulatory framework for NBFCs by creating a four-tier structure with a progressive increase in intensity of regulation in a discussion paper titled “Revised Regulatory Framework for NBFCs – A Scale-based Approach”. Based on the inputs received, in October 2021, RBI put in place a revised regulatory framework for NBFCs which Is slated to be effective from October 2022.

In Framework for Scale Based Regulation for NBFCs, RBI has said the regulatory and supervisory framework of NBFCs should be based on a four-layered structure based on their size, activity, and perceived riskiness: Base Layer, Middle Layer, Upper Layer and Top Layer. NBFCs in lower layer are expected to be known as NBFC-Base Layer (“**NBFC-BL**”). NBFCs in middle layer are expected to be known as NBFC-Middle Layer (“**NBFC-ML**”). An NBFC in the Upper Layer is expected to be known as NBFC-Upper Layer (“**NBFC-UL**”) and is expected to invite a new regulatory superstructure. There is also a Top Layer, ideally supposed to be empty.



Source: RBI, CRISIL MI&A

RBI has taken a balanced view, and instead of going for a one size fits all, it has opted for differential regulation based on size and the systemic importance of an NBFC. In addition, the importance of NBFCs in providing credit to underserved customers has been recognised. RBI has not proposed imposition of CRR and SLR on NBFCs, which would come as a relief to NBFCs.

The proposed 9% common equity tier-1 ratio should not be difficult to manage as majority of the NBFCs remain well capitalised. Cap on leverage levels would impact NBFCs in the mortgage business if limits are proposed in line with other asset classes. Differential standard asset provisioning is expected to have a negative impact for NBFCs who have large exposure to sensitive sectors like commercial real estate (for example: CRE @ 1.00%, CRE-RH @ 0.75%; current norm for NBFCs is 0.4%). Cap of ₹ 1 crore on IPO financing per individual would hurt NBFCs operating in this space. Post this regulatory change, few NBFC-UL category may consider conversion into universal banks.
Overall, we believe the scale-based approach is expected to translate into greater regulatory oversight and better governance practices, which is expected to structurally strengthen the sector.

RBI tightens provisioning norms on Standard assets for NBFC Upper Layer

On June 6, 2022, RBI released a circular aligning provisioning for standard assets by NBFCs in the upper layer as per RBIs scale-based regulations with that prevalent with the banks, which would be effective from October 1, 2022. The impact of the norms is unlikely to be material as most large NBFCs already maintain Stage 1 and Stage 2 provisioning, which is comfortably higher than the required levels.

Supreme Court removes regulatory overhang for NBFCs

The legislatures of Kerala and Gujarat had sought to bring NBFCs under the ambit of their respective legislations (the Kerala Money Lenders Act, 1958 and the Gujarat Money-Lenders Act, 2011) to regulate the interest rate charged by moneylenders and protect borrowers. However, in May 2022, the Supreme Court put to rest the uncertainty around applicability of state legislations on NBFCs, underscoring the primacy of RBI as the regulator and supervisor of NBFCs in India, with oversight on the rate of interest they charge the borrowers.

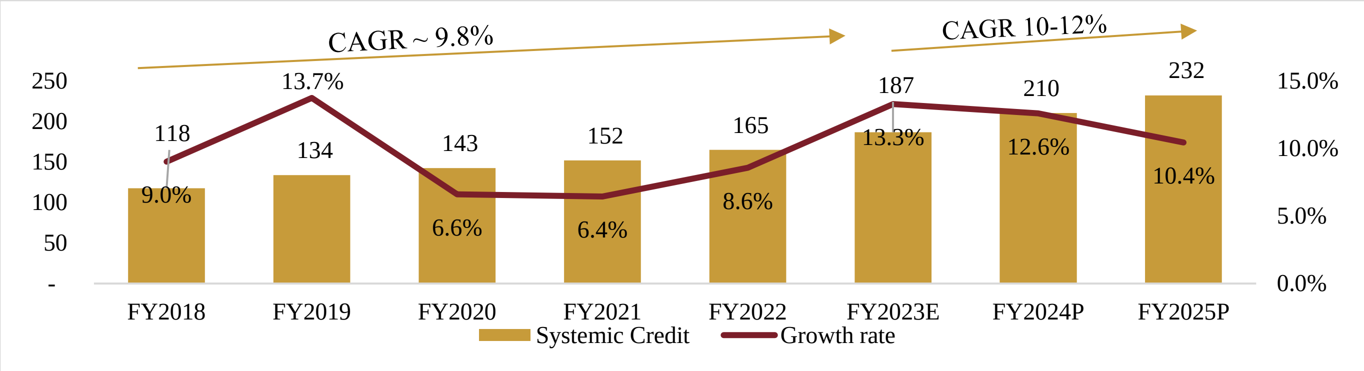
The ruling has two big takeaways- First, it has effectively reaffirmed regulatory sanctity for NBFCs registered with RBI as a separate category of lenders, distinct from the traditional moneylenders. Second, while the Supreme Court has not specifically commented on the appropriateness of interest rates being charged by NBFCs, it has implicitly stated that RBI has the jurisdiction and powers to look into the same and is already doing so through the various regulations, circulars and directions issued by it. CRIISL believes that the ruling is specifically beneficial to gold loan NBFCs and other regulated NBFCs, including NBFC-MFIs, where sensitivity over interest rates is higher.

Systemic credit to grow at 10-12% CAGR between fiscal 2023-2025

Overall systemic credit growth took a hit in first half of fiscal 2021 on account of a significant slowdown in retail credit and intensifying COVID-19 pandemic which triggered a national lockdown. The COVID-19 pandemic came as a jolt for an already slowing economy with a decadal low growth in GDP, low private consumption, cautious lending by financial institutions, poor capex, and in turn, weakening credit growth. However, with a slew of the Government of India and regulatory measures announced, Indian economy started to revive in the second half of the fiscal. In Fiscal 2021, credit grew by approximately 6.4% supported by disbursements to MSMEs under the ECLGS and an uptick in economic activity post the COVID-19 lockdown.

In Fiscal 2022, the systemic credit growth picked up steam despite the second wave of COVID-19 hurting economic growth in the first quarter of the fiscal. The systemic credit grew at 8.6% from the previous year to reach approximately ₹ 165 trillion. The growth was mainly driven by the budgetary push towards investments, pick-up in private investment, and business activity also slowly humming back to pre-COVID levels. In Fiscal 2023, Systemic credit showed strong growth on back of pent-up retail demand from sectors like housing and auto. Credit demand also grew due to strong credit demand from NBFCs and trade segment. CRISIL MI&A projects systemic credit to grow at 10-12% CAGR between Fiscals 2023 and 2025.

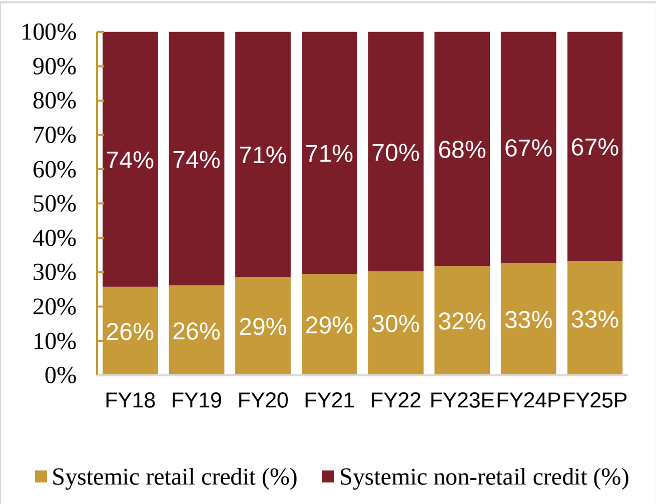
Systemic growth to grow by 10-12% over Fiscals 2023-2025



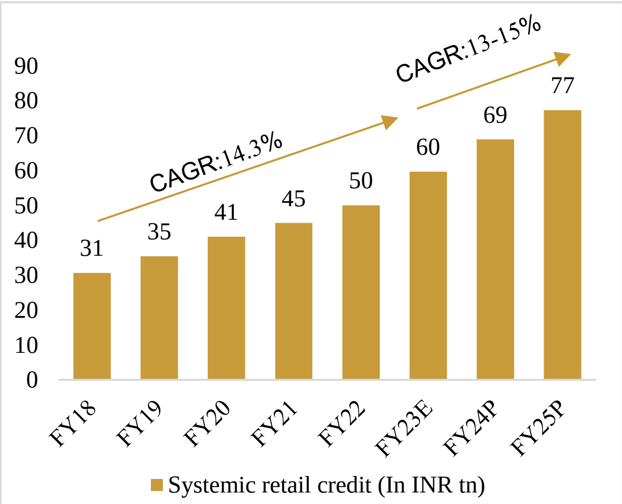
Note: P: Projected; E: Estimated, Systemic credit includes domestic banking credit, NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by Banks and NBFC
Source: RBI, Company Reports, CRISIL MI&A

While systemic credit in India grew at a tepid rate of 9.8% CAGR annually between Fiscal 2018 and Fiscal 2023, systemic retail credit grew at a much faster rate of 14.3% CAGR during the same period. Retail credit growth in Fiscal 2020 was around approximately 16.3% which came down to approximately 9.5% in Fiscal 2021. However, post- COVID-19 pandemic, retail credit growth revived back to reach approximately 11.3% in Fiscal 2022. CRISIL MI&A estimates retail credit to have grown at approximately 19-20% year on year in Fiscal 2023. CRISIL MI&A thus expects retail credit growth to continue in the long term with banks and NBFCs' continued focus on the segment.

Retail segment accounts for 32% of overall systemic credit as of Fiscal 2023



Retail credit growth to continue on a strong footing in Fiscal 2024

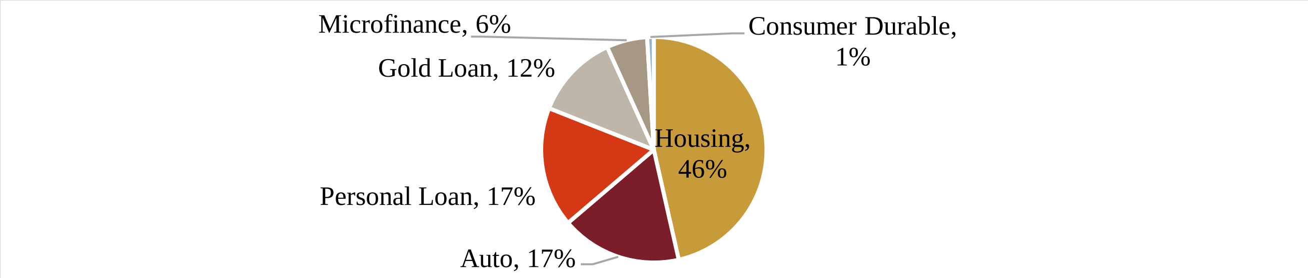


Note: P = Projected
Source: RBI, CRISIL MI&A

Home loans accounts for 46% of overall retail loans at end of Fiscal 2023

Housing finance and gold loans cover 46% and 12% of the retail loans industry, respectively, in India in Fiscal 2023

Retail credit mix as of Fiscal 2023



Source: RBI; CRISIL MI&A

NBFC credit to grow faster than systemic credit between Fiscals 2023 and 2025

Over the past decade, banking credit growth lagged systemic credit growth for several years as NBFCs grew at a much faster pace. However, the NBFCs suffered a blow after IL&FS defaulted in September 2018. NBFCs that did not have the advantage of size, rating and/or parentage had to grapple with a liquidity crisis and raising funds became difficult. Initially, post the IL&FS crisis, banks were expected to fill the space left out by NBFCs.

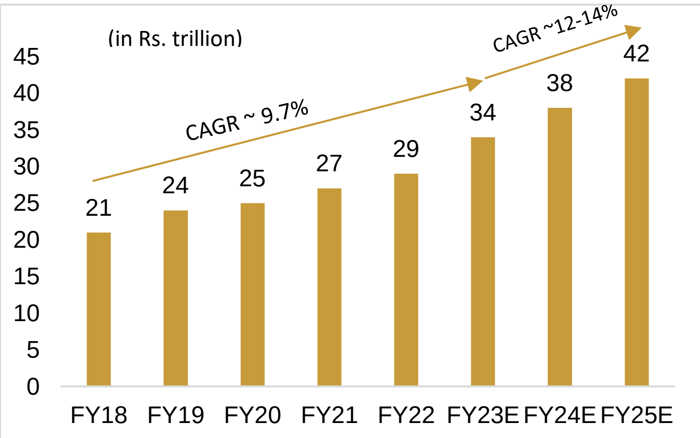
In the fourth quarter of Fiscal 2020 and the first quarter of Fiscal 2021, with the outbreak COVID-19 pandemic, challenges had intensified for both banks and NBFCs. NBFCs were hit harder in terms of demand, and they also turned cautious as they lend to borrowers with relatively weaker credit profile. Due to COVID-19 pandemic, demand for credit reduced drastically on account of economic activity coming down to standstill due to lockdown led sharp fall in disbursements. Few NBFCs also experienced credit rating downgrades and/or negative outlook changes during fiscal 2021. In the second half of Fiscal 2021, the Indian economy showed signs of improvement, the effect of which was seen in the credit growth.

In Fiscal 2022, the second wave of the COVID-19 pandemic led to weak demand for credit in the first quarter of the year. However, the pace of credit recovered, with overall credit growing by 9% and retail credit increasing by 11.3% year-on-year as of March 2022. With the effect of COVID-19 waning, vaccination coverage progressively improving, the situation and growth improved further.

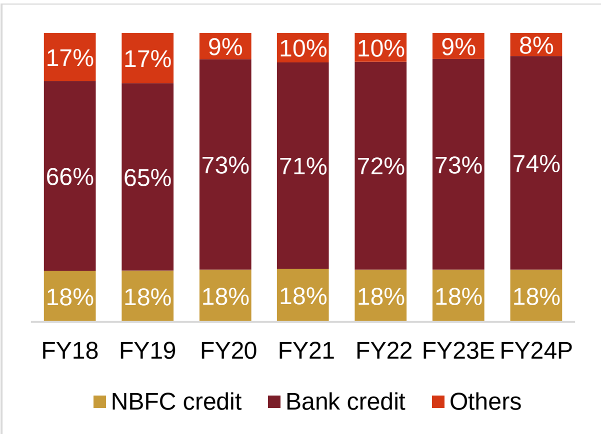
In Fiscal 2023, pace of credit further improved and is at par with pre-COVID level. Overall credit grew by estimated 13.3% and systemic retail credit grew by 19.2%. Banking credit is estimated to have grown at 13-15% in Fiscal 2023 as compared to estimated growth of 12-13% for NBFCs. NBFC credit is expected to grow at a higher rate of 13-14% in Fiscal 2024 as compared to 12-14% expected for banking credit. CRISIL MI&A projects NBFC credit to grow at 12%-14% between Fiscal 2023 and Fiscal 2025. The credit growth is expected to be driven by the retail vertical, including housing, auto, and microfinance segments. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2024, leading to healthy growth NBFCs.

Moreover, organic consolidation is underway with larger NBFCs gaining share. In addition, growth of the non-banking industry is expected to be driven mainly by NBFCs with strong parentage who have funding advantage over other NBFCs.

NBFC credit to grow at CAGR 12-14% between Fiscals 2023 and 2025



Share of NBFCs credit in overall systemic credit remained 18% in Fiscal 2023



Note: P = Projected; Note: Others include Commercial papers, External borrowings, corporate bonds excluding those issued by Banks and NBFCs
Source: RBI, Company reports, CRISIL MI&A

NBFCs have shown remarkable resilience and gained importance in the financial sector ecosystem, growing from less than ₹ 2 trillion assets under management ("**AUM**") at the turn of the century to ₹ 34 trillion at the end of Fiscal 2023. CRISIL MI&A expects NBFC credit to grow at 12-14% CAGR between Fiscal 2023 and Fiscal 2025. Their share in the overall credit pie has increased from 12% in Fiscal 2008 to 18% in Fiscal 2023 and projected to be remained stable in fiscal 2024. CRISIL MI&A believes that NBFCs are expected to 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.

Retail segment to support NBFCs overall credit growth

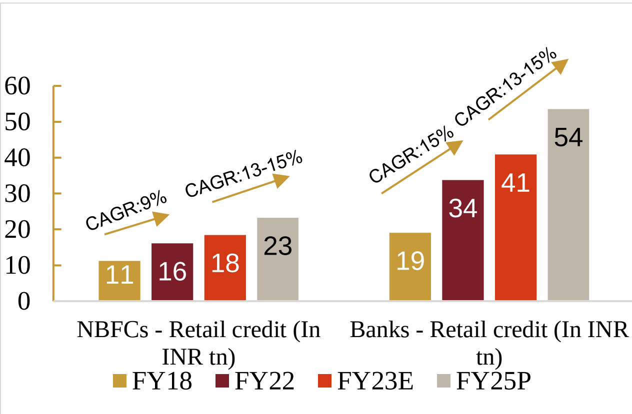
The NBFC sector has, over the years, evolved considerably in terms of size, operations, technological sophistication and entry into newer areas of financial services and products. The number of NBFCs as well as the size of the sector have grown significantly, with a number of players with heterogeneous business models starting operations.
Over the last few years, CRISIL MI&A has seen a transformation in the Indian financial services landscape. The increasing penetration of neo-banking, digital authentication and mobile phone usage as well as mobile internet has resulted in the modularization of financial services, particularly credit.

The sector has also seen the emergence of a number of fintechs that leverage technology, data, and business insights to provide various financial products and services to identified customer segments. Fintech players in India started lending in Fiscal 2015 but they started gaining traction from Fiscal 2017 onwards. The business model of fintech firms differ widely but in almost all cases they use technology to change or support existing way of doing business, and hold the promise of enhancing customer convenience, facilitating access to credit for unserved or underserved customer segments and/or improving operating efficiency. Many times, fintechs enter into tie-ups with financing partners (banks and NBFCs) for taking the loans originated by them on the balance sheet of the partner.

Reflecting the growing importance of NBFCs in the financial services landscape and their ability to offer differentiated solutions to meet the requirement of target customers, the market share of NBFCs in overall systemic credit has increased from approximately 16% in Fiscal 2017 to approximately 18% in Fiscal 2023.

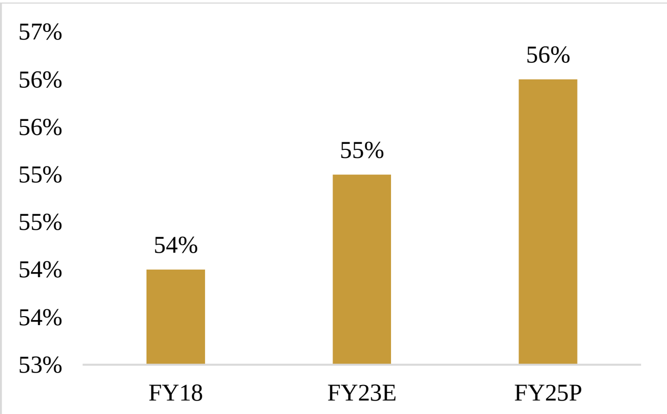
After a moderation in growth post COVID-19 pandemic, NBFCs are back on track with an estimated credit growth of 12-13% during Fiscal 2023. Going ahead CRISIL MI&A expects the growth trend to continue with credit growth at 13-14% during Fiscal 2024. The industry is expected to continue to witness the emergence of newer NBFCs catering to specific customer segments. The COVID-19 pandemic and consequent acceleration in both adoption of technology and change in consumer habits as well as increasing availability of data for credit decision-making has made it possible to build an NBFC lending business without investing large sums to have brick-and-mortar presence on the ground. Overall, between Fiscal 2023 to Fiscal 2025, CRISIL MI&A forecasts NBFC credit to grow at a CAGR of 12%-14%. In addition, retail credit given out by NBFCs is forecast to grow at a pace of 13%-15% CAGR over the same time.

NBFCs retail credit is expected to grow at 13-15% CAGR in next 3 years



Note: Above retail credit includes housing finance, Auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans
Source: Company reports, RBI, CRISIL MI&A

Share of retail credit in total NBFC credit to continue to grow

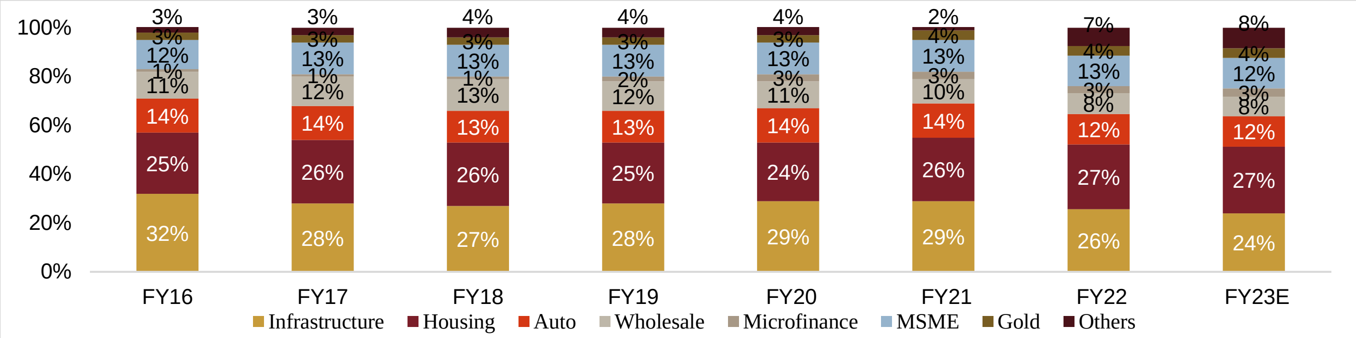


Note: P = Projected; Retail credit includes housing finance, auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans
Source: Company reports, CRISIL MI&A

Housing and infrastructure loans account for more than 50% share in overall NBFC portfolio as of Fiscal 2023

In terms of asset size wise mix, housing loans and infrastructure loans continue to account major chunk of overall NBFC portfolio. Microfinance loans have increased their share from approximately 2% to 3% between Fiscal 2019 and Fiscal 2023. CRISIL MI&A expects housing and infrastructure loans to maintain their share in overall NBFC credit. In addition, auto, personal loan and microfinance is expected to perform better as compared to other segments in Fiscal 2024.

Distribution of NBFC credit across asset classes

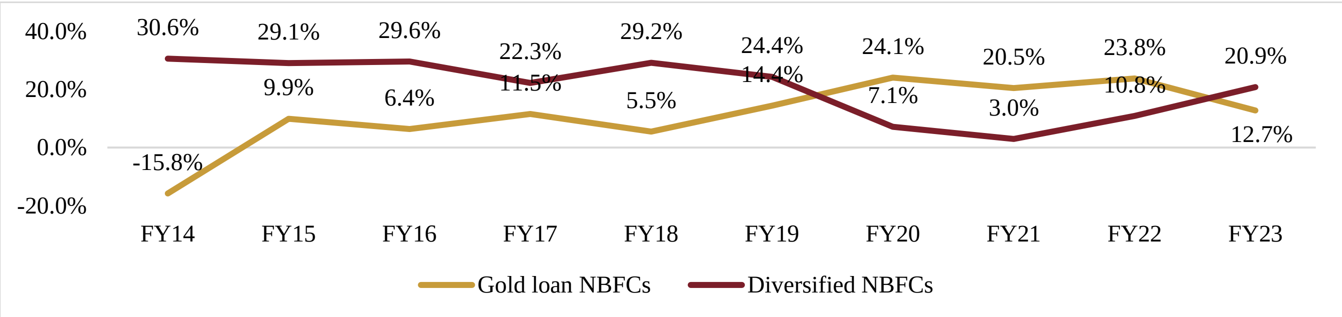


Note: Others include Personal loans, Construction equipment finance, Consumer durable finance and Education loans
Source: RBI, Company reports, CRISIL MI&A

Gold loan and non-gold loans being counter cyclical in nature

Most lenders tend to be pro-cyclical, lending aggressively during good times and pulling back during periods of distress and slowdown in economic growth. Small businesses and enterprises especially find it tough to get credit during periods of economic downturn as established lenders tend to tighten their underwriting standards. One asset class that tends to see healthy growth when the economy or other loan segments are not doing well is gold–backed lending. As lenders become more cautious and stringent due to slowdown in economy, gold loans serve as a quick, easy and convenient avenue to fund short term needs of customers. For example, during Fiscal 2020 and Fiscal 2021, when growth for diversified NBFCs witnessed sharp decline, gold loan NBFCs witnessed strong double-digit year on year ("**y-o-y**") growth of over 20% during the same period. This counter cyclical nature of gold loans provides cushion and acts as an active hedge for overall growth of NBFCs which have a good portfolio mix of gold loans and other loans.

Y-o-Y growth trend of gold loans NBFCs vs diversified NBFCs



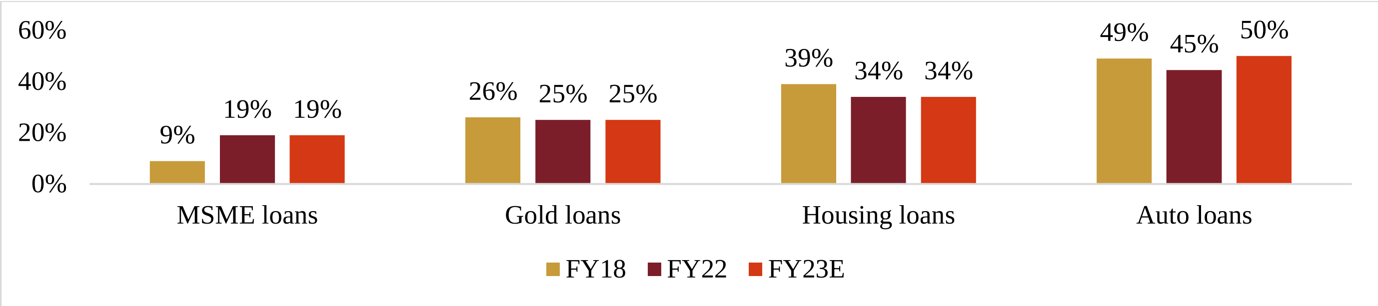
Note: Gold loan NBFCs includes – Muthoot Finance, Manappuram Finance, Kosamattam Finance and Muthoottu mini; Diversified NBFCs includes – Aditya Birla Finance, Bajaj Finance, Fullerton India Credit, HDB Financial Services, IIFL Finance, L&T Finance and Tata Capital; *Source: Company reports, CRISIL MI&A*

NBFCs have a reasonable market share across segments

NBFCs have consistently gained or maintained market share across most asset classes over the last few years. Though, in certain segments such as housing finance to prime customers, they have lost market share to banks due to the decline in market interest rates. In the gold loans market, NBFCs slightly lost market share in Fiscal 2022 due to increasing focus of banks (both public and private) towards gold loans as well as RBI permitting banks to offer gold loans at a higher loan-to-value amidst the COVID-19 pandemic. However, in Fiscal 2023 and first quarter of Fiscal 2024, LTV in gold loans have shrunk owing to rise in prices of gold and a conservative approach taken by banks. Nevertheless, NBFCs continue to have a healthy market share across other segments.

NBFCs have been able to compete with banks mainly on account of their strong origination skills, extensive reach, better customer service, faster processing, fewer documentation requirements, digitalisation of customer on-boarding process, customised product offerings, local knowledge, and differentiated credit appraisal methodology. Furthermore, by catering to under banked, lower income and mass market customers who are unserved or underserved by banks, NBFCs have enhanced financial inclusion and expanded the market for formal financial services. The rapid evolution of fintechs over the last few years has added another dimension to the market served by NBFCs and has fuelled rapid growth across the landscape.

Market share of NBFCs in overall credit across select asset classes



Source: Company reports. RBI, CRISIL MI&A estimates

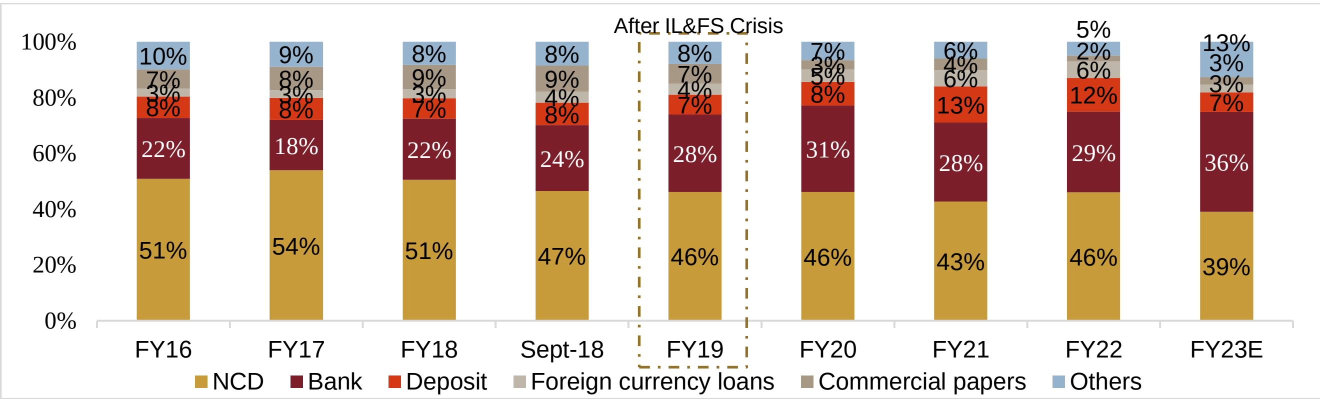
Resources profile of NBFCs

NBFC's borrowing mix has been changing over the past couple of years. Capital market investors have become cautious given the challenging environment and concerns over the asset quality. Investors' risk perception has increased significantly towards players with negative asset liability management mismatch. On the other hand, NBFCs with diversified sources of borrowings, and conservative approach to asset-liability management ("**ALM**") have been able to overcome the severe liquidity crunch and volatile interest rates following IL&FS crisis. Therefore, access to the capital markets has been restricted to limited players, with others relying more on bank borrowings and borrowings from larger NBFCs and overseas debt investors to meet their requirement. This has resulted in reduction in share of Commercial Papers ("**CPs**") and non-convertible debentures ("**NCDs**") and a corresponding increase in banks borrowings during Fiscal 2019 to Fiscal 2021.

In Fiscal 2023, NBFCs' borrowings from banks witnessed high growth resulting in an increase in share to 36% of total funding up from 29% at the end of Fiscal 2022. Share of bank's lending to NBFCs have almost doubled during last 10 years. During Fiscal 2023, with interest rate tightening and repo increasing by 250 bps to 6.50%, the cost of debt market borrowing increased leading to high-risk premium for lower rates NBFCs, leading to banks term loans becoming the preferred source of borrowing. This was also supported by improved credit growth during Fiscal 2023 across all segments leading to higher demand of bank credit from NBFC.

Going forward, CRISIL MI&A believes that funding access would gradually improve for NBFCs who are able to demonstrate strong performance and strong parentage. However, reliance on bank funding and funding from other NBFCs and small finance banks is expected to remain high in Fiscal 2024.

NCDs and banks expected to remain primary lenders for the NBFCs

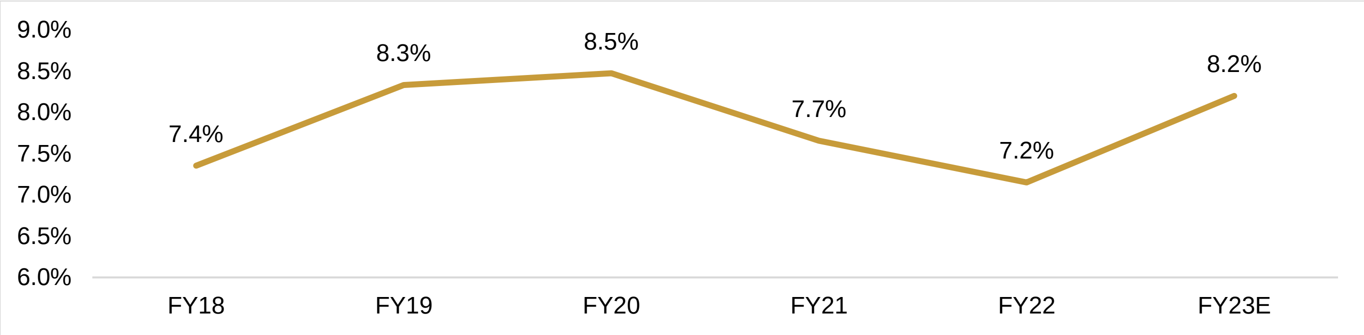


Note: Based on sample set of NBFCs accounting for more than 80% of overall borrowings of NBFCs as of March 2022; For Fiscal 2022, NCD includes Debt Securities and NCDs, Bank includes Banks and National Housing Bank, and Others include Related Parties, Foreign Institutions, External Commercial Borrowings and other sources.
Source: Company reports, CRISIL MI&A

NBFC borrowing cost is expected to increase in Fiscal 2024 with reversal in interest rate cycle

Soaring inflationary pressures have resulted in RBI reversing its accommodative monetary policy stance. As of February 2023, the benchmark repo rate has already been increased by 250 bps to 6.5% from the base level of 4% on October 2020. As per CRISIL MI&A estimates, the upward movement in interest rates is anticipated to lead to NBFC debt being repriced at a higher cost. However, the borrowing costs for NBFCs in Fiscal 2023 is still below the pre-COVID level.

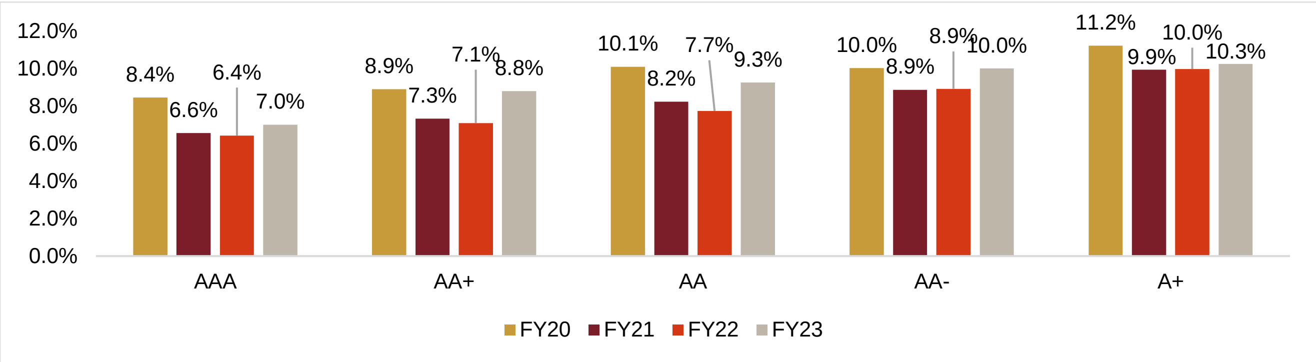
Increased borrowing cost for NBFC in Fiscal 2023



Note: P = Projected, Data represents cost of borrowing of players which cumulatively accounts for 85% of overall NBFC AUM; Source: Company reports, CRISIL MI&A

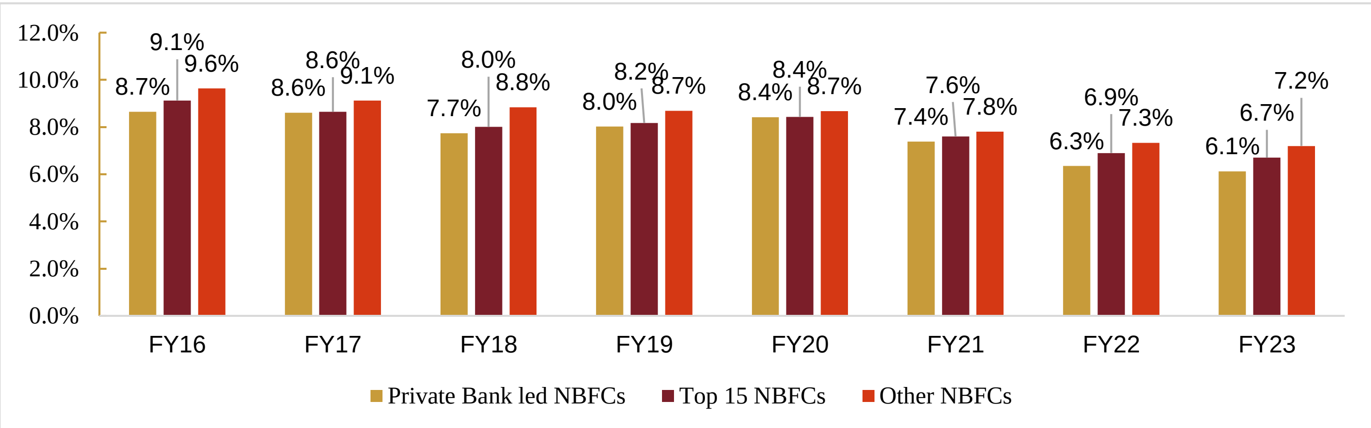
For AAA rated entities, cost of borrowings remained well below 7% as of Fiscal 2023 and has reduced from approximately 9%-10% in Fiscal 2016. For A+ and above rated companies as well, cost of borrowings has been below 10.3% in Fiscal 2023. Cost of borrowing has remained high for BBB category NBFCs.

Average Cost of borrowing trend by Ratings category



Source: CRISIL MI&A

Cost of borrowings trend by NBFC type

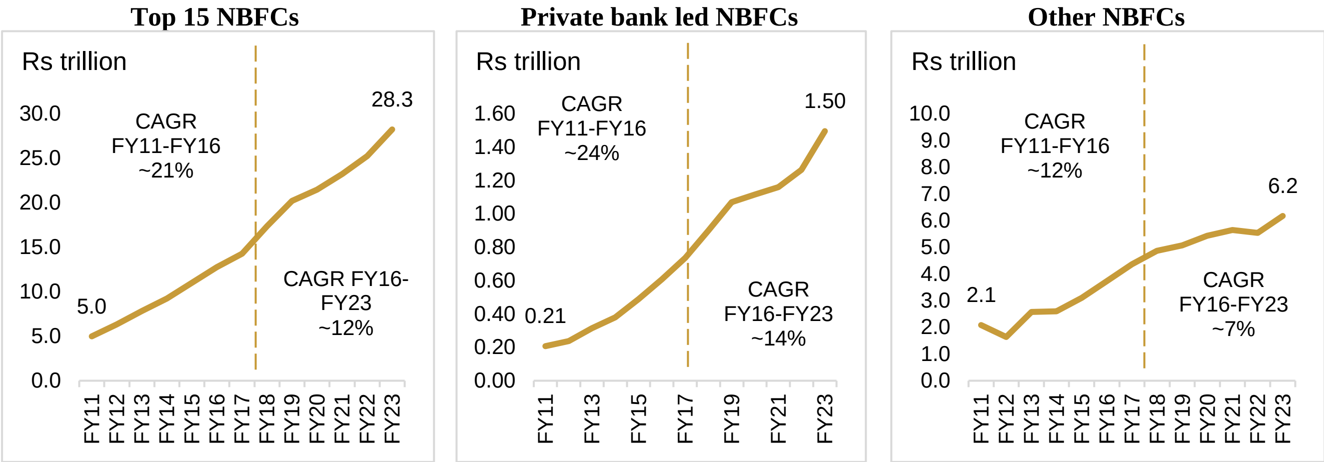


Note: The private bank led NBFCs are Axis Finance, Fedbank Financial Services, HDB Financial Services, ICICI Home Finance and Kotak Mahindra Prime; Top 15 NBFCs include are selected on the basis of consolidated AUM as of fiscal 2023; DHFL is excluded from top 15 NBFCs and other NBFCs; *Source: Company reports, CRISIL MI&A*

Significant headroom for growth for NBFCs with access to funding at competitive costs

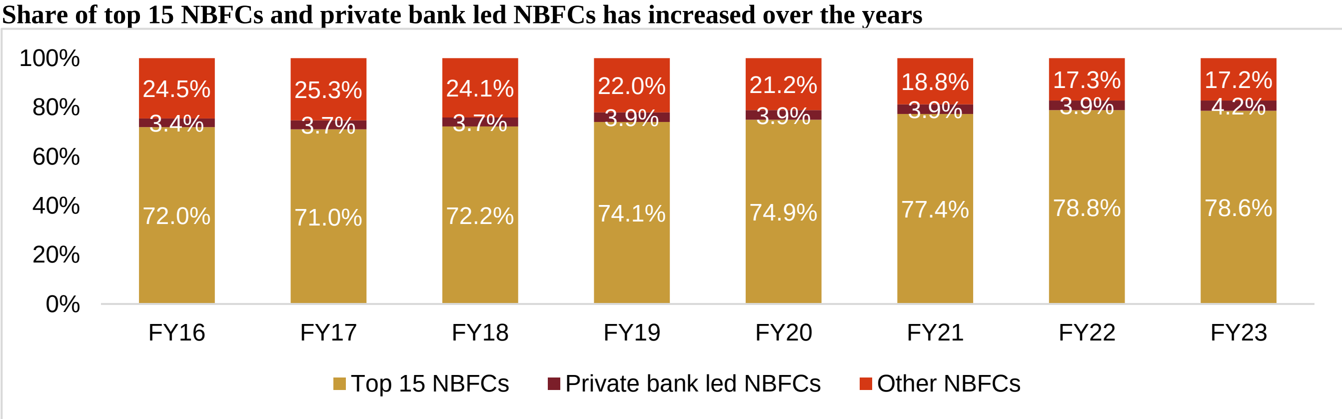
The developments over the last 4 years since the IL&FS crisis has clearly brought out the importance of continued access to funding at competitive costs for NBFCs. The key determinants of funding access in the current milieu are size, track record, credit rating and parentage as well as ability to raise equity funding to control leverage. CRISIL MI&A's analysis of trends over the past decade indicate that NBFCs promoted by private banks and large NBFCs (the top 15 NBFCs by book size as of March 2023) have been able to consistently grow across market cycles. Cumulatively, these NBFCs accounted for approximately 83% of the NBFC loan book as of March 2023.

AUM of Private bank led NBFCs have grown at the fastest pace in the last 12 years



Note: The private bank led NBFCs are Axis Finance, Fedbank Financial Services, HDB Financial Services, ICICI Home Finance and Kotak Mahindra Prime; Top 15 NBFCs[8] include are selected on the basis of consolidated AUM as of fiscal 2023; DHFL is excluded from the analysis
Source: Company reports, CRISIL MI&A

Share of top 15 NBFCs and private bank led NBFCs has increased over the years

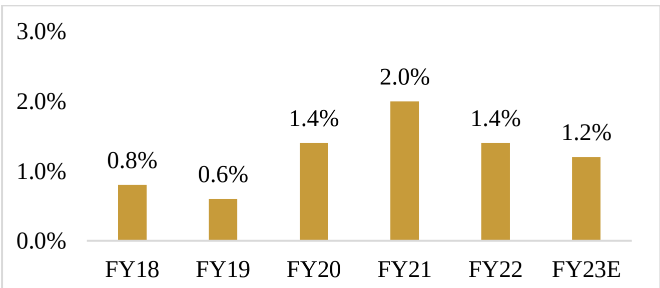


Note: Private Bank led NBFCs include – Axis Finance, Fedbank Financial Services, HDB Financial Services, ICICI Home Finance and Kotak Mahindra Prime; Top 15 NBFCs include are selected on the basis of consolidated AUM as of fiscal 2023; DHFL is excluded from the analysis; Source: Company reports, CRISIL MI&A

Credit cost further declines, and profitability improved in Fiscal 2023 despite increase in borrowing costs

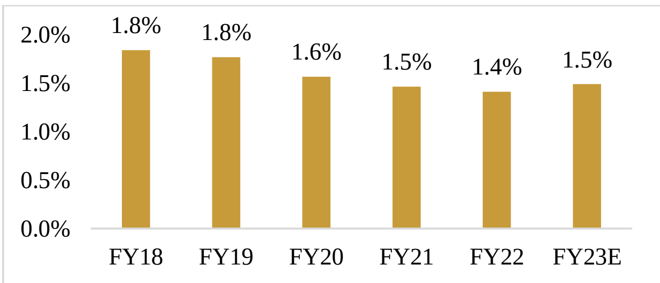
In Fiscal 2023, credit cost further declined on account of gradual recovery across sectors with the waning impact of COVID-19 pandemic and improving collection efficiency aiding it. Despite increase in borrowing costs, the overall profitability of NBFCs improved in Fiscal 2023, primarily on account of lower credit costs due to contingency provisioning buffers created over the course of the previous two Fiscals.

Reduction in credit costs for NBFCs in Fiscal 2023



Note: E: Estimated; P: Projected; Source: CRISIL MI&A

Profitability (RoA) improved on account of decline in credit costs in Fiscal 2023



Note: E = Estimated; P: Projected; Source: CRISIL MI&A

[8] Top 15 NBFCs - HDFC Limited, REC Limited, PFC Limited, LIC Housing Finance, Bajaj Finance, Shriram Transport Finance, L&T Finance, Tata Capital, HUDCO Limited, Mahindra and Mahindra Finance, Cholamandalam Investment and Finance, Indiabulls Housing Finance, PNB Housing Finance, Muthoot Finance and Aditya Birla Finance

Asset quality improved on account of efficiency in collection process and improvement in economic activity in Fiscal 2023

Asset quality for NBFCs is influenced by various factors such as economic cycle, target customer segment, geographical exposure, and local events. Within the NBFC universe itself, it is observed that various asset classes tend to exhibit heterogeneous behaviour. For example, the asset quality in small business loans and personal loans tends to be highly correlated with the macroeconomic environment. On the other hand, microfinance loans have shown lower historic correlation with macroeconomic cycles. This is because asset quality is more influenced by local factors, events that have wide ranging repercussions such as demonetisation and COVID-19 and relative leverage levels amongst borrowers.

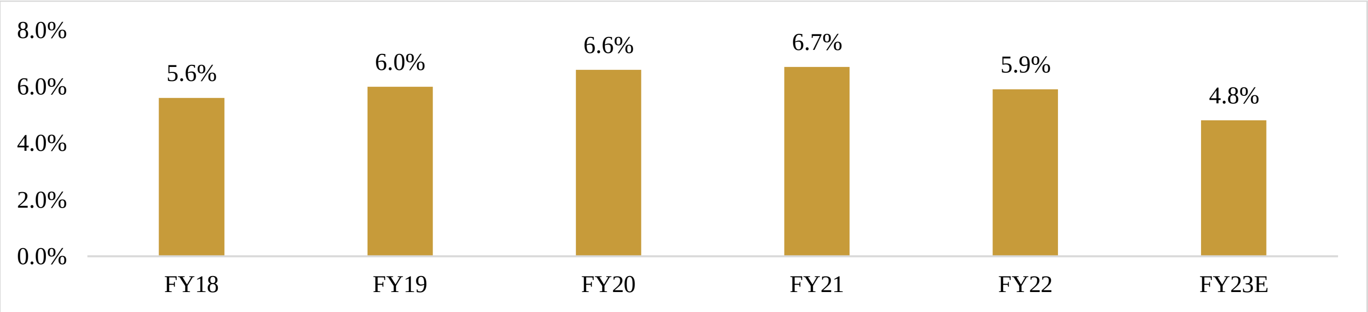
Prior to Fiscal 2018, smaller NBFCs were aggressively expanding in terms of both market penetration and lending across asset classes, which led to rising asset quality concerns. The proportion of standard assets declined, as slippages to sub-standard category increased. After the NBFC crisis in Fiscal 2019, smaller NBFCs slowed down their lending activity and focused on improving their asset quality and shifting to retail segments that are less risky. In Fiscal 2020, doubtful assets for NBFCs registered a marginal uptick due to funding challenges and slower credit growth. However, efforts were made by NBFCs to clean up their balance sheets, as reflected in their write off and recovery ratios, which caused the NNPA to remain stable, and the provision coverage ratio ("**PCR**") to improve.

In Fiscal 2021, proportion of doubtful and loss assets increased, largely driven by infrastructure and wholesale finance. In addition to funding challenges faced by the sector along-with slower credit growth, COVID-19 escalated asset quality deterioration further owing to restricted movement, which affected collections. Moratorium and restructuring schemes announced by the Government of India came as an interim relief for the sector and delayed the asset quality concerns for some time. However, with the NPA standstill provision lifted in August 2020, gross NPAs ("**GNPAs**") in segments such as auto, microfinance and MSME spiked as of March 2021.

In addition, the second wave of COVID-19 adversely affected the fragile recovery witnessed in the fourth quarter of Fiscal 2021 and affected collection efficiencies across asset classes in the first quarter of Fiscal 2022. However, the impact was not as severe as in the first wave, and players across segments reported improvement in GNPAs from the second quarter.

In November 2021, RBI gave a clarification to the "Prudential norms on Income Recognition, Asset classification and Provisioning pertaining to Advances", which requires the NBFCs to recognise NPAs on a daily due basis as part of their day-end process which is expected to lead to higher GNPA. Typically, the NBFCs ramp up their collection activity between due-date and month-end, leading to lower dues by end of month. This flexibility is expected to no longer be available to the NBFCs which could cause some proportion of loans in the 60–90-day period category to slip into over 90 days period category. In addition to the end of the day recognition, RBI has also clarified that upgradation of an account from NPA to standard category can only be done after all overdues are cleared (principal + interest), resulting in a borrower slipping into the NPA category to remain in the same category for longer time compared to the past. Hence, NBFC GNPAs increased in third quarter of Fiscal 2022 due to adherence to the said RBI clarifications. But with NBFCs bolstering their collection efforts and processes, and improvement in economic activity, CRISIL estimates GNPAs for NBFCs to have reduced significantly at the end of Fiscal 2022.

NBFCs' GNPA ratio improved significantly at the end of Fiscal 2023



Source: RBI, CRISIL MI&A

Asset quality metrics improved in Fiscal 2023 for two reasons. First is RBI's follow-up circular dated February 15, 2022, deferring the implementation of the NPA upgradation norm till September 30, 2022. This provides a reasonable transition time for NBFCs to recalibrate processes, revamp their collection infrastructure and teams, and persuade borrowers to align with the new dispensation. Second is the expected improvement in macro-economic activity, which is expected to act as a tailwind. The behaviour of loans restructured post COVID-19 is expected to, however, need to be closely watched, in light of cost push being felt by industries across the board.

Co-lending model to enhance business opportunities for NBFCs

RBI, in November 2020, issued co-lending norms that enable banks and NBFCs to collaborate with each other for priority sector lending ("**PSL**"). All scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks) are allowed to co-lend with all registered NBFCs (including HFCs) for the creation of priority sector assets under CLM based on a prior agreement between both the parties. Earlier, in September 2018, RBI had allowed all SCBs to co-originate loans with only non-deposit taking systemically important NBFCs ("**NBFC-ND-SI**") for fulfilling their mandatory PSL requirements. As per RBI notification, the guidelines are aimed at providing greater operational flexibility to lending institutions and improving the credit flow to unserved and underserved sector of the economy and make funds available at affordable cost, considering lower cost of funds from banks and greater reach of NBFCs.

Some of the key highlights of co-lending norms are:

- The co-lending banks are expected to take their share of the individual loans on a back-to-back basis in their books. However, NBFCs shall be required to retain a minimum of 20% share of the individual loans on their books
- The banks and NBFCs shall formulate Board approved policies for entering into CLM and place the approved policies on their websites
- The Master Agreement may provide for the banks to either mandatorily take their share of the individual loans originated by the NBFCs in their books as per the terms of the agreement, or to retain the discretion to reject certain loans after their due diligence prior to taking in their books
- The CLM shall not be applicable to foreign banks with less than 20 branches

While co-lending arrangements have been in place amongst various lenders for the last few years now, this is the first time RBI has put in place a framework for the same, clearly outlining the responsibilities and requirements from both the partners. The emphasis on the CLM by RBI indicates that the regulator is looking at leveraging the reach and capability that NBFCs have in servicing underserved segments. While RBI introduced the co-origination or co-lending system in response to the liquidity crisis faced by NBFCs in order to enhance the credit flow to unserved and underserved segments. Banks have already had various models available with them in order to meet their PSL targets like:

- ***Purchase of priority sector lending certificates ("PSLCs"):*** PSLCs are issued by banks that have surpassed their PSL targets. As per the RBI guidelines, banks can issue four types of PSLCs – agriculture, small and marginal farmer, micro enterprise and general.
- ***Investing in securitised pools:*** Securitisation involves investing in instruments that provide access to cash flows against a pool of assets such as mortgage or vehicle loans.
- ***Leveraging Business correspondents ("BCs"):*** BCs are agents engaged by banks for providing banking services on their behalf. BCs offer a variety of services such as sourcing, distribution, collection and recovery.

Various models available with banks to engage with NBFCs to meet the PSL targets

PSLCs	Securitisation	BCs
No operational and underwriting risks are involved, as the underlying asset, along with the risks and rewards, is held by the issuer	It requires an understanding of the market and the instrument, as there is a transfer of underlying receivables, including risks and rewards	It enables banks to take exposure across multiple regions and explore newer geographies
No mark-to-market ("**MTM**") and capital requirement	MTM and capital requirement	No MTM, but requires capital
No impact on the banks' book sizes	Helps banks increase their book sizes	Helps banks increase their book sizes
Has a life cycle only for a particular financial year	It involves large ticket size and have a longer life cycle of around 3-4 years	Involves tie ups with BCs like NBFCs to manage business for longer run
Involves no credit risk	Credit enhancement is available in case of Pass-through certificates ("**PTCs**")	Involves a hurdle rate or initial loss-sharing
Yields are not relevant	Yields are relatively lower, as originators bargain with various banks for better pricing	Yields are comparatively higher
A clear classification of assets for buyers	Risk of RBI questioning the classification of assets	Risk of RBI questioning the classification of assets
Availability of certificates can be an issue	Application of GST (18%) could be a dampener, as it increases the cost, thus impacting volume	Difficult for both parties to exit, as it can impact the overall portfolio

Source: CRISIL MI&A

Future co-lending market opportunity

Currently, the co-origination model is largely being used for small ticket size products like MSME loans, consumer finance, gold loans and vehicle loans in the industry. However, with RBI putting in place a framework for co-lending and several NBFCs facing challenges in accessing capital, players are now also focusing on longer tenure and relatively higher ticket size loans like housing finance and loan against property.

The largest public sector bank ("**PSB**"), for example, has already partnered with NBFCs and fintechs for doing co-lending in home loans segment. The bank is also in the process of digitising the entire value chain where the loan leads would flow directly from an NBFC or fintech platform to the bank with very little human intervention. Bank of Baroda, in January 2020, entered into a strategic co-lending agreement with JM Financial Home Loans Limited for offering retail loans to home buyers. In February 2020, online lending platform Lendingkart entered into partnership with Northern Arc Capital for MSME segment. PNB Housing Finance in March 2021 entered into co-lending model with Yes Bank to offer customised retail loans to home buyers.

Also, there are plethora of new-age fintech companies who are using innovative algo-based originations and aggressively using the internet for originations. These fintechs either build books on their own balance sheet or pass a substantial part of their book with their partner banks or NBFCs. Strong demand and rapid innovations in technology and business integration has enabled fintechs and smaller NBFCs to partner with credible partners and engage with them in co-lending model.

Some of the key growth drivers for co-lending market are:

- **Operational leverage –** Co-lending model is operationally convenient for both partners as it enables partners to offer multiple products to customers which are not otherwise present in their current portfolio, thus providing diversification to the portfolio without actually having a separate operational setup for each product. Co-lending thus enhances operating leverage for financiers as it enables them to increase lending with existing infrastructure and resources.

- **Capital optimisation** – Entering into co-lending model allows smaller NBFCs to cater to a larger customer base with lesser capital by leveraging the larger balance sheet of their partners. Such NBFCs can leverage their origination skills and expertise in assessing specific customer segments while at the same time conserving their capital.

Risk sharing and risk adjusted returns – Co-lending partnership enables banks and NBFCs/ HFCs to enter into an arrangement where the risks and rewards are shared by all parties throughout the lifecycle of the loan, as per a pre-decided ratio. The NBFCs use various innovative mechanisms for credit risk assessment like usage of non-traditional sources of data, understanding individual's motive to avail finance and evaluating cash flow patterns of borrowers. These strengths can be leveraged by their partners to optimise capital usage and improve their risk adjusted returns.

Digitisation trends

Over the last few years, NBFCs have been increasingly adopting business and operational models, powered by technologies, that seamlessly facilitate execution of tailored products and services. Investing in new technologies and strategic partnerships with incumbent financial institutions and finTechs has allowed NBFCs to lower their costs while enhancing their customer base and servicing existing customers. According to the Working Group Report on Digital Lending issued by RBI, the share of loans disbursed in terms of value by NBFCs through digital channels has increased from 6.3% in Fiscal 2017 to 30.3% in Fiscal 2020 which shows the increasing diffusion and adoption of digital technologies in the credit ecosystem. The major products disbursed digitally by NBFCs are personal loans followed by loans under 'Other' category which mostly comprises of consumer finance loans.

Traditionally, high cost of reaching out and delivering services to un-served and underserved regions and credit risk in catering to the lower-income segment within this spectrum has constrained the availability of credit from traditional lenders. Thus, players, with their technology-led solutions, have disrupted the process of lending to these segments, particularly the client acquisition and on-boarding and credit assessment process. For example, lenders are increasingly using artificial intelligence and machine learning models in credit underwriting as also prioritising collections.

Enabling measures by RBI and the Government of India such as putting in place of IndiaStack, allowing Aadhaar based eKYC and the launch of UPI that has transformed digital payments have helped players adopt technology in a seamless manner and provide services in a cost-efficient manner. By keeping the customer at the centre and also having appropriate rules and regulations, the Government of India has also supported growth of various retail products.

GOLD LOANS

Overview of gold loan market in India

Gold loans are typically small ticket, short duration, convenient and instant credit. While the industry has been around for several decades with local financiers and moneylenders extending finance against gold, especially in semi-urban and rural areas, the industry has witnessed a spurt in organized financiers offering gold loans since 2008 with the specialized gold loan NBFCs expanding their branch network and making available loans in a very easy and consumer friendly manner by putting in place strong systems and processes. Though moneylenders and pawn brokers understand the psyche of local borrowers and offer immediate liquidity without any documentation formalities, customers are left vulnerable to exploitation, due to the absence of regulatory oversight. Such players also give lower LTV compared with organized ones while charging exorbitant interest.

As banks and NBFCs aggressively moved in to seize this vast untapped market, they cornered a significant market share from unorganized lenders, growing at CAGR of 76% between Fiscals 2009 and 2012. Sustained increase in gold price till 2012 also supported the gold loan business boom in India. In such a scenario, customers would be offered higher and higher loan amounts on their gold, while lenders would benefit by price increases acting as a natural hedge, in the event of default.

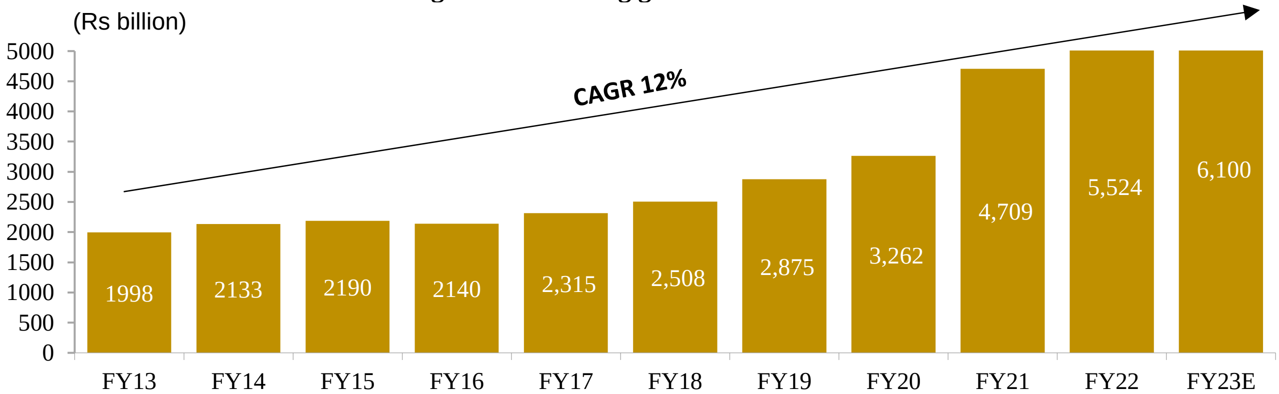
The high growth in the NBFCs' gold loan offtake because of high LTVs, the speed at which the NBFCs opened branches, the decline in the capital adequacy ratios of NBFCs offering gold loans and increase in gold prices alarmed RBI, leading to a slew of regulatory steps being taken. The measures initiated included capping the loam-to-value of gold loans at 60% (which was subsequently increased to 75% in January 2014), prohibiting grant of loans against bullion and gold coins, standardization of the value of gold while calculating the loan to value ratio and streamlining the process for auctioning gold. Furthermore, NBFCs were directed to disburse gold loans of greater than ₹ 1,00,000 ticket size through cheques only. RBI also directed that if the loans extended by a NBFC comprise 50% or more of its financial assets, it shall maintain a minimum Tier-l capital of 12% by April 01, 2014. These measures derailed the growth of NBFCs gold loan offtake for a brief period of time and they lost considerable ground to banks.

The industry has however bounced back subsequently. With regulations in respect of key aspects such as loan to value for NBFCs now being on par with banks, players compete on parameters such as interest rates, customer service, turnaround time, convenience, and trust developed.

Gold loans market has witnessed consistent growth over the last decade

As can be witnessed from the chart below, the industry has witnessed consistent growth over the last decade, even as gold prices have seen periodic fluctuations. As of March 2023, CRISIL MI&A estimates the outstanding value of loans given out by organised financiers' – banks and NBFCs – to be ₹ 6.1 trillion, with NBFCs accounting for one-quarter of the market.

Gold loans have grown at a strong growth rate over the last decade



Note: Includes agriculture lending by banks with gold as collateral
Source: CRISIL MI&A

Gold loans AUM is expected to grow at 10-12% CAGR between Fiscals 2023 and 2025

In Fiscal 2020, gold loan industry (including Banks and NBFCs) AUM grew approximately 13% y-o-y to reach ₹ 3.26 trillion on account of increased focus of players on diversifying their regional presence, strong growth in non-southern regions and rise in gold prices by approximately 19% in Fiscal 2020 along with the convenience provided by the short turnaround time in disbursing gold loans.
In Fiscal 2021, the demand for gold loan finance witnessed a massive spurt in AUM from ₹ 3.26 trillion to ₹ 4.7 trillion, as India's economy coped with the devastating effect of the global COVID-19 pandemic supported by players continued focus to acquire unorganised gold loan market by means of awareness and diversifying their regional presence with the help of branch as well as digital channels. Many consumers, who had gold stock and ornaments lying with them, considered gold loans as an option to meet their credit requirements during this period. The demand for gold loans was also supported by a consistent surge

in gold price, liquidity crunch in the immediate aftermath of the COVID-19 pandemic and lenders' hesitancy to give unsecured loans due to risk aversion. RBI also revisited its guidelines for banks' lending gold loans by increasing the maximum LTV allowed to 90% from existing 75% for non-agricultural gold loans extended during August 2020 to March 2021 to help stressed borrowers to unlock more value. The growth was also supported by players continued focus to wean away consumers from the unorganised gold loan market by means of awareness and diversifying their regional presence with the help of branch as well as digital channels.

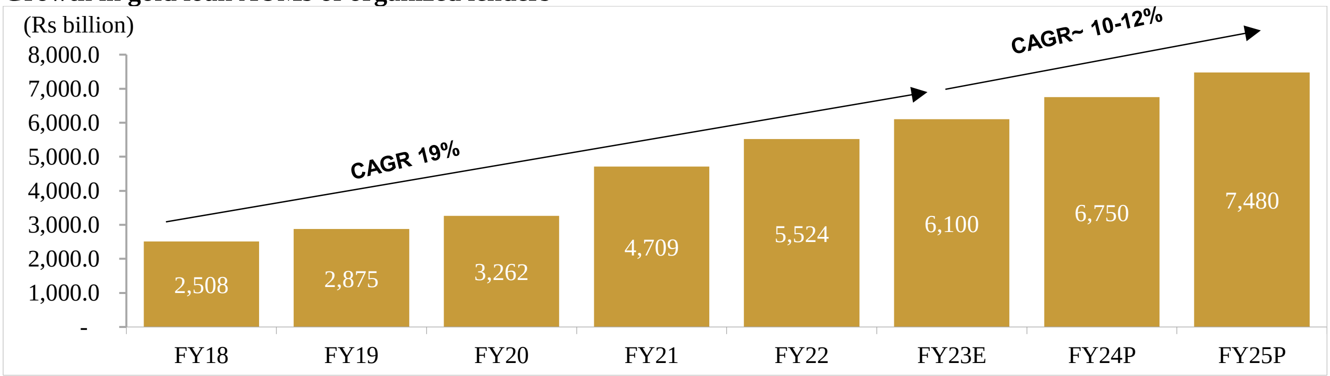
In Fiscal 2022 as well, the gold loan market continued to witness strong growth, with industry AUM increasing by 17% on-year to touch ₹ 5.52 trillion as of March 2022. Increase in AUM can be attributed to factors such as high gold prices, strong demand and increased promotion by financiers to acquire unorganised gold loan market by means of awareness and diversifying their regional presence with the help of branch as well as digital channels. During fiscals 2020-21, when growth for diversified NBFCs witnessed sharp decline, gold loan NBFCs witnessed 11% y-o-y growth. Financiers also were very aggressive in tapping new customers during the year with some of them running campaigns offering gold loans at a lower interest rate for short tenures. For instance, Manappuram Finance introduced low interest rate, for retail customers with a tenure of 3 months. In Fiscal 2023, the growth for gold loans NBFCs is estimated to have moderated owing to increased competition from banks and lower demand from the target audience.

Online gold loans and doorstep model to aid in market expansion

The industry, which has traditionally grown through expansion of branch network across the nook and corner of India, has witnessed the emergence of branchless fintechs and doorstep model gold loans over the last 3-4 years. These players offer doorstep pickup and disbursement of gold loans directly to the account of the customer. Under this model, when a user requests for a loan, the loan agent visits the customer with a gold appraisal kit and necessary tools to measure the purity of the gold. After proper due diligence and a credit check, the loan is processed digitally and the amount is transferred instantly to the customer. After the amount is transferred, the gold is packed in a tamper proof packets and transported to the nearest branch in a GPS enabled secured box, which is tracked on a real time basis until the collateral is deposited in the lender's vault. This new doorstep model gold financing has addressed some of the key inhibitors in wider acceptance of gold loans such as risk involved in carrying gold to the branch, the social stigma attached to mortgaging gold for availing loans and increasing branch catchment area.

Going forward, CRISIL MI&A believes that the scope to capture share from unorganised gold loan financiers', initiatives to increase awareness and increasing comfort of customers with gold loans due to the convenience are expected to help the industry grow moderately along with geographic diversification to markets beyond the Southern part of India. Demand for gold loans from micro enterprises and individuals to fund working capital and personal requirements is expected to increase owing to pickup in economic activity. In addition, with demand reviving and market expansion through doorstep gold loans model, CRISIL MI&A expects AUM to touch close to ₹ 7,480 billion by March 2025, translating into a 10-12% CAGR between Fiscals 2023 and 2025.

Growth in gold loan AUMs of organized lenders



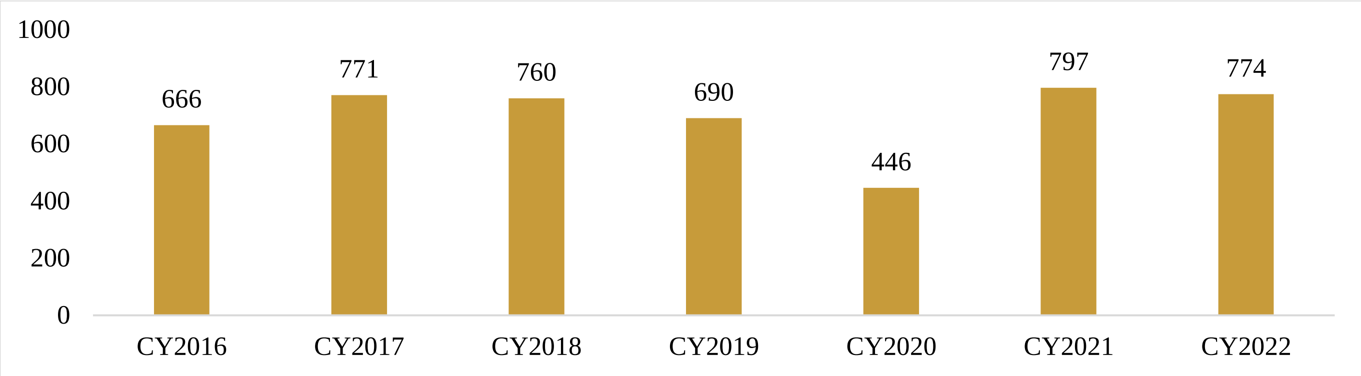
Note: P: Projected, includes agriculture lending by banks with gold as collateral
Source: CRISIL MI&A

Gold demand to increase in calendar year 2023

In calendar year 2020 and first half of calendar year 2021, consumer demand for gold plunged by 35% on year because of curtailed discretionary spending following the onset of COVID-19 and rising prices of gold. However, gold demand bounced back strongly in second half of calendar year 2021, causing it to reach 797 tonnes at end of calendar year 2021. The higher growth was on account of a low base, higher discretionary spending, festive season and waning impact of COVID-19 pandemic. Lower import duty on gold and reduced gold prices is further expected to aid demand for gold in India. Gold imports to India also moves in line with consumer demand, as over 95% of the demand in India is met through imports.

In the first quarter calendar year 2022, the gold demand witnessed a slump owing to lack of auspicious and wedding days coupled with a sharp rise in gold prices in late February or early March which dented consumer appetite for jewellery. In addition, as of calendar year 2022, gold demand stood at 774.1 tonnes, decreasing by 3% year on year. The demand bounced back in the fourth quarter of calendar year 2022 on account of festival purchases and wedding season buying. In addition, retail investors increased focus on gold's haven attributes amid global volatility is also expected to aid demand for gold in calendar year 2023. Going forward, consumer demand for gold in India is expected to remain resilient throughout calendar year 2023. However, demand could face some headwinds arising out of global heighted volatility and broad-based inflation, which could squeeze disposable income.

Trend in yearly demand for gold in India (in tonnes)

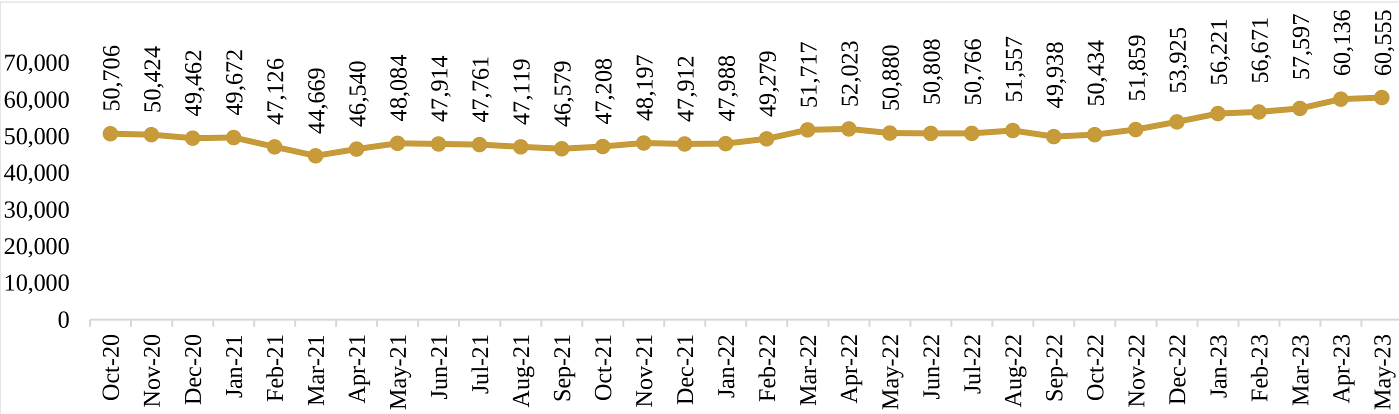


Note: Mentioned years are Calendar Years
Source: World Gold Council, CRISIL MI&A

Higher geopolitical risks and inflationary environment to support gold prices in Fiscal 2023

Domestic gold prices increased by 19% on year to reach ₹ 60,555 per 10 grams in May 2023 from ₹ 50,880 per 10 grams in May 2022. CRISIL MI&A expects domestic gold prices to rise further in Fiscal 2024 on account of higher international prices as well as rupee depreciation during the year. Considering all these factors, CRISIL MI&A domestic gold prices is expected to rise 3-5% in Fiscal 2024.

Trend in gold prices (in ₹ per 10 grams)



Source: MCX, CRISIL MI&A

Growth Drivers

Due to the inherent benefits of gold loans and prevailing economic scenario, the sector is witnessing a strong demand and disbursal growth. Small businesses and individuals who are facing cash flow problems are leveraging gold to meet their liquidity demands. Going forward, CRISIL MI&A believes that the organized gold loan market is expected to be driven by increasing gold loan penetration, rising share of organized financiers and market expansion through geographical diversification.

- Organised gold loan penetration in India (computed as gold stock with organized financiers divided by total gold stock in India) is estimated to be approximately 7% as of March 2023, which indicates that organised gold loan market has significant headroom for growth. Going forward, gold loan penetration is expected to increase further on geographical diversification, rising branch network, and households increasingly looking to monetise their gold holdings for personal and business needs. In addition, increase in gold prices and expectations of micro-enterprises using gold loans to fund working capital requirements is expected to also aid growth of gold financing.

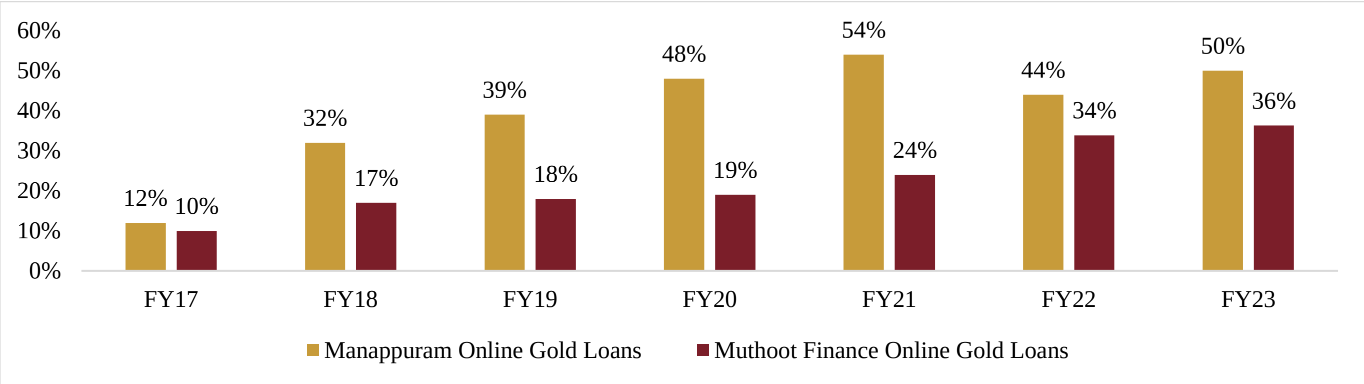
- According to CRISIL MI&A, due to increasing awareness about benefits of availing gold loans from organised segment, the share of organised gold loan financiers has increased from 56-58% in Fiscal 2017 to approximately 61-63% (in terms of value) in Fiscal 2023. Going forward, CRISIL MI&A expects the trend to continue, and the share of organised loan market is expected to further improve from approximately 61% to approximately 63%.

- India has world's largest private gold holdings which is estimated to almost 3 times US official gold reserves and around twice the total gold held in China. According to World Gold Council Report (A Central Banker's Guide to Gold as a Reserve Asset), gold reserves with Indian households account for approximately 75% of the total gold reserves of 35,568 tonnes held by Central Banks across the world as of March 2022. The massive gold reserve can be potentially unlocked by the owners to avail funds at a short notice at the time of need.

Online gold loans and doorstep model to help in market expansion

Digital gold loans products offer the feature of loan sanction within few hours through the online process. These loans can be accessed through mobile applications, online platform, prepaid card etc. Know your customer ("**KYC**"), registration and disbursements are all possible through online platform. For example, entities such as IIFL Finance, Manappuram Finance and Muthoot Finance are constantly making investments in digital and technological capabilities to adapt to constantly changing world. For example, IIFL Finance launched digital gold loans for top up and online renewal of gold loans. Similar shift towards digital modes is witnessed for Muthoot Finance, which saw its share of online gold loans increase from 24% in Fiscal 21 to 36% in Fiscal 23. At end of Fiscal 23, the share of online gold loans further increased to 50% for Manappuram Finance.

Share of online gold loans continue to see traction in Fiscal 23



Source: Company Reports, CRISIL MI&A

New age finTech players such as Rupeek along with players like Fedbank Financial, Muthoot Finance, IIFL and Manappuram Finance also offer gold loans at customer's doorstep wherein the customer can get a gold loan sitting at home. The complete the loan underwriting-to-disbursal process takes place within 30 minutes, just as it happens in case of a loan availed through a NBFC branch. In case of doorstep model offering, verification of the gold ornaments as well as gold collection is done at the customer's residence. These are managed through a central application that is simultaneously accessed by all branches for each and every transaction.

Due to these advantages as well as increasing focus by players in both doorstep delivery and online gold loans, the addressable market for gold loans is expected to expand.

Doorstep gold loans operating model

	Traditional Models	**Door step model**
Loan Application	Branch walk in	Phone call, Mobile or app based request
Gold Valuation	Valuation by employee/loan officer at branch	Doorstep valuation by loan officer
Loan Processing	Manual entry of customer data and Paper based KYC	TAB based data entry and KYC
Gold Storage	Vaults in Branch	Vaults in branch, Barcodes and RFID for tracking and retrieval
Loan Disbursement	Disbursal in 10-20 minutes	Disbursal in 10-20 minutes after completion of entire process at doorstep
Collection	Cash or Cheque at branch, Electronic Clearing System ("**ECS**") / National Automatic Clearing House ("**NACH**"), Direct transfer from customer account	Cash collection at doorstep, ECS/NACH, Direct Transfer

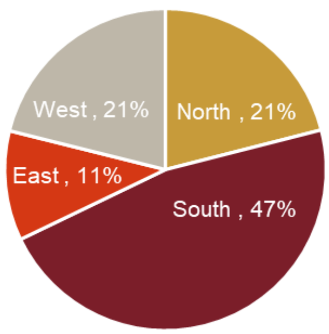
Source: CRISIL MI&A

Geographic diversification and improvement in operational efficiency of business to drive growth in the coming years

In India, the southern zone commands major share of demand of gold loans at 47% as of Fiscal 2023. This can be explained by the culture found in Southern India compared to the rest of India. It is followed by the North region at 21%. The western zone and the eastern zone lag behind in gold loan demand with their share standing at 21% and 11% respectively. People in Southern India have lower taboo associated with borrowing against gold and are more ready to pledge gold. In addition, majority of the NBFCs and banks (that have strong presence in gold loans) have deep rooted distribution network in the Southern India.

In Fiscal 2017, Southern India accounted for 61% of the total NBFC gold loans portfolio in India. However, changing consumer perceptions about gold loans, driven by increasing awareness, as well as rising funding requirements and increase in penetration of gold loans in the non-southern regions has led to a change in the regional mix of the portfolio. Going forward, incremental additions of branches by gold loan NBFCs in North and West region where the existing number of branches are relatively lower, presents a good geographical expansion opportunity in these regions. Hence, CRISIL MI&A expects other regions to witness stronger growth momentum in gold loans as compared to the Southern region.

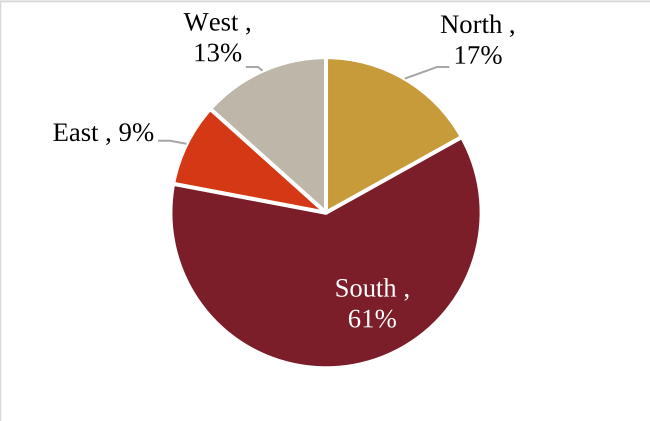
South account for major share of gold loans NBFCs (FY23)



Note: Aggregate includes region-wise AUM split of Muthoot Finance, Manappuram Finance & IIFL Finance which constitute ~72% of the overall NBFC Gold Loan market as of FY23;

Source: CRISIL MI&A

Branch distribution of gold loans NBFCs (Fiscal 2023)



Note: Aggregate includes region-wise branch split of Muthoot Finance and Manappuram Finance which constitute 58% of overall NBFC gold loans market as of FY23;

Source: CRISIL MI&A

South account for major share of gold loans NBFCs (Fiscal 2023)

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Since there is major demand from Southern region, Southern India has a higher share in branches in India. Insipte of introducing online gold loans these branches serve as an important touchpoint for the customers of these NBFCs.

Gold has been known to act as a hedge against inflation and is also attractive for financiers

Over the years, gold prices have shown a consistent increase, and have, in most part, increased at a pace higher than the annual rate of inflation. For instance, during Fiscal 2011 to Fiscal 2016, gold prices increased at a CAGR of approximately 7%, as against an approximately 8% inflation observed in this period. During the subsequent five-year period between Fiscals 2016 and 2022, the gold price and inflation increased at a CAGR of approximately 12% and 5%, respectively.

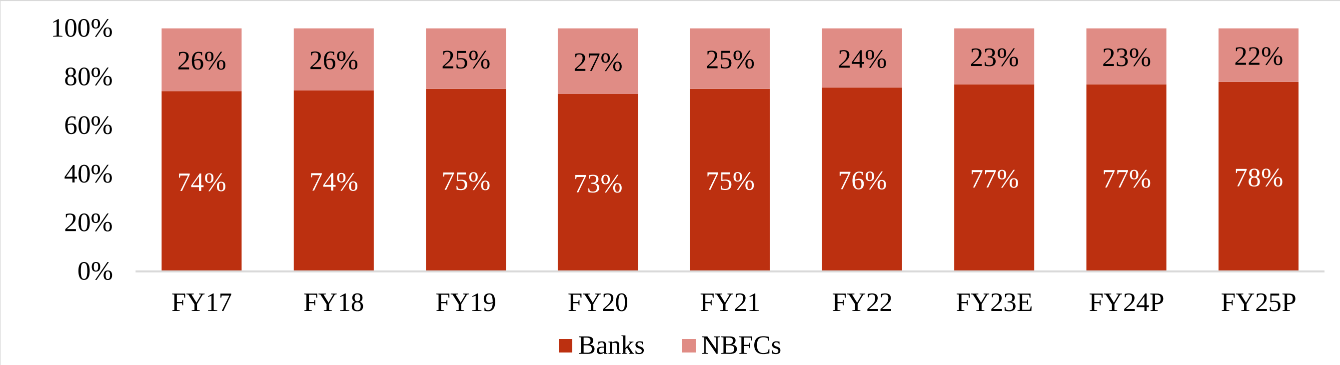
The hedge against inflation provided by gold has attracted consumers to gold over the years. From a financier perspective, the yield on gold loans and minimal risk of credit losses due to security provided in the form of the gold being pledged and the additional cushion due to the loan-to-value (average of 65% for NBFCs) makes gold loans a profitable product.

Competitive landscape

In Fiscal 2021, banks have witnessed a faster growth in gold loans as compared to NBFCs on account of increasing LTV offered by banks (till March 2021), rising gold prices, demand from small businesses for cash and increasing focus of banks towards this asset class. A similar trend was evident in Fiscal 2022 as well. Banks' gold Loan AUM increased by around 20% and NBFCs AUM increased by 11% in Fiscal 2022. For instance, State Bank of India's ("**SBI**") personal gold loan book jumped by 465% on year from ₹ 37 billion in Fiscal 2020 to reach ₹ 210 billion at end of Fiscal 2021. It further increased by 9.9% in Fiscal 2022 to reach ₹ 230 billion. The overall gold loan portfolio of CSB Bank also increased by a 2-year CAGR of 31% from ₹ 38 billion in Fiscal 2020 to reach ₹ 65 billion at end of Fiscal 2022, leading to an increase in banks share in overall gold loans industry. In Fiscal 2023, the gold loan portfolio for banks continued to grow with SBI's personal gold loan book increasing to

₹ 287 billion as of March 31, 2023. For CSB, the gold loan portfolio increased to ₹ 97 billion at end of March 2023. However, it must be noted that banks' mix of gold loans is higher owing to agriculture gold loans, where gold loans are granted to farmers for purpose of crop production.

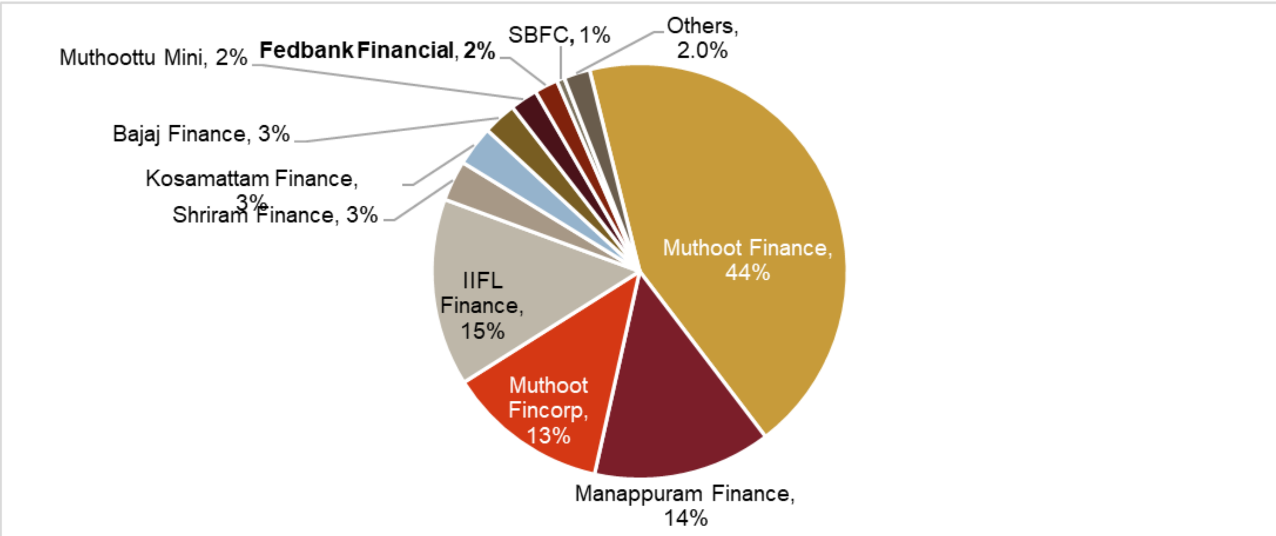
Banks to hold majority share in overall gold loans market



Note: E: Estimated, P: Projected, includes agriculture lending by banks with gold as collateral
Source: CRISIL MI&A

Within NBFCs, Muthoot Finance, Manappuram Finance and Muthoot Fincorp are the largest players, who together account for 70% of the gold loan portfolio of NBFCs as of Fiscal 2023. Other players in top 10 includes key players such as IIFL Finance, Shriram Finance, Kosamattam Finance, Bajaj Finance, Muthoottu Mini, Fedbank Financial, HDB Financial Services and SBFC Finance.

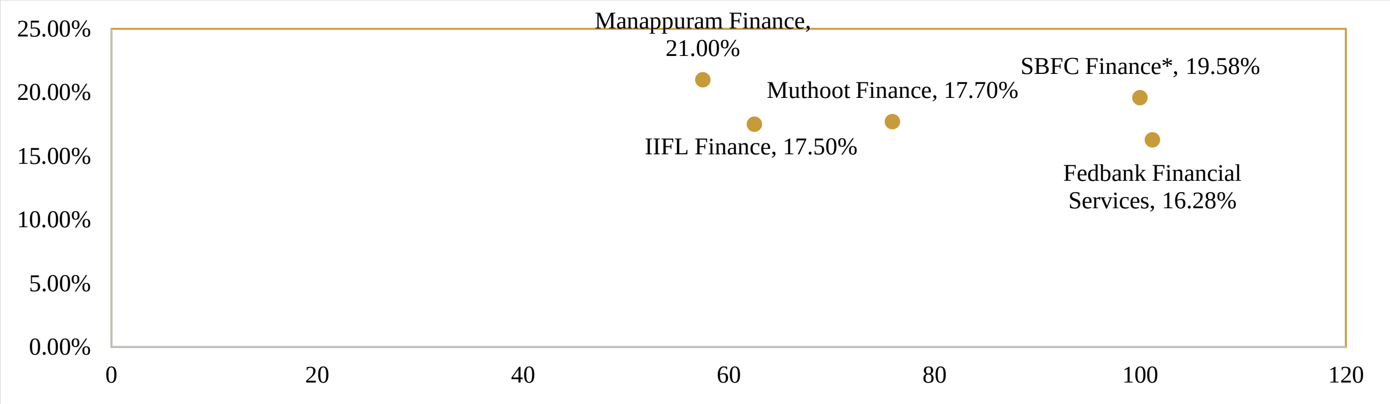
Top three gold financing NBFC account for approximately 70% share in overall NBFC gold loans book in Fiscal 2023



Source: Company Reports, CRISIL MI&A

The average ticket size for NBFCs in the gold loans business stands at ₹ 55,000-₹ 70,000 as of Fiscal 2023. There is considerable variation in the competitive positioning and target segment of various players, as reflected in the average ticket size of loans and yields offered. Among the gold loan NBFCs, players like Muthoot Finance and Manappuram Finance targets customer at the lower end of the economic strata with an average ticket size of in the range of ₹ 55,000- ₹ 75,000 and yield in the range of 17-21%. IIFL Finance lends at an average ticket size of ₹ 63,000 with an average yield of close to 18%.

Comparison of various players based on yield on advances and average ticket size (Fiscal 2023)



Note: (*): Average ticket size, Yield on advances as of Fiscal 2022.

Source: Company Reports, CRISIL MI&A

NBFCs compete on the basis of operating efficiency, turnaround time, local connect while managing risks

Despite banks having a competitive advantage of offering gold loans at lower cost, gold loan NBFCs have been trying to compete with banks through aggressive expansion of branch and increased focus on customer experience. NBFCs focus more single-mindedly on the gold loans business and have, accordingly, built their service offerings by investing significantly in manpower, systems, and processes as per the needs of the customer, some of which are listed below:

1. **Lower turnaround time and lesser documentation**: The gold loan borrower generally wants to procure the loan as quickly as possible and availability of well-trained and experienced employees in assessment and valuing gold helps NBFCs to disburse loans faster as compared to a bank.
2. **Wider reach and better local connect**: NBFCs have a geographically wider and deeper reach, especially in rural and semi-urban regions, where demand for gold loans is higher
3. **Risk management process**: Most NBFCs have put in place a comprehensive and robust risk management process taking into account their experiences over the years and the key risks in the process including steps taken to prevent fraud, store the gold safely, and recoup losses in case of a loan turning non-performing.

Comparison of Gold loan institutions on select business parameters

	Banks	Gold loan NBFCs	Unorganised moneylenders
Interest rate	9-18%	21-26%	25-45%
LTV	Up to 75% (Up to 90% in Fiscal 2021)	Up to 75%	More than 75%
Processing fee	Higher than NBFCs	No/minimal processing fees	None
Regulator	RBI	RBI	None
Documentation required	KYC Compliance	Minimal	Minimal
Product focus and customer service	Non-core product	Gold loan is core focus, excellent customer service	Gold loan is core focus
Mode of disbursements	Mainly cheque and direct transfer to account	Cash/ cheque and direct transfer to account	Mostly cash
Average turnaround time	30 minutes - 2 hours	10 - 20 minutes	10 - 20 minutes
Opening hours	Banking hours	Beyond banking hours	More flexible than banks in terms of working hours

Source: CRISIL MI&A

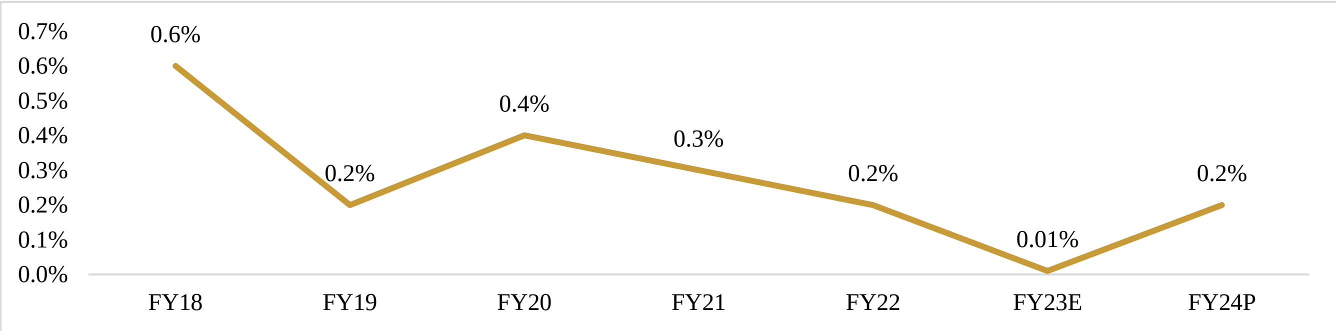
Asset Quality

Credit costs of gold loans low across market cycles; Gold Loan NBFCs NPA to remain restricted

Gold loans are a highly secured and liquid asset class that tends to generate superior returns with minimal credit losses over market cycles. NBFCs offering gold loans are better placed, on a relative basis compared to other retail asset classes, to withstand any asset quality pressures spawned by economic slowdowns or events such as the COVID-19 pandemic.

In addition, shorter tenure of loans shields the companies from any sharp volatility in gold prices. Loss given default for a gold finance company is also generally miniscule, as the loan is fully secured, and the collateral is highly liquid. In case of default, the gold gets auctioned, and the lender recovers its dues and returns the balance amount to the borrower. Maintaining LTV at reasonable levels provides a further cushion to financiers. Credit cost decreased in Fiscal 2023 on account of improvement in asset quality. In addition to improvement in asset quality, credit cost is estimated to have subdued in Fiscal 2023 due to excess provisions carried into Fiscal 2023 post the asset quality deterioration witnessed in Fiscal 2022. Additionally, higher gold prices have led to lower LGD for ECL calculations thereby leading lower provision coverage and consequently lower credit costs.

Credit cost for gold loan NBFCs



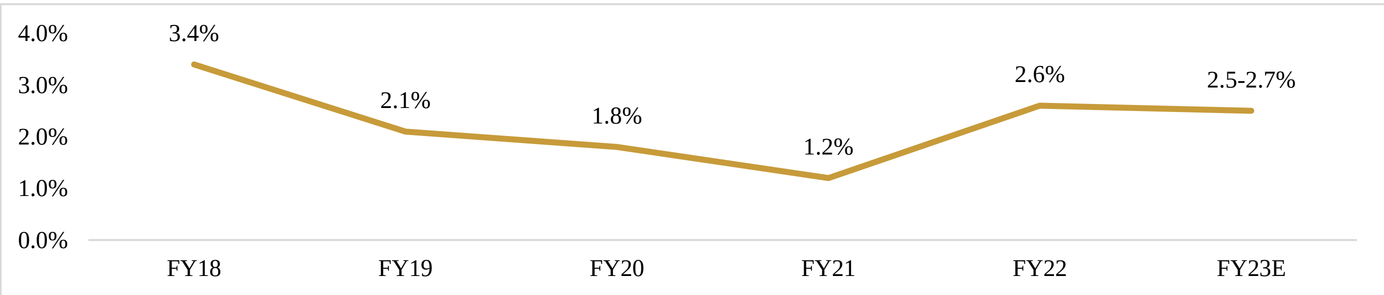
Source: CRISIL MI&A Estimates

In Fiscal 2018, gross NPA for gold financiers stood at 3.4% after RBI changed the NPA recognition norms for NBFCs. Since then, players have been continuously focusing on de-risking their business models from volatility in gold prices, by tightening their interest collections (regular interest collections versus bullet system in the past) leading to improvement in their asset quality in Fiscals 2019 and 2020.

Gross non-performing assets witnessed a decline in Fiscal 2021 due to improved collections. However higher disbursements in second half of the fiscal led by second and third waves of the COVID-19 pandemic resulted into higher GNPAs in Fiscal 2022. The asset quality for Manappuram Finance rose to 3.0% as of March 2022 from 1.9% as of March 2021. During the same period, GNPA for Muthoot Finance rose from 0.9% to 3.0%.

As overall economy recovered in Fiscal 2023, improved collection efficiencies, cautious lending approach of the lenders and recovery through auctions NPA for gold loan financers is estimated to have softened credit costs to 2.5-2.7%. With gold loan, the bank or an NBFC can auction the gold as it is highly liquid and recover losses. Gold loan portfolio does not carry any moratorium risk and gold auctioning has resumed at pre- COVID-19 pandemic levels.

Asset quality for gold loan financiers to have softened in fiscal 2023



Note: P: Projected, Aggregate includes data for Muthoot Finance, Manappuram Finance and IIFL which constitute approximately 72% of the overall NBFC Gold Loan market in fiscal 2023; Source: Company Reports, CRISIL MI&A Estimates

Comparative Assessment of NBFCs in Gold loans financing

In this section, CRISIL MI&A has undertaken a relative comparison of Fedbank Financial with the two largest NBFCs offering gold loans in India (Muthoot Finance and Manappuram Finance) based on the latest available data for Fiscal 2023 and operational parameters.

Fedbank Financial is the fastest growing gold loan NBFC in India among the peer set as of March 31, 2023, but smallest in terms of gold loan AUM

At end of Fiscal 2023, Fedbank Financial witnessed the fastest 3-year gold loan portfolio growth of 42% on-year followed by Muthoot Finance (15%). However, the growth is on a lower base as compared to Muthoot Finance, which is the largest gold loan financier amongst the peers with 98% of its overall loan portfolio (₹ 632 billion) comprising of gold loans at end of Fiscal 2023.

Fedbank Financial is the 2nd most efficient gold loan NBFC amongst its peers

At end of Fiscal 2023, Muthoot Finance was the most efficient gold loan financier, having the highest AUM per branch of ₹ 105.6 million followed by Fedbank Financial (₹ 68.3 million). As at end of fiscal 2023, Muthoot Finance and Fedbank Financial have high AUM per employee of Rs 22.7 million and ₹ 14.3 million respectively.

Operational parameters for key gold loan NBFCs (Fiscal 2023)

Players (Fiscal 2023)	Gold Loan AUM (In Rs Billion)	3 year CAGR	Branch	Employees	AUM per Branch (in ₹ Million)	AUM per Employee (in ₹ Million)	Share of Gold Loan in total AUM
Muthoot Finance	619	15%	5,858	27,273	105.6	22.7	98%
Manappuram Finance	197	5%	3,985*	45,000	49.6^	4.4	56%
Fedbank Financial Services	30	42%	437*	2,085*	68.3^	14.3^	33%

Note: Players are arranged in decreasing order of gold loans AUM; (*) Gold loan branches/employees; (^) AUM per gold loan branch/ employee,

Source: Company Reports, CRISIL MI&A

Fedbank Financial witnessed faster growth in gold stock however, Muthoot Finance has the highest gold stock per branch

Gold stock for Fedbank Financial grew at the faster CAGR of 34% between Fiscal 2018 to Fiscal 2023 but on a relatively lower base. On the other hand, Muthoot Finance has the highest gold stock per branch at 30.73 kg per branch, followed by Fedbank Financial at 18.60 kg as of Fiscal 2023.

Gold stock (in tonnes)	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (FY18-FY23)
Muthoot Finance	155	150	176	171	187	180	3%
Manappuram Finance	64	67.5	72.4	65.3	68	60	-1%
Fedbank Financial Services	1.86	2.13	4.13	5.90	7	8.13	34%

Source: Company Reports, CRISIL MI&A

Gold stock per branch (in kg)	FY18	FY19	FY20	FY21	FY22	FY23
Muthoot Finance	35.84	33.48	38.54	36.92	40.50	30.73
Manappuram Finance*	19.22	20.02	20.52	18.53	17.76	15.06
Fedbank Financial Services*	16.79	15.55	16.51	19.59	17.25	18.60

Note: (*) Gold stock is per gold loan branch

Source: Company Reports, CRISIL MI&A

Fedbank Financial has the second lowest cost of borrowings amongst gold loan NBFCs in fiscal 2023

Amongst the gold loan NBFCs, Muthoot Finance has the lowest cost of borrowing of 7.4 % in Fiscal 2023. It is followed by Fedbank Financial (7.8%).

Fedbank Financial has a higher average gold loan ticket size amongst gold loan NBFCs in Fiscal 2023

Amongst the gold loan NBFCs, Fedbank Financial has an average ticket size of ₹ 101,200 which is higher as compared to Muthoot Finance and Manappuram Finance which have average ticket size of around ₹ 55,000 – ₹ 75,000.

Operational parameters for key gold loan NBFCs (Fiscal 2023)

Players (Fiscal 2023)	Average Ticket Size (in ₹ 000)	Loan to Value (%)	Yield on Gold Loans (%)	Cost of Borrowings (%)
Muthoot Finance	75.9	NA	17.7%	7.4%
Manappuram Finance	57.5	60%	21.0%	8.1%
Fedbank Financial Services	101.2	72%	16.3%	7.8%

Note: Players are arranged in decreasing order of Gold loans AUM,

Source: Company Reports, CRISIL MI&A

Fedbank Financial has the best asset quality in gold loans segment amongst its peers

At end of Fiscal 2023, Fedbank Financial had an GNPA and NNPA of approximately 0.8% followed by GNPA of Manappuram Finance at 1.33%.

Asset quality of gold loan NBFCs (Fiscal 2023)

Players (Fiscal 2023)	GNPA (%)	NNPA (%)
Muthoot Finance	3.79%	3.40%
Manappuram Finance	1.33%	1.15%
Fedbank Financial Services	0.85%	0.80%

Note: Players are arranged in decreasing order of Gold loans AUM.

Source: Company Reports, CRISIL MI&A

MSME LENDING IN INDIA

Brief overview of MSMEs in India

The National Sample Survey ("**NSS**") 73rd round dated June 2016 estimated that there are around 63.5 million MSMEs in India. Since then, the number of MSMEs is estimated to have increased further to around 70 million as of Fiscal 2022. MSMEs complement large corporates as suppliers or directly cater to end users. The MSME sector contributes to India's socio-economic development by providing huge employment opportunities in rural and backward areas, reducing regional imbalances, and assuring equitable distribution of national wealth and income. The segment currently contributes to 30% of the GDP, over 40% of exports and creates employment for about 110 million people in India, thus supporting economic development and growth.

MSME segment account for 30% of India's GDP

Rs trillion	Total MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	All India GDP	Share of MSME in All India GDP (in %)	Number of MSMEs (in millions)*
FY16	41	11.0%	126	32.3%	138	29.5%	63.5
FY17	45	10.9%	140	32.2%	154	29.3%	65.5
FY18	51	13.0%	155	32.8%	171	29.7%	66.5
FY19	57	12.9%	171	33.5%	190	30.3%	68.5

Note: (*) - Estimated

Source: MSME Ministry Annual report for FY219, CRISIL MI&A

Snapshot of MSMEs in India

[9] https://msme.gov.in/sites/default/files/MSME-ANNUAL-REPORT-ENGLISH%202020-21.pdf

Note: *Data as of FY19, ** Data as of FY22, ^The numbers are estimated

Source: MSME Ministry Annual report for FY21, CRISIL MI&A

RBI has adopted the definition of MSMEs in line with the Micro, Small and Medium Enterprises Development ("**MSMED**") Act, 2006. This definition is based on investments in plant and machinery in the manufacturing and services sectors.

To bring in more enterprises under the ambit of MSMEs and widen the definition of MSMEs taking into account inflation over the past few years, in June 2020, the Government of India revised the MSME investment limit across each category and introduced an alternate and additional criteria of turnover buckets to the definition. It further removed the difference between the definition of manufacturing based and services based MSMEs.

In June 2021, the Government of India has included retailers and wholesalers under the MSMEs definition to extend the benefits of priority sector lending to traders as well. The move is structurally positive from long-term perspective, as it is expected to enable entities operating in the segment to register on the Government of India's Udyam portal, participate in government tenders and also avail financing options/benefits available to the category.

Given below is the composite new, revised definition of MSMEs in comparison to the old existing one:

New MSME definition removed distinction between manufacturing and services

Old MSME classification			
Criteria : Investment in plant and machinery or equipment			
Classification	**Micro**	**Small**	**Medium**
Manufacturing enterprises	Investment < ₹ 2.5 million	Investment < ₹ 50 million	Investment < ₹ 100 million
Services enterprises	Investment < ₹ 1 million	Investment < ₹ 20 million	Investment < ₹ 50 million
Revised MSME classification			
Composite Criteria : Investment and annual turnover			
Classification	**Micro**	**Small**	**Medium**
Manufacturing and Services enterprises	Investment < ₹ 10 million and Turnover < ₹ 50 million	Investment < ₹ 100 million and Turnover < ₹ 500 million	Investment < ₹ 500 million and Turnover < ₹ 2.5 billion

Source: MSME Ministry, CRISIL MI&A

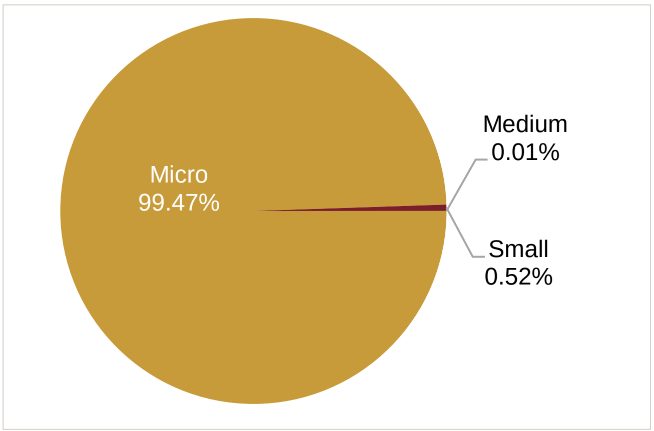
Financial institutions also use internal business classifications to define MSMEs, based on their turnover. Most banks and non-banks follow this practice.

According to the NSS 73rd round dated June 2016, micro segment accounted for as much as approximately 99.47% of total estimated number of MSMEs in India. Small and medium sector accounted for 0.52% and 0.01%, respectively of the total estimated MSMEs. At a region level, rural regions accounted for marginally higher share of 51% as compared to urban region. MSMEs units are largely dominated by bigger states including Uttar Pradesh, West Bengal, Tamil Nadu, Maharashtra and

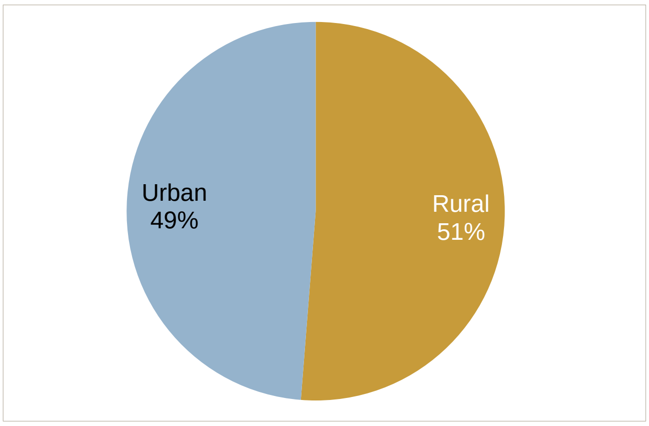
Karnataka. The top 5 states together accounted for approximately 50% of the total number of MSMES in India. Service sector accounts for dominant 79% share in MSMEs, of which retail forms major share.

In terms of constitution, close to 94% of the entities in the MSME universe in India are estimated to be sole proprietorship firms, wherein a small business undertaking is run and managed by the business owner and the business and the owner can virtually not be separated.

Micro segment accounts for dominant share



Rural region accounts for marginally higher share



Source: National Sample Survey (NSS) 73rd round dated June 2016, CRISIL MI&A

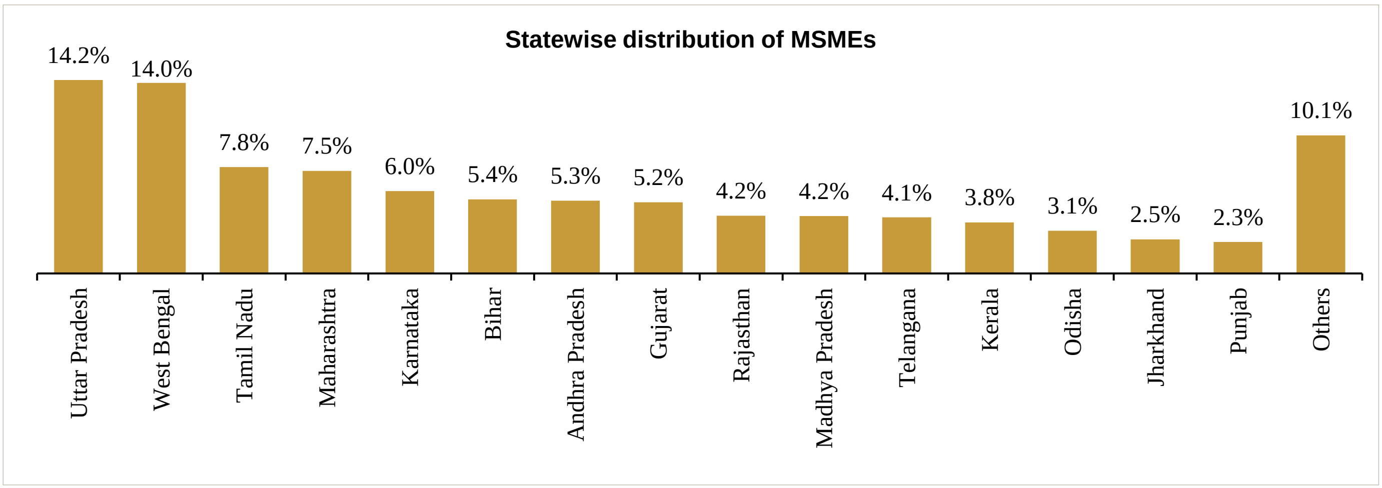
MSMEs are largely dominated by individuals

Entities	Share in number of MSMEs
Proprietorship	93.83%
Partnership	1.53%
Private Company	0.23%
Cooperative	0.13%
Public Company	0.04%
Others	4.24%

Source: IFC10, CRISIL MI&A

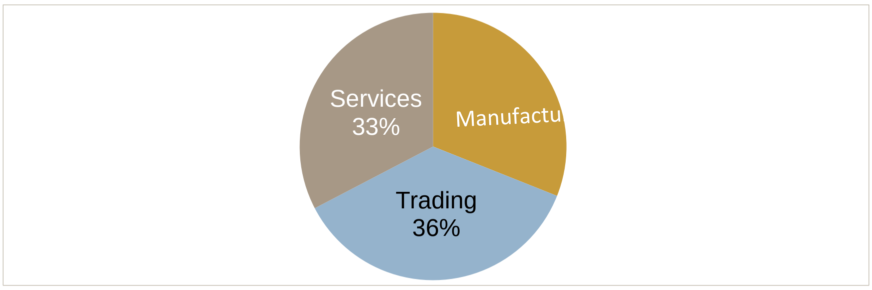
Top 5 states together form approximately 50% of total MSME units

10 https://www.ifc.org/wps/wcm/connect/dcf9d09d-68ad-4e54-b9b7-614c143735fb/Financing+India%E2%80%99s+MSMEs+Estimation+of+Debt+Requirement+of+MSMEs+in+India.pdf?MOD=AJPERES&CVID=my3Cmzl



Source: National Sample Survey (NSS) 73rd round dated June 2016, CRISIL MI&A

Trading sector accounts for higher share in number of MSMEs



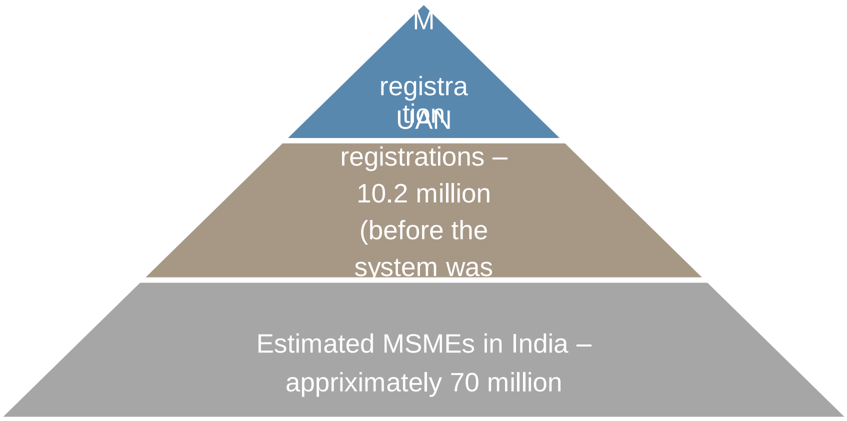
Source: MSME Ministry, CRISIL MI&A

12. Small fraction of MSMEs in India registered under UDYAM system

After the Government of India revised the definition of MSMEs (in June 2020), MSMEs that had an existing MSME registration (Udyog Aadhaar Number or UAN) or Enterprise Memorandum ("**EM**") were required to re-register themselves under UDYAM. Thereafter, in August 2020, RBI issued a notification allowing financiers to obtain the UDYAM certificate from entrepreneurs for lending purposes.

As of June 20, 2023, close to 16.9 million MSMEs have registered on UDYAM. Around 10.2 million – were registered on the erstwhile UAN system. This number pales in comparison to the total number of MSMEs in India, estimated at around 70 million.

Like UAN, UDYAM also offers free, paperless online and instant registration through a web portal. Small businesses aren't required to upload any documents or proof except the Aadhaar number for registration. Earlier GST registration was mandatory for UDYAM Registration but from March 2021 onwards, it is exempted for those units who are not eligible for GST registration. UDYAM certificate is expected to be required by MSMEs for taking benefit of any scheme of the Central government. The UDYAM portal is also integrated with the Government e-Marketplace ("**GeM**") and the Trade Receivables and Discounting System ("**TReDS**") so that enterprises can participate in government procurement and have a mechanism for discounting their bills.



**As of June 2023*

Source: MSME Ministry, CRISIL MI&A

13. Probable reasons for low registration rates

14. Earlier, the requirement was that companies that wanted to register under UDYAM had to provide their GSTIN. Since many entities have a turnover of less than ₹ 40 lakh and hence do not need to be GST compliant, they were ineligible to register on the UDYAM system. This requirement was removed by the MSME Ministry in early March 2021.

15. Low levels of awareness regarding the roll-out of schemes, their eligibility conditions, paperwork requirements and grievance redressal mechanisms could have also impacted the registration of MSMEs. As per the NCAER Business Expectations Survey ("**BES**") in December 2020, 75% of MSMEs were not even aware of ECLGS launched by the Government of India post COVID-19.

16. MSME Credit gap estimated at ₹ 92 trillion as of Fiscal 2023

High-risk perception and prohibitive cost of delivering services physically have constrained formal lending to MSMEs. The emerging self-employed individual and micros, small and medium enterprise segment is largely unaddressed by lending institutions in India. An IFC report titled Financing India's MSMEs (November 2018) estimated the MSME credit demand at ₹ 69.3 trillion in fiscal 2017, of which only approximately 16% of demand was met through formal financing[11] and consequently, the MSME credit gap *(defined as the gap between the demand for funds amongst MSMEs and the supply from formal financiers)* was estimated at ₹ 58.4 trillion. This gap was met through informal sources including moneylenders, chit funds and personal sources from friends and relatives. The interest rate for these sources generally ranges between 30-60% per annum.

The credit gap is estimated to have further widened over the last 4 years due to slower economic growth in fiscal 2020, followed by the COVID-19 pandemic in Fiscal 2021. In Fiscal 2021, the nationwide lockdown to contain the spread of the COVID-19 pandemic disrupted economic activity, hurt demand, impacted working capital needs and supply chain along with future investments and expansions. Domestic supplies and supplies from imports also suffered, affecting both, their availability and cost. Contractual and wage labor were also hit due to lower demand and layoffs. MSMEs and businesses in the sectors such as hotels, tourism, logistics, construction, textiles and gems and jewellery suffered the most during the first half of the fiscal. Businesses in the retail sector, especially those catering to daily usage goods and everyday cash and carry businesses such as grocery shops, fruits and vegetables sellers, etc., however, fared relatively better as their availability close to the residences of customers' increased the demand for their services.

Furthermore, government schemes post the COVID-19 pandemic such as the ECLGS scheme provided relief only to MSME units with existing loans from a formal financial institution. With economic recovery in Fiscal 2022, MSME credit growth also recovered. As of Fiscal 2023, the MSME credit demand is estimated to be around ₹ 117 trillion, of which 21% of demand met through formal financing. Assuming an increase of around 9% annually[12] in the demand for credit and the availability of credit from formal sources, CRISIL MI&A estimates the credit gap to have increased to ₹ 92 trillion as of Fiscal 2023.

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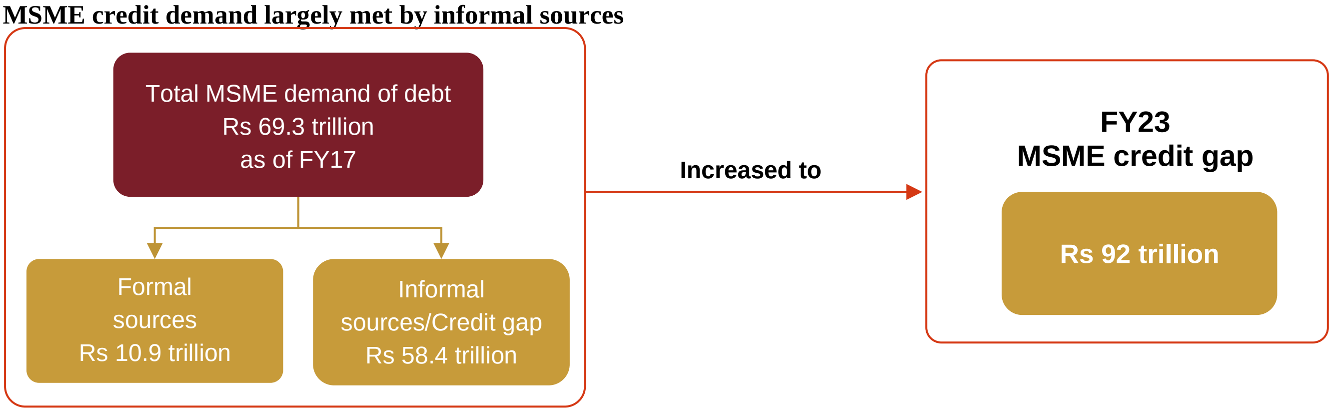
[11] Formal sources include Public sector banks, Private sector banks, Foreign banks, Regional rural banks (RRBs), Urban Cooperative Banks (UCBs), NBFCs, and government institutions including SIDBI and State Finance Corporations (SFCs).

[12] Based on MSME credit growth over fiscal 2017-23

MSME credit demand largely met by informal sources



Source: IFC report on Financing India's MSMEs dated November 2018[13], CRISIL MI&A

Even while the credit gap has increased, new MSME units continue to be set up across India. Between Fiscals 2016 and 2022, 18.3 million units were set up, according to the Government of India registration data of MSMEs. Thus, though a myriad of small businesses is set up every day in India, access to credit remains a challenge. However, the industry has witnessed an increase in access to formal credit to MSME, which could be attributed to the increase in the number of registered MSMEs to 13,093,698 in Fiscal 2023 from 495,013 in Fiscal 2016. According to Udhyam Registration Publication, Maharashtra, Tamil Nadu and Gujarat cumulatively accounts for 36% of overall MSME registration as of June 2023. In addition, under the micro category, the maximum number of registrations were from Maharashtra followed by Tamil Nadu, Uttar Pradesh, Rajasthan and Gujarat. Under small and medium category, maximum registrations were from Maharashtra followed by Gujarat and Tamil Nadu.

Year-wise and MSME category-wise registration of MSMEs

Year/ Category	FY16	FY17	FY18	FY19	FY20	FY21*	FY22^	FY23$
Micro	4,21,516	21,47,908	13,44,612	18,70,932	22,48,730	35,95,577	49,75,082	126,17,959
Small	70,866	2,16,558	1,66,259	2,41,187	3,02,299	4,00,525	1,72,432	4,35,885
Medium	2,631	8,592	6,584	9,426	11,229	35,541	11,294	39,854
Total	**4,95,013**	**23,73,058**	**15,17,455**	**21,21,545**	**25,62,258**	**40,31,643**	**51,58,808**	**130,93,698**

*Note: * Based on UAN and UDYAM registrations, ^Based on UDYAM registrations, $ Based on Udyam registrations as on December 2022 as stated in the MSME Annual Report 2022-23;*

Source: Development Commissioner Ministry of Micro, Small and Medium Enterprises (DCMSME), CRISIL MI&A

State-wise category-wise registration of MSMEs

State	Cumulative MSME Registration *	Share in overall MSME registration	Growth in MSME Registration (March 2022-June 2023)
Maharashtra	3,057,608.00	18%	88%
Tamil Nadu	1,737,814.00	10%	103%
Gujarat	1,272,221.00	8%	96%
Uttar Pradesh	1,511,846.00	9%	139%
Rajasthan	1,262,078.00	7%	100%
Karnataka	968,158.00	6%	107%
Madhya Pradesh	789,572.00	5%	120%
Bihar	693,733.00	4%	123%
Punjab	630,391.00	4%	123%
Haryana	578,670.00	3%	105%

Note: (*) Based on Cumulative MSME registration as of June 2023 (https://dashboard.msme.gov.in/Udyam_Statewise.aspx), MSME Registration for Fiscal 22 based on Udyam Registration Publication: Registration of Micro, Small and Medium Enterprises (MSMEs) in India 2020-22;
Source: Development Commissioner Ministry of Micro, Small and Medium Enterprises (DCMSME), CRISIL MI&A

13 https://www.ifc.org/wps/wcm/connect/dcf9d09d-68ad-4e54-b9b7-614c143735fb/Financing+India%E2%80%99s+MSMEs+Estimation+of+Debt+Requirement+of+MSMEs+in+India.pdf?MOD=AJPERES&CVID=my3Cmzl

17. Potential market for residential property backed secured MSME lending is estimated at ₹ 22 trillion

The sheer size of the gap between the supply and demand of credit and the number of enterprises impacted indicates a veritable opportunity in MSME financing. There therefore exists a plethora of players – universal banks, small finance banks, traditional NBFCs, new age fintechs, MFIs, as well as local moneylenders – who try to meet the financing requirements of MSMEs by offering secured or unsecured loans straddling various tenures.
CRISIL MI&A has attempted to decipher the size of the potential opportunity in secured residential property-backed secured MSME lending (hereafter referred to as the Addressable market for secured MSME loans), using data, information and insights at a state-level pertaining to:

- Number of households from NSS 76th round (July 2018-December 2018)
- Self-employed non-agricultural households in both urban and rural areas from Periodic Labor Force Survey ("**PLFS**") dated July 2019-June 2020
- Proportion of self-employed households, which are staying in their own pucca or semi-pucca home (which can be taken as a collateral by financiers) from NSS 76th round (July 2018-December 2018)

Based on our analysis and assumptions detailed in the chart below, small ticket size secured (SORP – Self occupied residential property) MSME lending market potential is estimated at ₹ 22 trillion. Players such as SBFC Finance, Five Star Business Finance, Vistaar Finance, Veritas Finance and AU SFB currently operate in this market; our analysis indicates the Addressable Market available for these players. The top 5 states including Uttar Pradesh, West Bengal, Bihar, Maharashtra and Tamil Nadu together account for almost half the addressable market.

While the latent market opportunity is indeed significant, we observe that there are not many formal financiers who cater to this segment and have built scale. This can be attributed to the high cost of serving the market and the time it takes to build expertise, the requirement of having a strong knowledge of the local market and regional dynamics, and the challenges associated with building a credit underwriting model for non-income proof customers and collections infrastructure.

Most small businesses in India do not maintain documents such as income proof, business registration, GST registration, income tax filings, and bank statements, making credit assessment challenging. To illustrate, as per GST council data, only 13.7 million enterprises across various size dimensions were registered under GST as of May 2022. Hence, these businesses have limited or no access to formal credit from banks and financial institutions due to the requisite documentation and stringent underwriting norms.

Examples of such businesses include provision stores, building materials stores, tea shops, vegetable vendors and others. The small business in manufacturing and services include small fabrication units, machine tools manufacturers (using lathe machines), tailors, saloons, Gym owners, vehicle service centres, etc.

Addressable market estimation methodology for secured MSME loans given to non-agriculture self-employed households with residential self-occupied property as collateral

Source: National Sample Survey (NSS) 73rd round (July 2015 – June 2016) and NSS 76th round (July 2018 – December 2018), CRISIL MI&A

State wise split of addressable market

Top 15 states	Total Households ('000)	Total Non-agri Self Employed Households ('000)	Total Non-agri Self Employed Households - SORP ('000)	Total Non-agri Self Employed Households - SORP - Pucca + Semi Pucca ('000)	Overall MSME Addressable Market Size (₹ billion)
Uttar Pradesh	38,224	7,776	7,023	6,674	3,337
West Bengal	23,781	5,923	5,143	4,849	2,424
Bihar	19,960	4,498	4,270	3,953	1,976
Maharashtra	24,120	4,353	3,316	3,270	1,635
Rajasthan	13,384	3,075	2,743	2,685	1,342
Tamil Nadu	20,200	3,715	2,584	2,523	1,262
Gujarat	13,064	3,188	2,471	2,428	1,214
Madhya Pradesh	15,251	2,360	1,988	1,922	961
Andhra Pradesh	14,279	2,677	1,956	1,895	947
Kerala	8,577	1,988	1,795	1,789	895
Karnataka	14,928	2,740	1,822	1,786	893
Assam	6,740	1,965	1,702	1,660	830
Odisha	10,401	1,909	1,647	1,415	707
Punjab	5,922	1,636	1,415	1,409	705
Telangana	9,793	1,788	1,205	1,188	594
Others	32,483	6,585	5,317	5,180	2,590
All India	**2,71,105**	**56,115**	**46,397**	**44,624**	**22,312**

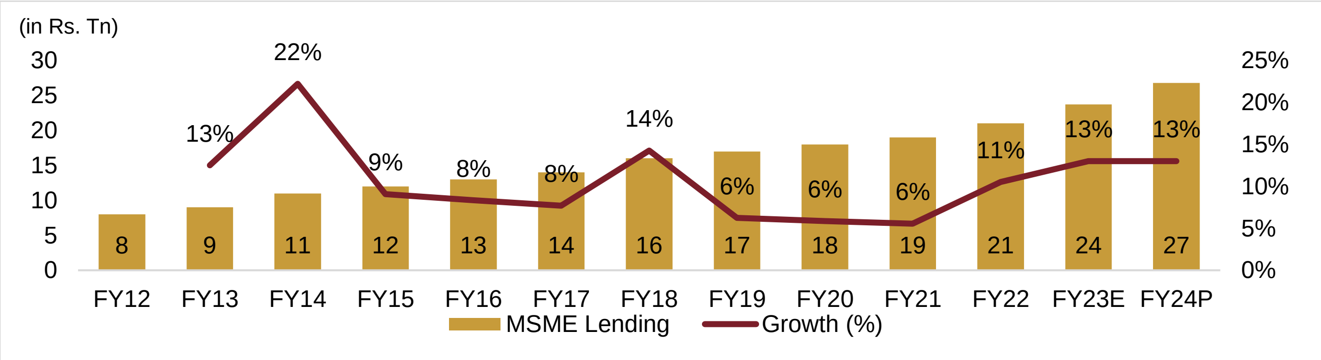
Note: States are arranged in order of Addressable market size, Source: National Sample Survey (NSS) 73rd round (July 2015 – June 2016) and NSS 76th round (July 2018 – December 2018), Periodic Labor Force Survey (PLFS) dated July 2019-June 2020, CRISIL MI&A

Overall MSME lending has grown at a CAGR of 10% in the past decade

CRISIL MI&A estimates the total size of MSME lending market across ticket sizes and various player groups (banks, NBFCs, small finance banks, and other formal lenders) to be around ₹ 24 trillion as of March 2023. This market size includes loans taken by MSMEs across various constitution types (sole proprietorships, partnership firms, private and public limited companies, and co-operatives) and the ticket size spectrum, and includes loans extended in the name of the firm/entity/company as well as the individuals in case of micro enterprises or entrepreneurs.

CRISIL MI&A estimates loans to MSMEs to have grown at a CAGR of 10% during Fiscal 2012 to Fiscal 2023, which is similar to the nominal GDP growth in this period. This can be attributed to various events during this time span that has impacted MSMEs – demonetisation of high-value currency loans in November 2016, the implementation of GST subsequently, the economic slowdown in Fiscal 2020 followed by the COVID-19 pandemic. In Fiscal 2023, with recovery in economic activity, MSME lending is estimated to have grown at a 13% growth rate year-on-year. In addition, in Fiscal 2024, CRISIL MI&A projects the MSME overall industry growth to be at 13% - 15% owing to budgetary push and rise in entrepreneurship in India.

MSME credit outstanding estimated at ₹ 24 trillion as of March 2023



Source: CRISIL MI&A estimates

COVID-19 pandemic led a heavy impact in the MSME industry in Fiscal 2021 which was also seen in the first quarter of Fiscal 2022. ECLGS schemes aimed to reduce the impact of the COVID-19 pandemic on the MSME sector. The first half of Fiscal 2022 was also impacted by the second wave leading to lower disbursements to these MSMEs. This led to extension of the ECLGS scheme which cushioned the impact of COVID-19 pandemic. ECLGS scheme led by revival of economic activities, strong exports and domestic growth prompted MSME lending to grow at 13% in Fiscal 2022.
NBFCs have managed to carve out a strong presence in MSME loans due to their focus on serving the needs of the customer segment, faster turnaround time, customer service provided and expansion in geographic reach. Over the years, the MSME portfolio of NBFCs have grown at a faster rate than the overall MSME portfolio at a systemic level. Going forward CRISIL MI&A expects the competitive positioning of NBFCs to remain strong, given their strong target customer and product focus.

ECLGS scheme has provided some relief to MSMEs hurt by the COVID-19 pandemic

Given the pain suffered by MSMEs due to the COVID-19 pandemic and the importance of MSMEs in India, the Government of India undertook several initiatives to support MSMEs and keep them afloat. This scheme provided much-needed liquidity to MSMEs that are known to have faced severe working capital crunch during downturns.

ECLGS 1.0

May 2020 to Au...

- ECLGS was introduced by providing the MSMEs additional funding of up to ₹ 3 trillion in the form of a fully guaranteed emergency credit line.
- **Eligible entities**: All MSME borrower accounts with outstanding credit of up to ₹ 250 million as on February 29, 2020, which were less than or equal to 60 days past due as on that date and with an annual turnover of up to ₹ 1 billion
- In August 2020, the upper ceiling of outstanding credit was revised to ₹ 0.5 billion and annual turnover to ₹ 2.5 billion.

ECLGS 2.0

Mar 2021

- The Government extended ECLGS through ECLGS 2.0 for 26 sectors identified as stressed due to the COVID-19 pandemic by the Kamath Committee and the healthcare sector.
- **Eligible entities:** Entities with outstanding credit above ₹ 0.5 billion and not exceeding Rs. 5 billion as on February 29, 2020, which were less than or equal to 30 days past due as on February 29, 2020
- Annual turnover ceiling was removed from the eligibility criteria for ECLGS 1.0

ECLGS 3.0

Nov 2020

- Government extended the scope of ECLGS to cover business enterprises in Hospitality, Travel & Tourism, Leisure & Sporting sectors which had, as on February 29, 2020, total credit outstanding not exceeding ₹ 5 billion and were less than or equal to 60 days past due as on that date.
- The validity of ECLGS was extended up to June 30, 2021 or till guarantees for an amount of ₹ 3 trillion are issued.

ECLGS 4.0

May 2021

- ECLGS scope expanded to cover loans up to ₹ 20 million to hospitals/nursing homes/clinics/medical colleges for setting up on-site oxygen generation plants with interest rate capped at 7.5%
- Civil Aviation sector included under ECLGS 3.0
- Ceiling of ₹ 5 billion of loan outstanding for eligibility under ECLGS 3.0 to be removed, subject to maximum additional ECLGS assistance to each borrower being limited to 40% or ₹ 2 billion, whichever is lower.
- Borrowers who had availed loans under ECLGS 1.0 of overall tenure of 4 years comprising of repayment of interest only during the first 12 months with repayment of principal and interest in 36 months can increase the tenure to 5 years (repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter)
- Additional ECLGS assistance of up to 10% of the outstanding as on February 29, 2020 to borrowers covered under ECLGS 1.0

ECLGS 5.0

June 2021

- Additional allocation of ₹ 1.5 trillion towards ECLGS scheme; limit of admissible guarantee and loan amount increased above existing level of 20% of outstanding on each loan
- Sector wise details to be finalized as per evolving needs
- Loan guarantee of ₹ 1.1 trillion for COVID-affected sectors:₹ 0.5 trillion towards health sector and ₹ 0.6 trillion towards other COVID-affected sectors, including travel and tourism stakeholders
- Working capital/personal loans will be provided to people in tourism sector to discharge liabilities and restart businesses impacted due to COVID-19.
- Loan guarantee of ₹ 75,000 million for loans extended by SCBs to MFIs for on lending up to ₹0.125 million to ~2.5 million customers; guarantee cover provided till March 31, 2022 or till guarantees for an amount of ₹ 75,000 million are issued, whichever is earlier

Source: CRISIL MI&A

In September 2021, with a view to support various businesses impacted by the second wave of COVID-19 pandemic, the timeline for ECLGS has been extended till March 2022 or till guarantees for an amount of ₹ 4.5 lakh crore are issued under the scheme, whichever is earlier. In addition, in March 2022, the scheme was extended till March 2023 as was announced in Union Budget 2022-23. Out of the targeted amount of ₹ 4.5 trillion, ₹ 3.32 trillion has been sanctioned as of April 30, 2022 of which ₹ 2.54 trillion has been disbursed. As on January 31, 202
3, guarantees amounting to ₹ 3.61 trillion has been issued under ECLGS, benefitting 1.19 crore borrowers.

However, considering the entire universe of around 70 million MSMEs, the proportion of MSMEs that have benefitted remains limited at approximately 17% (11.6 million) of entire universe as on November 12, 2021. This is because the scheme covered only MSMEs having loan exposure to formal financiers as of February 2020. Among the eligible MSMEs, small and micro

MSMEs have benefitted the most from ECLGS with 76% share in amount of guarantees issued to MSMEs and 93% share in number of guarantees issued as of November 12, 2021.

The cap of 14% on final interest rate charged to MSME customers for NBFCs meant that customers of many NBFCs, which typically charge more than 14% due to high operating costs and the relatively riskier profile of their borrowers, could not avail the benefits under the ECLGS scheme.

Overall MSME market consists of various players; asset quality relatively better for private banks

In absolute terms, the aggregate size of extending MSME loans is estimated to be around ₹ 24 trillion as of March 2023. With growth in number of MSMEs and increasing requirement of credit for scaling their businesses, CRISIL MI&A believes that MSME loans would provide a huge opportunity for lenders to grow their loan book. There are various kind of players serving this segment including Banks, NBFCs and Small Finance Banks that offer loans to MSMEs, self-employed individuals and businesses.

Key Industry Parameters for overall MSME loans

	NBFCs	Public sector banks	Private Banks
Average ticket size	₹ 8 lakhs	₹ 13 lakhs	₹ 23 lakhs
Market size for overall MSME (Rs billion)	₹ 4,382	₹ 6,643	₹ 12,397
Average GNPA (as of March 2023)	4.9%	3.8%	1.4%

Source: CRISIL MI&A Estimates

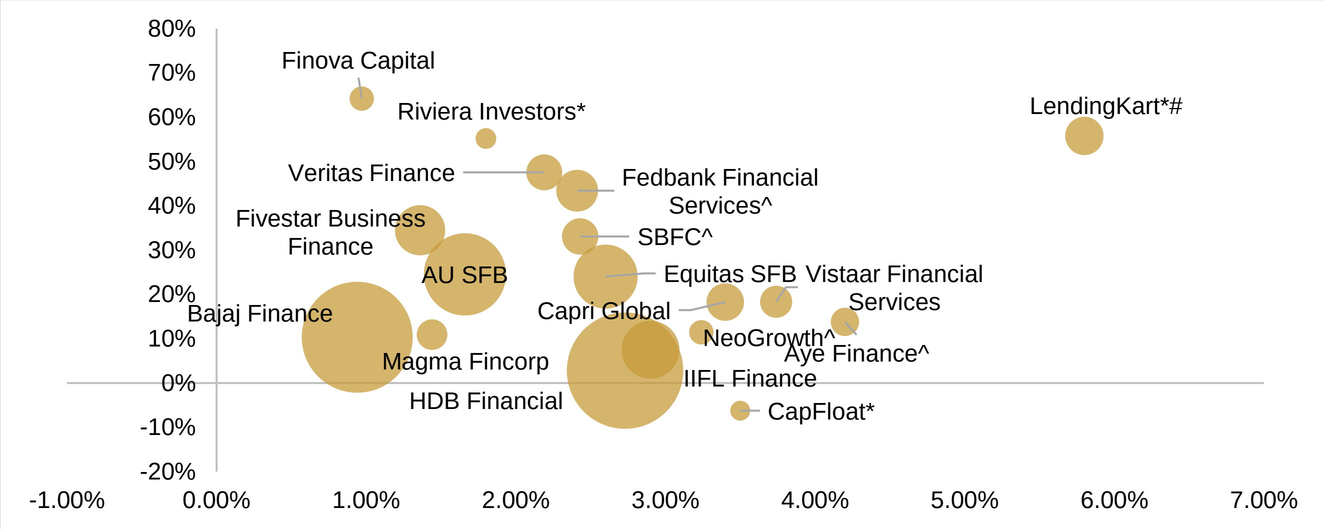
Within NBFCs, there are players that operate at relatively higher ticket sizes and offer both secured and unsecured business loans. These NBFCs offer loans at the most competitive rates among other NBFCs, target customers that are relatively better in terms of credit profile and have lower cost of borrowings compared to other NBFCs. Compared to these, NBFCs that have singular focus on business loans or have significant proportion of business loans in their portfolio and operating at ticket sizes of less than ₹ 10 lakhs offer loans at a higher rate due to much riskier customer profile. Fintech firms with NBFC license and SFBs are other players that operate in the MSME loans landscape. Fintechs leverage data and technology in their business models and are more focused on unsecured business loans. Hence, they also have higher yields in the range of 24-30% because of the higher risk associated with the customer profile catered and the product segment they operate in.

Comparison of various NBFCs based on yield on advances and average ticket size (Fiscal 2023)

	Yield less than 16%	**Yield between 16% and 22%**	**Yield more than 22%**
Average ticket size more than or equal to ₹ 10 lakhs	Fedbank Financial Services Ugro Capital Capri Global Poonawalla Fincorp	Bajaj Finance	IIFL Finance Neogrowth
Average ticket size less than ₹ 10 lakhs	AU Small Finance Bank	SBFC Finance Equitas Small Finance Bank CapFloat Financial Services^	Veritas Finance Five-Star Business Finance Aye Finance Lendingkart^ Finova Capital Riviera Investors*

Note: ^Based on Fiscal 2021 data, * Based on Fiscal 2022 data, Source: Company Reports, CRISIL MI&A

Comparison of various players based on portfolio size, portfolio growth and GNPA ratio (Fiscal 2023)



Note: Size of the bubble denotes relative size of the MSME loan portfolio as of March 2023, ^AUM, GNPA as of December 2022, *AUM, GNPA as of September 2022, # CAGR growth from Fiscal 2018-2023
Source: Company Reports, CRISIL MI&A

Moreover, compared to different loan products like affordable housing loans, microfinance loans, auto loans and personal loans, small to medium ticket size MSME loans is one of the most attractive asset classes offering competitive yields over a medium tenure with good collateral quality, lower default risk as the loans are secured predominantly with self occupied residential property ("**SORP**") and high collateral enforceability due Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act ("**SARFAESI**").

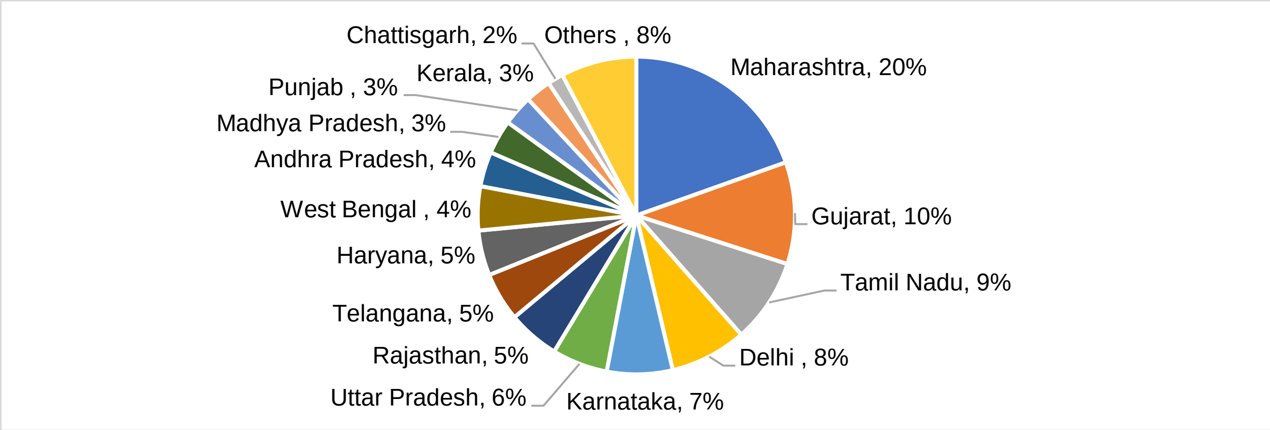
	Estimated Market Size – Portfolio outstanding March 2023 (₹ trillion)	Ticket size	Yields	Typical tenure	Collateral Quality	Tendency to default	Collateral enforceability
Secured property-backed micro-mortgage Loans (< ₹ 15 lakhs)	1.8	Small	High	Medium	Good	Medium	Low
Secured Property-backed small - business loans (₹ 15 lakhs to ₹ 50 lakhs)	2.1	Small to Medium	Medium	Medium	Good	Low	High
Secured non-LAP loans	15.4	Small to Medium	High	Low	Good	Low	Low
Microfinance loans	4.8	Small	Medium	Low	No collateral	Relatively High	NA
Housing loan	30.0	Large	Medium	High	Very good	Low	High
Auto Loans	11.5	Small to Medium	Low to Medium	Low to medium	Moderate	Medium	Low
Personal Loans	10.0	Small	High	Low	No collateral	Medium to High	NA

Source: CRISIL MI&A

State-wise analysis of overall MSME loans

The MSME loans segment has been growing strongly with a four-year CAGR of 18% between Fiscals 2019 and 2023. Overall MSME portfolio is expected to grow at 12-14% CAGR between Fiscal 2023 and Fiscal 2025. Based on the value of overall MSME loans outstanding, the top 15 states accounted for 92% of the market size in this segment as of March 2023. Maharashtra tops the list with the highest share of 20%, followed by Gujarat (10%), Tamil Nadu (9%), Delhi (8%).

Top 15 states account for 92% of overall MSME loans portfolio (March 2023)



Note: Based on CRISIL MI&A estimates
Source: CRISIL MI&A

MSME loans are expected to continue to grow at a strong pace

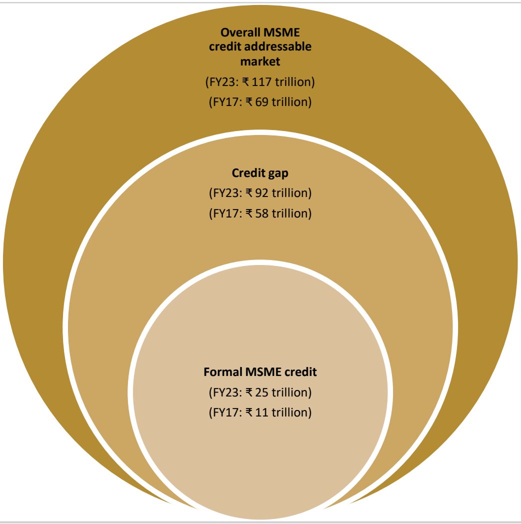
There is a huge demand supply gap in the MSME loan segment, especially in lower ticket size segments. With increasing presence of MSME lenders in smaller cities and rising focus of lenders on underserved target customer segment, loan portfolio is expected to see a strong growth in future. Going forward, CRISIL MI&A expects MSME loans with ticket size between ₹ 1 million to ₹ 10 million is expected to grow at 14-16% CAGR over Fiscals 2023 and 2025, aided by increasing lender focus and penetration of such loans, enhanced availability of data increasing lender comfort while underwriting such loans, enhanced use of technology, newer players entering the segment, and continued government support.

Growth drivers

High credit gap in the MSME segment

Less than 15% of approximately 70 million odd MSMEs have access to formal credit in any manner as of March 2022. High-risk perception and the prohibitive cost of delivering services physically have constrained traditional institutions' ability to provide credit to underserved or unserved MSMEs and self-employed individuals historically. As a result, they resort to credit from informal sources. This untapped market offers huge growth potential for financial institutions. As stated earlier, the credit gap was estimated at around ₹ 58.4 trillion as of 2017 *(Source: IFC report named Financing India's MSMEs released in November 2018, CRISIL MI&A)* and is estimated to have widened further to around ₹ 92 trillion as of Fiscal 2023.

Credit Gap estimated at ₹ 92 trillion as of Fiscal 2023

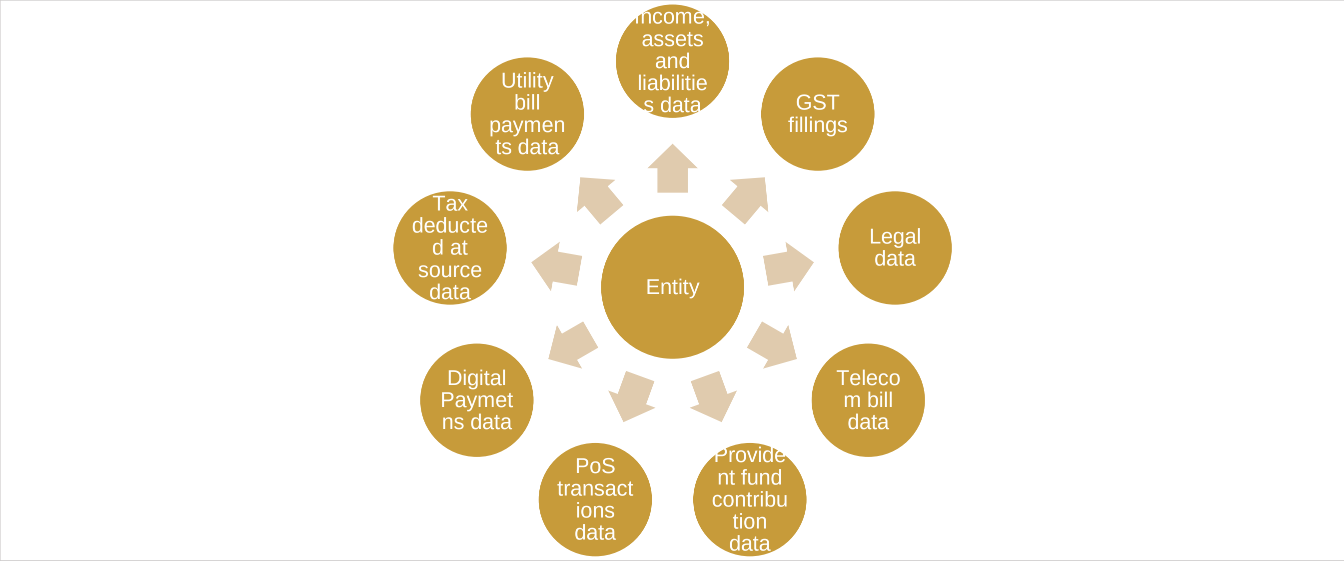


Note: Overall formal MSME credit given above includes all kinds of secured and unsecured loans given to MSMEs across ticket sizes by organised lenders.
Source: MSME Ministry Annual report for FY21, IFC report on Financing India's MSMEs dated November 2018, CRISIL MI&A

Increased data availability and transparency

With increased digital initiatives by the MSMEs, the shift towards their formalisation and digitisation has created a plethora of data points for lenders that would help improve the efficacy of credit assessment and gradually enable provision of credit to hitherto underserved customer segments. For example, the quantum of retail digital payments has catapulted from ₹ 140 trillion in fiscal 2017 to ₹ 606 trillion in fiscal 2023. Within UPI, the quantum of person-to-merchant payments has zoomed from ₹ 6.2 trillion in Fiscal 2021 to ₹ 30.7 trillion in Fiscal 2023. This increase has created a digital footprint of customers, which can be potentially used for credit decision making, along with other relevant parameters such as customer demographics, business details, credit score, and personal situation of the borrower.

Multiple data points can be used for credit assessment

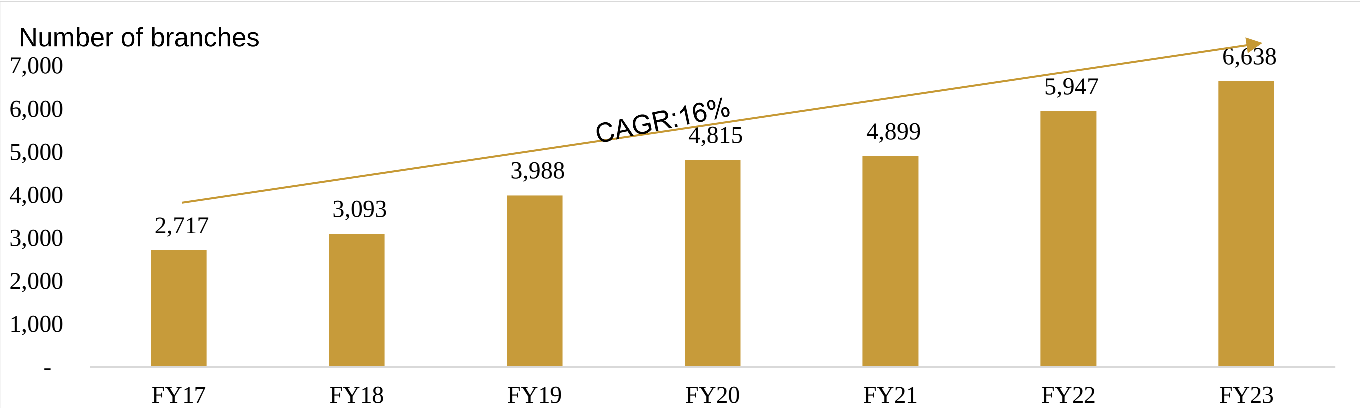


Source: CRISIL MI&A

Growth in branch network of players in MSME segment

Over past few years, players offering MSME loans have expanded their branch network with the intent to serve a larger customer base. In the future also, CRISIL MI&A expects lenders with a strong focus on MSME lending and healthy competitive positioning to continue to invest in branch expansion. With increasing branch network, customer acquisition and credit penetration of MSME loans is also expected to increase. To illustrate, the cumulative branch network of six MSME lenders (Fedbank Financial, Five Star Business Finance, Vistaar Finance, Veritas Finance, HDB Financial and IIFL Finance) has expanded at a 16% CAGR between Fiscals 2017 and 2023, even though the NBFC industry and the economy were impacted by the IL&FS crisis, a slowdown in growth in Fiscal 2020 and the COVID-19 pandemic.

Number of branches have grown at 16% CAGR over Fiscals 2017 and 2023



Note: The above data includes branches for Fedbank Financial Services, Five Star Business Finance, Vistaar Finance, Veritas Finance, HDB Finance and IIFL Finance
Source: Company Reports, CRISIL MI&A

Reduction in risk premiums due to information asymmetry

In the absence of reliable information about small businesses, it becomes difficult for lenders to assess the creditworthiness of the borrower. Hence, lenders often charge a credit risk premium from these customers, leading to higher interest rates. By leveraging technology and using a combination of traditional data (bureau data, financial statements, credit score), non-traditional data (payments, telecom, provident fund contribution and psychometric data), and government data (Aadhaar, GST), lenders would be able to gain greater insight into their customers' data, thereby increasing the accuracy of customer assessments. This would reduce the level of asymmetry in information and could lower the credit risk premium over a period of time.

Increasing competition with entry of new players and partnerships between them

More players in consumer-facing businesses with a repository of data (such as e-commerce companies and payment service providers) are expected to enter the lending business, intensifying competition. For example, In June 2018, Amazon India launched a platform for lenders and sellers, wherein sellers can choose loan offers from various lenders at competitive rates. In August 2021, Meta (earlier known as Facebook) partnered with Indifi Technologies to provide loans to small businesses that advertise on its platform. Incumbent traditional lenders are expected to increasingly leverage the network of their partners and/or digital ecosystem to cross-sell products to existing customers, tap customers of other lenders, and also cater to new-to-credit customers. This is expected to expand the market for MSME loans.

Reduction in turn-around-time ("TAT") and increased use of technology

With the availability of multiple data points and technological advancement, TAT for lending to MSMEs has been continuously declining. This too is expected to drive the demand for MSME loans.

Government initiatives

Relaxation in the threshold under SARFAESI Act from ₹ 5 million to ₹ 2 million for NBFCs

In the Union Budget 2021-2022, presented by the Finance Minister, for NBFCs with a minimum asset size of ₹100 crore, the minimum loan size eligible for debt recovery under the SARFAESI, 2002 was proposed to be reduced from the existing level of ₹ 5 million to ₹ 2 million. The objective of this move is to improve credit discipline while continuing to protect the interest of small borrowers. This relaxation is expected to facilitate recovery from stressed books, help the NBFCs to improve their ability to recover smaller loans and strengthen their overall financial health. More importantly, it acts as a deterrent to default and enhances the enforceability of collateral for players focused on the medium ticket size LAP segment with loans of ₹ 20-50 lakhs.

Inclusion of retail and wholesale trade under MSME category

In July 2021, the Ministry of Micro, Small and Medium enterprises decided to include Retail and Wholesale trade as MSMEs for the purpose of Priority Sector Lending and they would be allowed to be registered on UDYAM Registration Portal. The move is structurally positive from long-term perspective, as it is expected to enable entities operating in the segment to register on the Government of India's UDYAM portal, participate in government tenders and also avail financing options/ benefits available to the category. This move is expected to also aid in the formalisation of India's retail trade and enable financial support to small and mid-sized retail businesses. By widening the scope of MSME to cover wholesale as well as retail trade, this move also creates an additional opportunity for MSME lenders to increase their penetration and business.

18. Credit Guarantee Fund Scheme extended to cover NBFCs

One of the major reasons why MSMEs are credit-starved is the insistence by banks or financial institutions for the provision of collateral against loans. Collaterals are not easily available with such enterprises, leading to a high-risk perception and higher interest rates for these MSMEs. In order to address this issue, the Government of India launched the Credit Guarantee Fund Scheme under the aegis of the Credit Guarantee Fund Trust for Micro and Small Enterprises ("**CGTMSE**") in order to make collateral-free credit available to micro and small enterprises.
In January 2017, the scheme was extended to cover systemically important NBFCs as well. Key eligibility criteria for this scheme are:

1) NBFCs should be registered with RBI and meet specified prudential norms;
2) the NBFC should have made a profit for the three preceding fiscals at the time of enrolment;
3) the NBFC should be lending to micro and small enterprises with minimum 5 years of lending experience, minimum Rs 100 crore of MSE loan portfolio, NPA level below 5% for MSE portfolio and average recovery ratio of 90% for preceding three fiscals at the time of enrolment and
4) it should have long-term credit rating of at least BBB. The overall limit under the scheme was also been enhanced to ₹ 20 million.

Guarantees approved under CGTMSE

Year	Number of guarantees approved	Amount of guarantees approved (₹ billion)
FY19	435,520	302
FY20	846,650	459
FY21	835592	369
FY22	717020	561
FY23	1165786	1,048

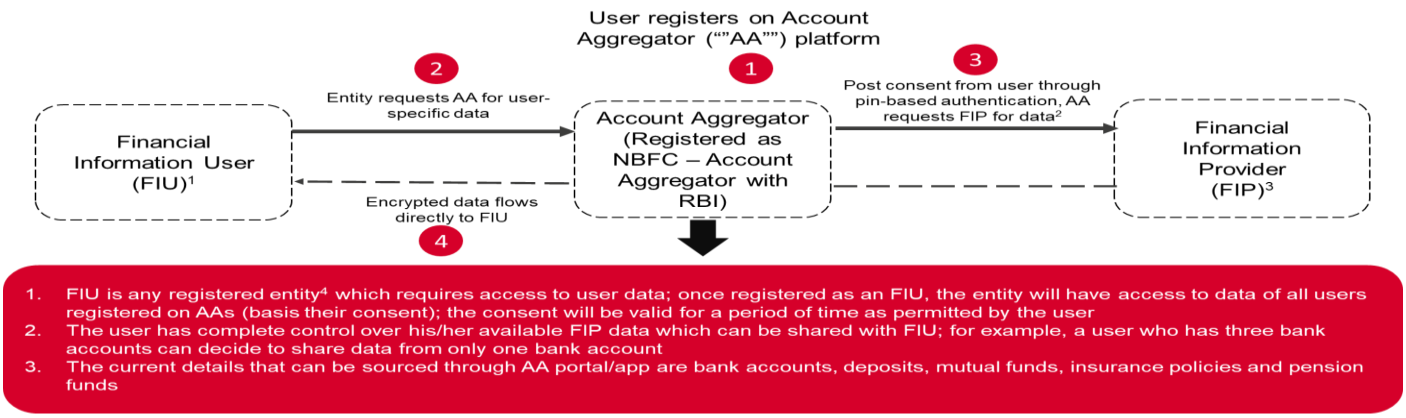
Source: CGTMSE, CRISIL MI&A

Government initiatives addressing structural issues in the MSME market

The Government of India has unveiled a number of initiatives aimed at addressing some of the structural issues plaguing small business lending segment. These include granting licenses to account aggregators, the Pradhan Mantri Mudra Yojana ("**PMMY**"), unveiling TReDS platforms and the implementation of GST.

Licensing account aggregators

RBI launched the account aggregator system on September 2, 2021, which has the potential to transform the MSME finance space once there is widespread adoption amongst the lending community. Four account aggregators also announced the launch of their apps on the same day which include OneMoney, FinVu, CAMSFinServ and NESL Asset Data Limited ("**NADL**"). Account aggregators are essentially NBFCs, licensed by RBI, that act as an intermediary to collect and consolidate data from all Financial Information Providers ("**FIP**") that hold users' personal financial data like banks and share that with Financial Information Users ("**FIU**") like lending agencies or wealth management companies that provide financial services.These account aggregators would provide granular insights to lenders into customers' financial assets and their borrowing history centrally, based on customer consent. Inclusion of additional data such as electricity bill payments and mobile recharges/bill payment data under the purview of account aggregators would further enhance its utility.



Note: [4] Registered with any one of the regulator – SEBI, RBI, IRDAI, PFRDA
Source: CRISIL MI&A

Some of the other government and regulatory initiatives are detailed below:

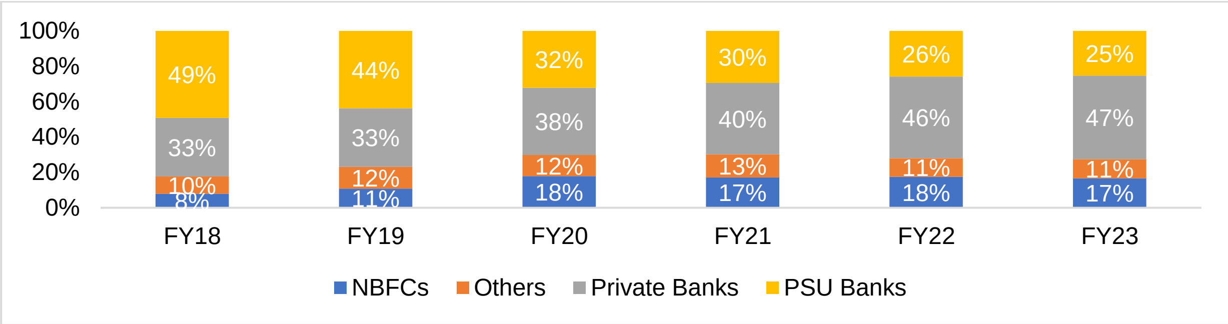
- UDYAM registration: Paperless and online registration process for MSMEs with an aim to promote ease of doing business.
- Stand-up India: It facilitates bank loans between ₹ 1 million and ₹ 10 million to at least one scheduled caste or scheduled tribe borrower and at least one-woman borrower per bank branch for setting up a greenfield enterprise.
- Make in India: Launched with an intention to make India a global manufacturing hub, which in turn is expected to provide employment to numerous youths in India
- Mudra loans: To fulfil funding requirement of MSMEs who were earlier left out by financial institutions; credit guarantee support also offered to financiers.
- 59-minute loan: Online marketplace that provides in-principle approval to MSME loans up to ₹ 10 million in 59 minutes.
- Unified Payments Interface 2.0 ("**UPI 2.0**"): Real-time system for seamless money transfer from account
- TReDS: Institutional mechanism to facilitate financing of trade receivables of MSMEs from corporates and other buyers through multiple financiers.
- Factoring to support more participation from NBFCs: In an amendment to Factoring Regulation Act, 2011, the Lok Sabha passed the Factoring Regulation (Amendment) Bill in July 2021.

NBFCs increasing their presence in the overall MSME loans segment

NBFCs have managed to carve out a strong presence in MSME loans segment due to their focus on serving the needs of the customer segment, faster turnaround time, customer service provided and expansion in geographic reach. As of Fiscal 2023, the cumulative market share of NBFCs in MSME loans outstanding is estimated to be around 17%.

Over the years, the MSME book of NBFCs has grown at a similar rate compared with the portfolio at a systemic level, clocking a CAGR of 34% over Fiscals 2018 and 2023. Market share of NBFCs remained stable between Fiscal 2018 and 2019 due to demonetisation and the NBFC liquidity crisis but has increased subsequently. Going forward, CRISIL MI&A expects the market share of NBFCs in this segment is expected to continue to remain in the same range.

NBFCs share in overall MSME loans at 17% in Fiscal 2023

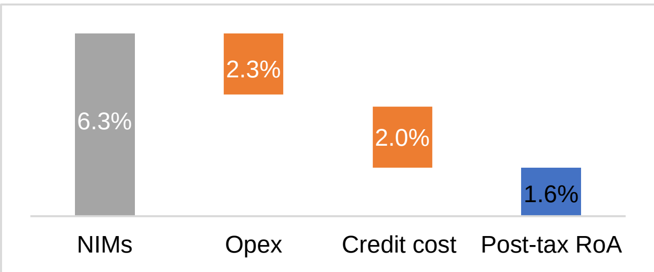


Source: CRISIL MI&A Estimates

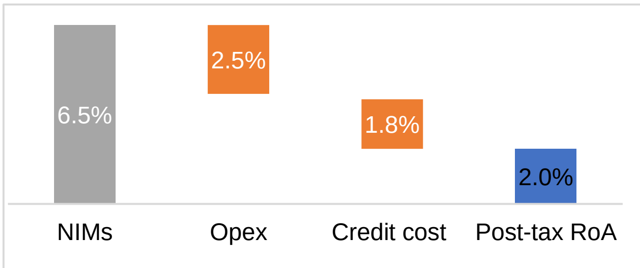
NBFC profitability to improve going forward

NBFCs in MSME segment operate with yield in the range of 17-18%, on an average. With cost of funds being in the range of 10-11%, net interest margins ("**NIMs**") for this segment are in the range of 6-7%. CRISIL MI&A estimates the profitability in this segment to have increased in Fiscal 2023 owing to better credit costs and increase in interest yields. Going forward, in Fiscal 2024, borrowing costs are expected to stabilise or marginally move upwards, and overall profitability of MSMEs loans is still expected to be sustained, on account of higher interest income. In addition, improvement in collections is expected to lead to aid profitability for the segment.

FY22



FY23



Source: CRISIL MI&A estimates

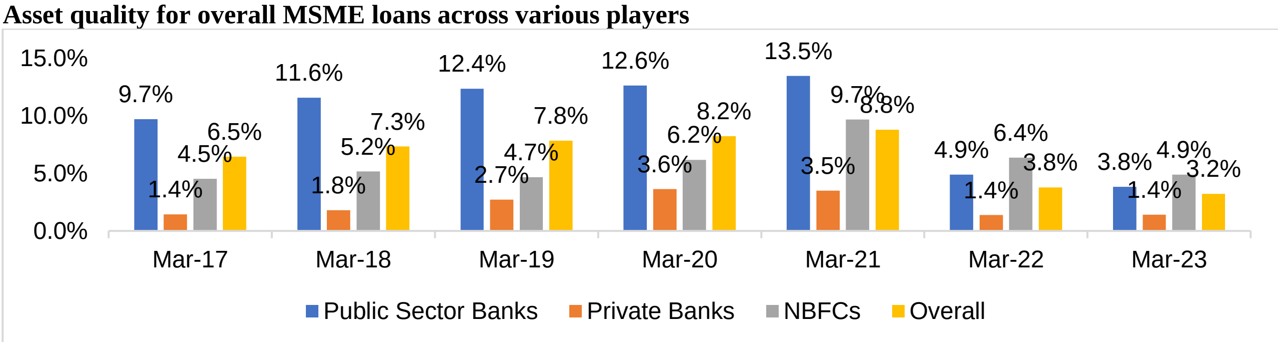
Asset quality for overall MSME at 3.2%; asset quality relatively better for private banks

Asset quality deteriorated as of March 2021 due to COVID-19 where income of the borrowers was impacted which led to rise in GNPA numbers. With continued improvement in economic activity, better collection efficiency and strong credit growth, GNPA level decreased as of March 2022. As of March 2023, the GNPA ratio for overall MSME loans stands at 3.2%.

Asset quality across various players

Among various player groups, the asset quality is the best for private banks as of March 2023. Public Sector banks have the second best asset quality after private sector banks. Private sector banks have better asset quality because they serve relatively low risk customers compared to NBFCs, which also serve customers with no documented income.

Asset quality for overall MSME loans across various players



Source: CRISIL MI&A estimates

Key success factors for NBFCs offering MSME Loans

- **Strong branch network and deep understanding of the target customer segment and markets**: Players need to have a clear and deeper understanding of their target customer segment, the markets they operate in and develop a strong local network.
- **Strong underwriting capabilities**: MSMEs tend to generally be more impacted by vagaries of the business cycle given their limited financial wherewithal and/or reliance on larger buyers
- **On-the-ground presence to manage collections and maintain portfolio quality**: Additionally, given that players in the segment also cater to a relatively riskier profile, a strong focus on collections and monitoring risk of default at customer level is vital to manage asset quality.

- **Collateral risk management**: Properties that are used as collateral for MSME loans sometimes lack proper property titles, especially in the outskirts of large cities, semi-urban and rural areas.

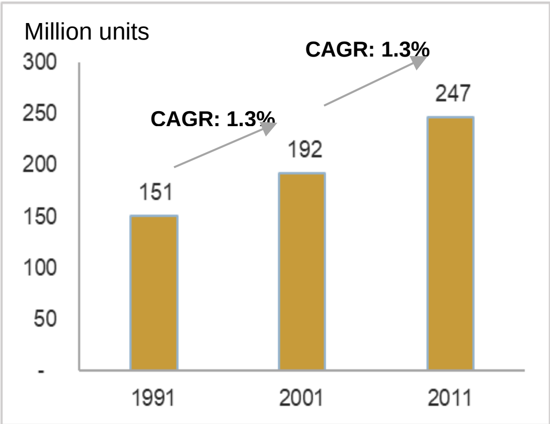
HOUSING LOANS (BELOW ₹ 5 MILLION TICKET SIZE)

Housing scenario in India

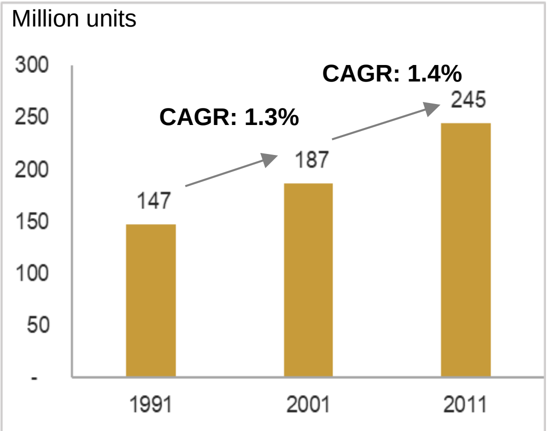
Housing stock

As per Census 2011, the number of households increased to 247 million as of 2011 from 192 million in 2001, at 1.3% CAGR. During the period, housing stock increased from to 245 million units from 187 million units. Of the 245 million units, about 61 million units are obsolete, congested or non-serviceable.

Increment in households



Increment in housing stock



Source: Census 2011, CRISIL MI&A

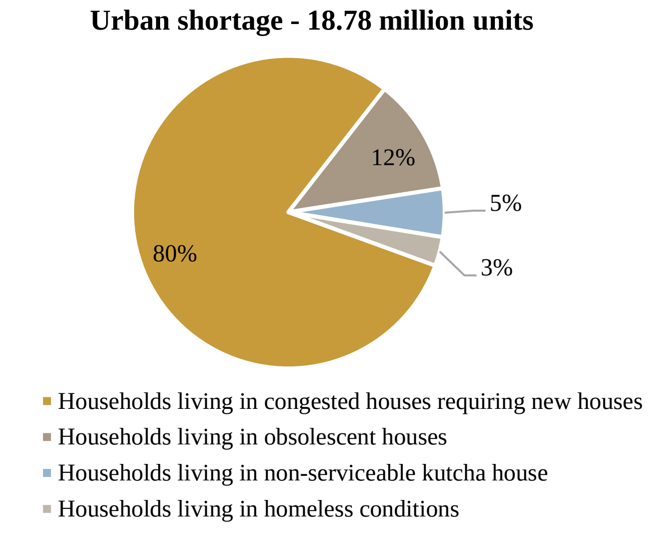
Housing shortage in India

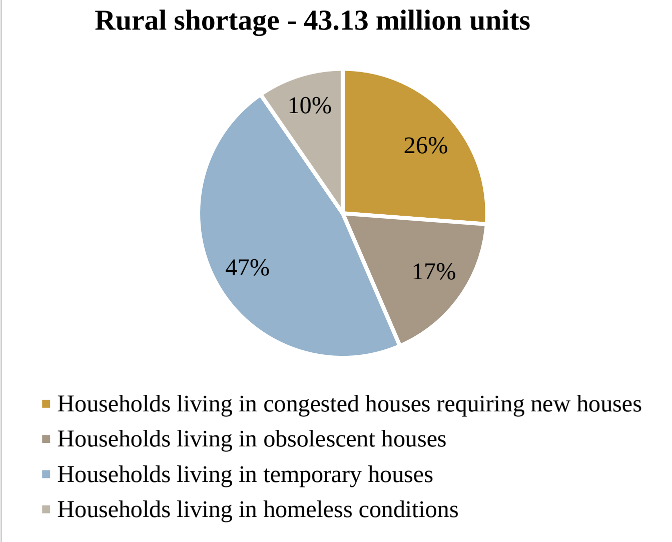
Despite the constant focus on the segment, housing in India is far from adequate. Shortage of housing is a perpetual problem, deterring the economic growth in India.

In the Twelfth Five Year Plan (2012-2017), the Government of India accorded this issue utmost importance and focused on increasing the amount of housing units available in both urban as well as rural areas. As per the estimates of the Twelfth Five Year Plan, housing shortage in the urban segment of the society stood at 18.78 million units. The EWS (Economically Weaker Section) accounts for three-fourths of the shortage and the low Income group ("**LIG**") nearly accounts for a quarter. In 2017, the housing shortage estimate was revised downwards to approximately 10 million units based on assessments carried out since 2011.

The erstwhile Planning Commission and the Ministry of Rural Development, Government of India, have official initiatives to assess the quantum of housing shortage in rural India. As per the estimates of the Twelfth Five Year Plan, housing shortage in the rural segment of society stood at 43.13 million.

Urban and rural housing shortage





Note: The above data is as per the estimates of the Twelfth Five Year Plan (2012-2017)
Source: NHB, CRISIL MI&A

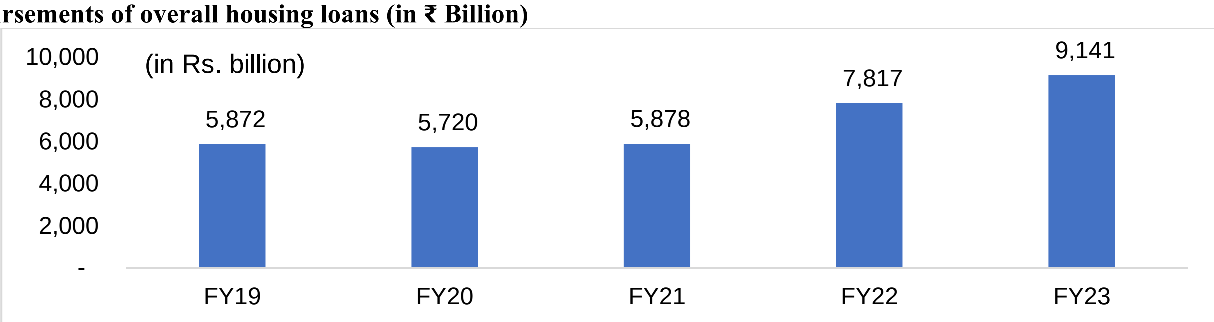
Indian housing finance market to log a CAGR of 13-15% between Fiscal 2023 and Fiscal 2026

The Indian housing finance market clocked a healthy growth in loan outstanding on account of a rise in disposable income, healthy demand emanating from smaller cities markets, attractive interest rates and government impetus on housing. In Fiscal 2021, credit growth for housing loans slowed down following the outbreak of COVID-19. While economy was significantly impacted in the first half of Fiscal 2021, there was a faster than envisaged revival in the second half of Fiscal 2021, with RBI, along with Centre and State governments, providing support. The first quarter of Fiscal 2022 witnessed the second wave of COVID-19 affecting credit growth. However, on account of improved affordability, pent-up demand and historically low interest rates, growth surged in the second half of the fiscal, leading to strong credit growth in Fiscal 2022.

In Fiscal 2020, disbursements remained more or less flat due to a slowdown in economic growth and challenges faced by some HFCs in availing funding post the IL&FS meltdown in September 2018. In March 2020, the industry was affected on account of COVID-19 pandemic induced lockdown, as a significant quantum of disbursements take place in the last month of the fiscal and in the last two weeks of March. In Fiscal 2021, the first quarter was a complete washout due to disruption caused by COVID-19 crisis and the resultant nation-wide lockdown. However, the latent demand for housing in India remained strong, given the vast housing shortage in India and the psychological comfort provided by owning a house post the uncertainty created by the COVID-19 pandemic.

In Fiscal 2023, RBI started increasing repo rates owing to concerns over increasing inflation and its impact on the macro economy amid geopolitical issues. Despite the aggressive rate hikes during the fiscal, credit growth remained intact, with healthy growth by both banks and HFCs/NBFCs. In Fiscal 2024, the credit growth momentum is expected to continue for HFCs/NBFCs, supported by pent-up demand, with affordable HFCs getting back on track, posting robust growth. Within NBFCs/HFCs, larger entities with strong funding profile, parentage and group support are expected to grow strongly and penetrated deeper as well as expand wider to diversify their portfolio, derive synergies and capitalize on operating leverage.

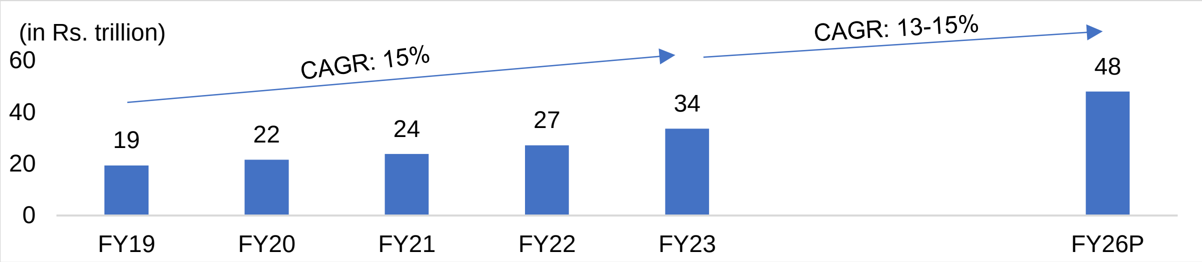
Disbursements of overall housing loans (in ₹ Billion)



Source: CRISIL MI&A Estimates

Between Fiscals 2023 and 2026, housing loan growth is projected to remain healthy at 13-15% CAGR. CRISIL MI&A believes that HFCs are expected to post high double-digit growth after a slowdown in Fiscals 2020 and 2021. In the past, demand for home loans rose due to higher demand from tier II and III cities, rising disposable incomes and government steps, such as interest rate subvention schemes and fiscal incentives. Similarly, the growth trend of housing loans with ticket size less than ₹ 5 million is expected to mimic that of overall housing loans as they constitute almost three-fourths of the overall market.

Growth in housing loans outstanding (₹ trillion)



Source: CRISIL MI&A Estimates

PEER COMPARISON

In this section, CRISIL MI&A has compared the financial and operating performance of NBFCs operating in segments such as gold loans, secured property backed MSME loans and Housing loans in India based on the latest available data for Fiscal 2023. The players considered for the peer comparison are Aptus Value Housing Finance, Fedbank Financial, HDB Financial Services, IIFL Finance, Manappuram Finance, Muthoot Finance, Repco Home Finance, Five Star Business Finance, SBFC Finance, Veritas Finance, and Vistaar Finance. For analysis, we have classified these peers into segments with Aptus Value Housing Finance and Repco Home Finance in Housing Finance segment, Five Star Business Finance, Veritas Finance, and Vistaar Finance in MSME segment, Fedbank Financial and SBFC Finance in MSME and Gold segment, Manappuram Finance and Muthoot Finance in Gold loans segment and HDB Financial Services and IIFL Finance in Diversified segment.

Fedbank Financial is the third fastest NBFC in terms of 3-year AUM growth amongst the peer set

Fedbank Financial has the third fastest AUM growth among NBFCs in the peer set in India with three year CAGR of 33% during Fiscals 2020-2023. SBFC Finance and Veritas Finance grew at a faster pace of 44% and 40% respectively during the same time period. In terms of size, however, HDB Financial Services, Muthoot Finance and IIFL Finance are the largest players in the peer set analysed with each of them having AUM in excess of ₹ 500 billion as of March 2023.

Segment	AUM (Rs billion)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (FY20-23)
Housing Finance	Aptus Value Housing	5	8	14	22	32	41	52	67	28%
	Repco Home Finance	77	89	99	110	118	121	118	124	2%
MSME	Five-Star Business Finance	2	5	10	21	39	44	51	69	21%
	Veritas Finance	0.1	1	3	7	13	16	22	35	40%
	Vistaar Finance	8	11	13	14	19	21	24	31	19%
MSME and Gold	Fedbank Financial Services	6	10	14	20	38	49	62	91	33%
	SBFC Finance	NA	NA	8	12	16	22	32	49	44%
Gold loan	Manappuram Finance	101	137	158	194	252	272	303	355	12%
	Muthoot Finance	244	273	291	342	416	526	580	632	15%
Diversified	HDB Financial Services	259	343	445	554	588	616	614	701	6%
	IIFL Finance	195	223	311	349	380	447	512	646	19%

Note: NA: Not Available, Source: Company Reports, CRISIL MI&A

Fedbank Financial is the third fastest NBFC in terms of 3-year disbursement growth amongst the peer set

Fedbank Financial has the third fastest disbursement growth among the peer set with 3-year CAGR of 35% during Fiscals 2020-2023. SBFC Finance and Veritas Finance witnessed the first and second highest disbursement growth among the peer set with 3-year CAGR of 42% and 39% respectively during Fiscals 2020-2023.

Trend in disbursements for players

Segment	Disbursement (₹ billion)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (FY20-23)
Housing Finance	Aptus Value Housing	3	4	8	11	13	13	16	24	23%
	Repco Home Finance	29	26	28	31	26	18	18	29	4%
MSME	Five-Star Business Finance	1	4	15	15	24	12	18	34	12%
	Veritas Finance	0.1	1	3	6	8	6	12	22	39%
	Vistaar Finance	6	7	7	8	9	6	9	NA	-0.5%*
MSME and Gold	Fedbank Financial Services	NA	NA	16	20	44	59	75	107	35%

	SBFC Finance	NA	NA	3	10	13	15	26	NA	42%*
Gold loan	Manappuram Finance	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Muthoot Finance	516	576	660	732	966	1,239	1,059	NA	5%*
Diversified	HDB Financial Services	148	192	253	317	299	250	290	NA	-1%*
	IIFL Finance	NA	NA	NA	NA	240	275	383	560	33%

Note: NA = Not available, (*) CAGR is calculated for 2 years from FY20 to FY22.
Source: Company Reports, CRISIL MI&A

Fedbank Financial has the highest Disbursement to AUM ratio amongst the peer set as of Fiscal 2023

Fedbank Financial has the highest disbursement to AUM ratio amongst the peer set at 118.5% for Fiscal 2023. Fedbank Financial has the second highest average disbursement to AUM ratio from Fiscal 2020 to Fiscal 2023. This disbursements-to-AUM ratio reflects the focus of the company on expanding its branch network and disbursements over the last few years. Muthoot Finance has the highest average disbursement to AUM ratio from Fiscal 2020 to Fiscal 2023 at 216.8%.

Trend in disbursement to AUM ratio for players

Segment	Player	Disbursement to AUM ratio					
		FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)
Housing Finance	Aptus Value Housing	50.0%	40.6%	31.7%	30.9%	35.5%	34.7%
	Repco Home Finance	28.2%	22.0%	14.9%	15.3%	23.4%	18.9%
MSME	Five-Star Business Finance	71.4%	61.5%	27.3%	34.7%	49.0%	43.1%
	Veritas Finance	85.7%	61.5%	37.5%	54.5%	63.5%	54.3%
	Vistaar Finance	57.1%	47.4%	28.6%	37.2%	NA	37.7%*
MSME and Gold	Fedbank Financial Services	100.0%	115.8%	121.2%	120.7%	118.5%	119.5%
	SBFC Finance	82.0%	76.9%	67.6%	80.5%	73.5%	74.6%
Gold loan	Manappuram Finance	NA	NA	NA	NA	NA	NA
	Muthoot Finance	214.0%	232.2%	235.6%	182.6%	NA	216.8%*
Diversified	HDB Financial Services	57.2%	50.9%	40.6%	47.2%	NA	46.2%*
	IIFL Finance	NA	63.2%	61.5%	74.8%	86.6%	71.5%

Note: NA = Not available, (*) Average calculated from FY20-FY22.
Source: Company Reports, CRISIL MI&A

Operational analysis

Fedbank Financial has the fastest growth in terms of branches amongst the peer set

Fedbank Financial has been in expansionary mode and has increased its branch network from 300 branches to 575 branches over the course of Fiscals 2020-2023, registering the fastest CAGR in branches amongst the peers analysed over this timeframe. It is followed by IIFL Finance and Five Star Business Finance, which grew at a pace of 21% and 14% annually, respectively, during the same time period. As of Fiscal 2023, Manappuram Finance had the highest number of branches at 5,232.

Trend in number of branches for players

Segment	Branches	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (FY20-23)
Housing Finance	Aptus Value Housing	70	80	115	143	175	190	208	231	10%
	Repco Home Finance	150	156	160	170	177	177	179	192	3%
MSME	Five-Star Business Finance	73	103	130	173	252	262	300	373	14%
	Veritas Finance	17	43	72	147	202	204	229	287	12%
	Vistaar Finance	198	201	225	220	216	191	193	211	-1%
MSME and Gold	Fedbank Financial Services	112	107	123	152	300	359	516	575	24%
	SBFC Finance	NA	NA	65	91	96	124	135	137*	14%**
Gold loan	Manappuram Finance	3,293	4,152	4,197	4,351	4,622	4,637	5,057	5,232	4%
	Muthoot Finance	4,275	4,307	4,325	4,480	4,567	4,632	4,617	4,739	1%
Diversified	HDB Financial Services	929	1,151	1,165	1,349	1,468	1,319	1,374	1,492	1%
	IIFL Finance	1,000	1,112	1,378	1,947	2,377	2,563	3,296	4,200	21%

Note: NA: Not Available, (*) As of December 2022, (**) CAGR calculated from FY20-9MFY23; Source: Company Reports, CRISIL MI&A

Fedbank Financial has the fourth fastest growth in terms of employees amongst the peer set

Fedbank Financial has increased its employee strength from 1,890 to 3,570 over the course of Fiscals 2020-2023, registering the fourth fastest CAGR of 24% in employee growth amongst the peers analysed over this timeframe. SBFC Finance, Veritas Finance and Five Star Business Finance have employee CAGR growth of 36%, 34% and 25% respectively over the same time, thereby growing at a faster rate than Fedbank Financial. As of Fiscal 2023, HDB Financial Services recorded the highest number of employees at 117,162.

Trend in number of employees for players

Segment	Employees	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (FY20-23)
Housing Finance	Aptus Value Housing	401	650	1,000	1,300	1,702	1,913	2,271	NA	16%*
	Repco Home Finance	619	670	785	929	994	977	925	951	-1%
MSME	Five-Star Business Finance	293	691	1,290	1,971	3,734	3,938	5,675	7,347	25%
	Veritas Finance	NA	NA	719	1,422	1,850	2,333	2,727	4,432	34%
	Vistaar Finance	2,125	2,337	2,107	2,188	1,847	1,660	2,024	NA	5%*
MSME and Gold	Fedbank Financial Services	NA	484	590	964	1,890	2,130	2,852	3,570	24%
	SBFC Finance	NA	NA	585	802	1,153	1,471	2,048	2,662^	36%^^
Gold loan	Manappuram Finance	16,693	18,933	24,886	25,610	27,726	30,522	26,970	NA	-1%*
	Muthoot Finance	22,781	24,205	23,455	24,224	25,554	25,911	26,716	27,273	2%
Diversified	HDB Financial Services	16,508	65,906	74,049	93,373	109,167	104,960	121,595	117,162	2%
	IIFL Finance	12,000	11,432	15,000	16,799	18,569	19,825	28,325	NA	24%*

Note: NA = Not available, * CAGR is calculated for 2 years from FY20 to FY22, ^ Employees data as of December 2022, ^^ CAGR calculated from FY20 to 9MFY23
Source: Company Reports, CRISIL MI&A

Operational Efficiency of the peer set

Repco Home Finance is the most efficient NBFC amongst the peer set with AUM per branch of ₹ 648 million as of March 2023 followed by HDB Financial Services (₹ 470 million) and SBFC Finance (₹ 361 million). Fedbank Financial has an AUM per branch of ₹ 158 million as of March 2023. The AUM per branch has, however, to be viewed in the context of the vintage of branches. Fedfina, for example, has more than tripled its branch network from 152 branches as of March 2019 to 575 branches by March 2023, and hence, most of its branches have still not reached the mature stage.

Operational efficiency for players (Fiscal 2023)

Segment	Player		AUM per branch (₹ million)						Disbursement per branch (₹ million)				
		FY 19	FY 20	FY 21	FY 22	FY 23	Avg (FY 20-23)	FY 19	FY 20	FY 21	FY 22	FY 23	Avg (FY 20-23)
Housing Finance	Aptus Value Housing	157	182	214	249	292	234	83	73	68	79	104	81
	Repco Home Finance	649	668	685	657	648	665	182	148	104	99	152	126
MSME	Five-Star Business Finance	122	154	170	169	185	170	87	95	48	59	91	73
	Veritas Finance	51	64	77	96	123	90	41	40	30	52	78	50
	Vistaar Finance	66	87	108	125	148	117	36	42	30	47	NA	40*
MSME and Gold	Fedbank Financial Services	132	128	135	120	158	135	132	146	164	145	187	160
	SBFC Finance	127	172	179	236	361^	237	104	132	121	190	NA	148*
Gold loan	Manappuram Finance	45	55	59	60	68	80	NA	NA	NA	NA	NA	NA
	Muthoot Finance	76	91	114	126	133	116	163	212	267	229	NA	236*
Diversified	HDB Financial Services	411	401	467	447	470	446	235	203	189	211	NA	201*
	IIFL Finance	179	160	174	155	154	161	NA	101	107	116	133	114

Note: NA = Not available, * Average is calculated for 3 years from FY19 to FY22, ^ Branches data as of December 2022.
Source: Company Reports, CRISIL MI&A

Fedbank Financial is the second most efficient NBFC in terms of average AUM per employee amongst the peer set

Repco Home Finance is the most efficient NBFC amongst the peer set with AUM per employee of ₹ 131 million as of March 2023 followed by Fedbank Financial (₹ 25 million) and Muthoot Finance (₹ 23 million).

Operational efficiency for players (Fiscal 2023)

Segment	Player	AUM per employee (₹ million)						Disbursement per employee (₹ million)					
		FY 19	FY 20	FY 21	FY 22	FY 23	Avg (FY 20-23	FY 19	FY 20	FY 21	FY 22	FY 23	Avg (FY 20-23
Housing Finance	Aptus Value Housing	17	19	21	23	NA	21*	9	8	7	7	NA	7*
	Repco Home Finance	118	119	124	127	131	125	33	26	19	19	31	24
MSME	Five-Star Business Finance	11	10	11	9	9	10	8	6	3	3	5	4
	Veritas Finance	5	7	7	8	8	7	4	5	3	4	5	4
	Vistaar Finance	7	10	12	12	NA	12*	3	5	3	4	NA	4*
MSME and Gold	Fedbank Financial Services	21	20	23	22	25	23	21	23	28	26	30	27
	SBFC Finance	14	14	15	16	19^	16	12	11	10	13	NA	11
Gold loan	Manappuram Finance	8	9	9	11	NA	10*	NA	NA	NA	NA	NA	NA
	Muthoot Finance	14	16	20	22	23	20	30	38	48	40	NA	42*
Diversified	HDB Financial Services	6	5	6	5	6	6	3	3	2	2	NA	3*
	IIFL Finance	21	20	23	18	NA	20*	NA	13	14	13	NA	13*

Note: NA = Not available, * Average is calculated for 3 years from FY20 to FY22, ^ Employees as of December 2022.
Source: Company Reports, CRISIL MI&A

Fedbank Financial has the second highest disbursements per employee amongst the peer set in Fiscal 2023

Repco Home Finance has the highest disbursement per employee of ₹ 31 million followed by Fedbank Financial at ₹ 30 million in Fiscal 2023.

Fedbank Financial's cost to income ratio reflects it is in process of expansion

Fedbank Financial's cost-to-income ratio of 58.6% is much higher than the peers analysed. This can be attributed to Fedbank being in expansionary mode and adding several branches in the last few years. Consequently, its opex is also relatively higher at 5.7% as of Fiscal 2023. HDB Financial Services and Veritas Finance has a relatively higher opex of 7.5% and 6.9% respectively, as compared to Fedbank Financial.

Operational efficiency for players (Fiscal 2023)

Segment	Player	Cost to income ratio						Opex to total assets (%)					
		FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)	FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)
Housing Finance	Aptus Value Housing	30.4%	26.1%	21.8%	18.5%	19.4%	21.6%	3.6%	2.9%	2.4%	2.3%	2.6%	2.6%
	Repco Home Finance	20.7%	20.2%	19.6%	20.1%	24.4%	21.1%	1.0%	0.9%	0.9%	1.0%	1.2%	1.0%
MSME	Five-Star Business Finance	32.1%	30.1%	29.5%	32.0%	34.7%	31.6%	6.1%	5.1%	4.2%	5.0%	5.8%	5.1%
	Veritas Finance	67.1%	65.2%	49.0%	48.9%	45.5%	52.2%	8.8%	7.6%	5.8%	6.4%	6.9%	6.7%
	Vistaar Finance	57.3%	53.1%	43.8%	50.8%	51.2%	49.7%	8.8%	7.5%	5.2%	5.5%	5.6%	6.0%
MSME and Gold	Fedbank Financial Services	61.8%	70.6%	61.1%	58.3%	58.6%	62.2%	4.8%	6.0%	4.9%	5.2%	5.6%	5.4%
	SBFC Finance	72.3%	54.7%	45.9%	57.0%	49.7%	51.8%	5.8%	3.7%	3.0%	4.0%	4.5%	3.8%
Gold loan	Manappuram Finance	47.6%	39.6%	30.3%	42.7%	47.4%	40.0%	7.1%	5.7%	4.3%	5.1%	5.6%	5.2%
	Muthoot Finance	33.2%	30.0%	25.9%	24.6%	30.9%	27.9%	4.5%	4.0%	3.1%	2.7%	3.0%	3.2%
Diversified	HDB Financial Services	56.2%	56.5%	49.5%	52.2%	55.5%	53.4%	6.0%	6.5%	5.7%	6.7%	7.5%	6.6%

Segment	Player	Cost to income ratio						Opex to total assets (%)					
		FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)	FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)
	IIFL Finance	49.7%	63.6%	39.3%	40.7%	49.5%	48.3%	8.1%	4.9%	3.6%	4.4%	5.5%	4.6%

Note: Opex to Total assets is calculated as operating expenses for the fiscal year divided by average of total assets on the book at the beginning of the fiscal year and end of the fiscal year.
Source: Company Reports, CRISIL MI&A

Fedbank Financial has the lowest opex to disbursement ratio as of Fiscal 2023 amongst MSME peers considered

IIFL Finance had the lowest opex to disbursement ratio for Fiscal 2023 at 2.3% within the peer set considered. When compared to peers engaged in MSME lending, Fedbank Financial had the lowest opex to AUM ratio of 4.8% for Fiscal 2023. In addition, the ratio for Fedbank Financial was also lower in comparison to housing finance peers.

Opex to AUM and opex to disbursement ratio for players (Fiscal 2023)

Segment	Player		Opex to AUM ratio						Opex to Disbursement ratio				
		FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)	FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)
Housing Finance	Aptus Value Housing	3.0%	2.8%	2.4%	2.3%	2.5%	2.5%	6.1%	6.9%	7.5%	7.1%	6.9%	7.2%
	Repco Home Finance	0.9%	0.9%	0.9%	1.1%	1.2%	1.0%	3.2%	4.1%	6.2%	7.0%	5.0%	5.6%
MSME	Five-Star Business Finance	5.1%	4.4%	4.8%	6.0%	6.3%	5.4%	7.2%	7.1%	17.2%	17.4%	12.9%	13.7%
	Veritas Finance	9.1%	8.5%	7.5%	7.0%	6.6%	7.4%	12.1%	13.2%	19.1%	13.0%	10.4%	13.9%
	Vistaar Finance	8.8%	7.0%	5.4%	5.8%	5.5%	5.9%	16.7%	14.6%	19.4%	15.6%	NA	16.5%*
MSME and Gold	Fedbank Financial Services	4.1%	4.6%	4.8%	5.1%	4.8%	4.8%	4.4%	4.3%	4.0%	4.2%	4.0%	4.1%
	SBFC Finance	7.9%	6.7%	5.6%	5.5%	4.7%	5.6%	9.6%	8.7%	8.3%	6.9%	NA	8.0%*
Gold loan	Manappuram Finance	5.9%	4.7%	3.9%	4.5%	4.4%	4.4%	NA	NA	NA	NA	NA	NA
	Muthoot Finance	4.5%	4.3%	3.4%	3.1%	3.4%	3.5%	2.1%	1.8%	1.4%	1.7%	NA	1.7%*
Diversified	HDB Financial Services	5.5%	6.4%	5.7%	6.8%	7.0%	6.5%	9.6%	12.6%	14.0%	14.4%	NA	13.7%*
	IIFL Finance	2.3%	2.4%	1.7%	2.0%	2.0%	2.0%	NA	3.4%	2.7%	2.6%	2.3%	2.9%

Note: NA = Not available, * Average is calculated for 3 years from FY20 to FY22, Opex to AUM ratio is calculated as operating expenses for the fiscal year divided by AUM as of end of fiscal year, Opex to Disbursement ratio is calculated as operating expenses for the fiscal year divided by disbursements for the fiscal year,
Source: Company Reports, CRISIL MI&A

Fedbank Financial’s share of new to credit customers low as compared to peers

Fedbank Financial’s share of new to credit customers (9%) is low as compared to peers. The average ticket size is typically low for MSME and gold loan focused players. Granularity of the book provides competitive advantage to the businesses since it minimizes the unit risk.

Average ticket size for peers (Fiscal 2023)

Segment	FY23	Average ticket size (₹ Million)	Average LTV	Share of New to credit
Housing Finance	Aptus Value Housing Finance	approximately 0.75**	<50%**	40%*
	Repco Home Finance	NA	NA	NA

Segment	FY23	Average ticket size (₹ Million)	Average LTV	Share of New to credit
MSME	Five-Star Business Finance	0.32	38%	30%*
	Veritas Finance	0.2^	45%	NA
	Vistaar Finance$	0.68	45%	NA
MSME and Gold	Fedbank Financial Services	1.4	60%	9%
	SBFC Finance$$	0.98	43%	NA
Gold loan	Manappuram Finance	0.06	60%	NA
	Muthoot Finance	0.07	NA	NA
Diversified	HDB Financial Services	NA	NA	NA
	IIFL Finance^^	0.53	70%	41%***

Note: NA = Not available, (*) for fiscal 2022; (^) Minimum ticket size; (^^) For business loan; (**) As of September 2022, ($) Data as for Vistaar Saral Business Loan as of December 2022, (***) Unsecured business loans, ($$) Data for secured MSME loans
Source: Company Reports, CRISIL MI&A

Many players tend to have geographically concentrated portfolios; Fedbank Financial has the second lowest share of top state amongst the peer set

It is observed that most of the players in the considered peer set have a significant portion of their portfolio (between 37-56%) emanating from the largest state in their respective portfolios. Fedbank Financial had the second lowest proportion of AUM emanating from the largest state in its portfolio (22% from Karnataka as of March 2022), next to SBFC (17% from Karnataka as of March 2022) amongst the peers analysed. The Company has well spread its portfolio to other states including Tamil Nadu (18%), Maharashtra (18%), Andhra Pradesh and Telangana (16%) and Gujarat (13%).

State-wise distribution of AUM (Fiscal 2023)

Segment	FY23	Share of top state	Name of top 5 states
Housing Finance	Aptus Value Housing Finance	43%	Tamil Nadu (43%), Andhra Pradesh (35%), Telangana (14%), Karnataka (8%)
	Repco Home Finance	57%	Tamil Nadu (57%), Karnataka (13%), Maharashtra (9%), Andhra Pradesh (6%) and Telangana (5%)
MSME	Five-Star Business Finance	35%	Tamil Nadu (35%), Andhra Pradesh (33%), Telangana (20%), Karnataka (7%) and Madhya Pradesh (5%)
	Veritas Finance	42%	Tamil Nadu (42%), West Bengal (17%), Telangana (10%), Andhra Pradesh (10%) and Karnataka (7%).
	Vistaar Finance*	37%	Tamil Nadu (37%), Karnataka (23%), Andhra Pradesh (11%), Maharashtra (7%)
MSME and Gold	Fedbank Financial Services*	22%	Karnataka (22%), Tamil Nadu (18%), Maharashtra (18%), Andhra Pradesh and Telangana (16%) and Gujarat (13%)
	SBFC Finance*	17%	Karnataka (17%), Uttar Pradesh (15%), Maharashtra (11%), Telangana (11%), Madhya Pradesh (8%)
Gold loan	Manappuram Finance	NA	South (63%), West (10%), North (17%), East (13%)
	Muthoot Finance	NA	South (48%), North (23%), West (19%), East (10%)
Diversified	HDB Financial Services	NA	NA
	IIFL Finance*^^	NA	West (39%), North (35%), South (21%), East (5%)

Note: NA = Not available; * For fiscal 2022, ^^ For business loan.
Source: Company Reports, CRISIL MI&A

Profitability analysis

Five Star Business Finance and Veritas Finance have the highest NIMs compared to its peers

Five Star Business Finance and Veritas Finance have the highest NIMs of 16.4% and 14.4%, respectively, in Fiscal 2023 as compared to the peers analysed. Fedbank Financial has the fourth lowest NIMs of 8.4%, reflecting the relatively lower yields given the customer profile catered to.

Yield on advances and Net Interest Margins for players (Fiscal 2023)

Segment	Player	Yield on advances (%)								NIMs (%)			
		FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)	FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)
Housing Finance	Aptus Value Housing	17.2%	17.6%	17.2%	17.2%	18.1%*	17.5%	10.3%	9.9%	10.2%	11.4%	12.2%	10.9%

Segment	Player	Yield on advances (%)							NIMs (%)				
		FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)	FY19	FY20	FY21	FY22	FY23	Avg (FY 20-23)
	Repco Home Finance	11.4%	11.7%	11.5%	10.9%	10.8%*	11.2%	4.3%	4.3%	4.5%	4.7%	4.5%	4.5%
MSME	Five-Star Business Finance	24.3%	24.2%	24.3%	24.7%	25.1%*	24.6%	18.0%	15.8%	13.6%	14.9%	16.4%	15.2%
	Veritas Finance	22.1%	24.9%	23.4%	22.4%	22.6%	23.3%	10.2%	10.5%	11.3%	12.3%	14.4%	12.1%
	Vistaar Finance	21.6%	20.7%	19.2%	18.6%	18.5%*	19.2%	14.0%	12.2%	10.0%	9.5%	9.1%	10.2%
MSME and Gold	Fedbank Financial Services	13.6%	14.9%	15.5%	15.6%	15.2%	15.3%	6.5%	7.2%	7.2%	7.9%	8.4%	7.7%
	SBFC Finance	15.7%	15.9%	15.3%	15.1%	16.1%	15.6%	6.5%	5.5%	5.3%	5.8%	7.4%	6.0%
Gold loan	Manappuram Finance	24.2%	25.0%	25.1%	20.6%	20.1%*	22.7%	14.6%	14.0%	13.8%	12.0%	11.5%	12.8%
	Muthoot Finance	21.0%	22.1%	21.2%	19.0%	16.8%*	19.8%	13.1%	13.0%	11.6%	10.6%	9.3%	11.2%
Diversified	HDB Financial Services	13.7%	14.8%	14.5%	14.3%	14.3%	14.5%	6.7%	7.1%	7.5%	8.1%	8.2%	7.7%
	IIFL Finance	44.3%	17.7%	20.0%	23.8%	25.3%*	21.7%	15.0%	6.8%	7.3%	8.6%	8.5%	7.8%

Note: *Yield on advances calculated on total interest income.
Source: Company Reports, CRISIL MI&A

Fedbank Financial has the second lowest cost of borrowings amongst the MSME, Gold loan and MSME & Gold loan peer set in fiscal 2023

Fedbank Financial has the second lowest cost of borrowings of 7.8% in Fiscal 2023 amongst the MSME, gold loan and MSME & Gold loan peer set, after Muthoot Finance at 7.4%. Amongst the overall peer set, Fedbank Financial has the fourth lowest cost of borrowing among overall NBFC peer set in India in fiscal 2023.

Cost of Borrowings for players (Fiscal 2023)

Segment	Cost of borrowings (%)	FY19	FY20	FY21	FY22	FY23	Average (FY20-23)
Housing Finance	Aptus Value Housing	9.5%	10.2%	9.1%	8.0%	8.5%	9.0%
	Repco Home Finance	8.2%	8.5%	8.0%	6.9%	7.1%	7.6%
MSME	Five-Star Business Finance	10.1%	13.1%	11.2%	10.0%	7.8%	10.5%
	Veritas Finance	9.0%	13.2%	10.7%	10.5%	9.3%	11.0%
	Vistaar Finance	11.0%	10.8%	10.2%	9.2%	9.3%	9.9%
MSME and Gold	Fedbank Financial Services	8.3%	8.3%	8.3%	7.4%	7.8%	8.0%
	SBFC Finance	7.8%	12.5%	8.2%	7.7%	8.3%	9.2%
Gold loan	Manappuram Finance	8.9%	9.2%	9.7%	7.8%	8.1%	8.7%
	Muthoot Finance	9.3%	8.7%	8.9%	8.0%	7.4%	8.3%
Diversified	HDB Financial Services	8.2%	8.6%	7.8%	6.7%	6.8%	7.5%
	IIFL Finance	8.9%*	9.1%	10.1%	9.9%	8.7%	9.5%

Note: (*) As reported by company, NA = Not available.
Source: Company Reports, CRISIL MI&A

Repco Home Finance and Fedbank Financial are the only long term AA rated players amongst the peer set which have cost of borrowings less than 8.5% between Fiscal 2019 to Fiscal 2023

Repco Home Finance and Fedbank Financial are the only long term AA rated players amongst the peer set which have cost of borrowings less than 8.5% between Fiscal 2019 to Fiscal 2023. Repco Home Finance (7.1%) was followed by Muthoot Finance (7.4%), Fedbank Financial (7.8%) and Five-Star Business Finance (7.8%) in terms of cost of borrowings amongst long term AA rated peer set as of fiscal 2023. As of Fiscal 2023, other long term AA rated players like Manappuram Finance (8.1%), Aptus Value Housing (8.5%) and IIFL Finance (8.7%) had relatively higher cost of borrowings.

Short-term and long-term credit ratings of players

Segment	Player	Short-term credit rating	Long term credit rating
Housing Finance	Aptus Value Housing Finance	NA	ICRA AA-, CARE AA-
	Repco Home Finance	CARE A1+, ICRA A1+	CARE AA-, ICRA AA-

Segment	Player	Short-term credit rating	Long term credit rating
MSME	Five-Star Business Finance	CARE A1+	ICRA AAA (CE)/ICRA AA-, IND AA-, CARE A+
	Veritas Finance	CARE A1+	CARE A
	Vistaar Finance	ICRA A1, IND A1	ICRA A, IND A
MSME and Gold	Fedbank Financial Services	CRISIL A1+, ICRA A1+, CARE A1+	CARE AA, IND AA-,
	SBFC Finance	NA	IND A+, ICRA A+, CARE A+
Gold loan	Manappuram Finance	CRISIL A1+, CARE A1+	BWR AA, CRISIL AA, CARE AA
	Muthoot Finance	CRISIL A1+, ICRA A1+	CRISIL PPMLD AA+, /CRISIL AA+/ ICRA AA+
Diversified	HDB Financial Services	CRISIL A1+, CARE A1+	CRISIL AAA/CRISIL PPMLD AAA, CARE AAA
	IIFL Finance	ICRA A1+, CRISIL A1+	ICRA AA, CARE AA, BWR AA+, CRISIL AA/CRISIL PPMLD AA

Note: NA = Not available.
Source: Company Reports, CRISIL MI&A

Comparison of RoA and RoE amongst peer set as of Fiscal 2023

HDB Financial Services has the highest RoE of approximately 19% in Fiscal 2023 followed by IIFL finance at 16.9% and Aptus Value Housing at 16.1%. In terms of RoA, Five-Star ranks the highest with RoA of 8.0% as of Fiscal 2023.

RoE and RoA for players (Fiscal 2023)

Segment	Player		RoA (%)					RoE (%)					
		FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)	FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)
Housing Finance	Aptus Value Housing	5.9%	7.0%	6.5%	7.3%	7.8%	7.1%	17.4%	17.5%	14.5%	15.1%	16.1%	15.8%
	Repco Home Finance	2.3%	2.4%	2.4%	1.6%	2.4%	2.2%	16.5%	16.9%	15.0%	8.9%	12.5%	13.3%
MSME	Five-Star Business Finance	8.9%	7.8%	7.1%	7.5%	8.0%	7.6%	16.0%	15.8%	16.8%	15.0%	15.0%	15.7%
	Veritas Finance	2.7%	2.3%	3.1%	3.1%	5.2%	3.4%	6.7%	5.3%	7.3%	6.6%	11.8%	7.7%
	Vistaar Finance	2.3%	2.5%	3.0%	2.9%	3.2%	2.9%	5.8%	7.3%	9.6%	10.0%	12.0%	9.7%
MSME and Gold	Fedbank Financial Services	2.0%	1.3%	1.3%	1.7%	2.3%	1.6%	10.1%	6.8%	8.1%	10.4%	14.4%	9.9%
	SBFC Finance	1.5%	1.2%	2.0%	1.5%	2.9%	1.9%	2.8%	3.8%	7.7%	5.2%	9.9%	6.6%
Gold loan	Manappuram Finance	4.9%	5.9%	6.9%	5.0%	4.5%	5.6%	19.3%	25.2%	27.7%	17.6%	15.0%	21.4%
	Muthoot Finance	5.7%	6.8%	6.5%	5.9%	4.9%	6.0%	22.4%	28.3%	27.8%	23.5%	17.6%	24.3%
Diversified	HDB Financial Services	2.3%	1.7%	0.6%	1.6%	3.0%	1.7%	17.4%	13.2%	4.8%	11.2%	18.7%	12.0%
	IIFL Finance	4.7%	0.8%	1.6%	3.3%	3.4%	2.3%	18.0%	4.2%	9.2%	18.1%	16.9%	12.1%

Note: NA = Not available.
Source: Company Reports, CRISIL MI&A

Fedbank Financial had the fifth lowest GNPA and eighth lowest NNPA amongst the peer set as of Fiscal 2023

At end of Fiscal 2023, Five Star Business Finance has the best asset quality with net NPA of 0.7% followed by Aptus Value Housing (0.9%). In terms of GNPA, Aptus Value Housing has the lowest GNPA as of Fiscal 2023 at 1.2% followed by Manappuram Finance (1.3%) and Five Star Business Finance (1.4%). In addition, Fedbank Financial has the fifth lowest GNPA and eighth lowest NNPA among the peer set as of Fiscal 2023.

Segment	GNPA	FY19	FY20	FY21	FY22	FY23	Average (FY20-23)
Housing Finance	Aptus Value Housing	0.4%	0.7%	0.7%	1.2%	1.2%	1.0%
	Repco Home Finance	3.0%	4.3%	3.7%	7.0%	5.8%	5.2%
MSME	Five-Star Business Finance	0.9%	1.4%	1.0%	1.1%	1.4%	1.2%
	Veritas Finance	0.9%	1.9%	2.7%	3.9%	2.2%	2.7%
	Vistaar Finance	3.4%	3.7%	3.3%	2.7%	NA	3.2%
MSME and Gold	Fedbank Financial Services	2.3%	1.5%	1.0%	2.2%	2.0%	1.7%
	SBFC Finance	0.4%	2.3%	3.2%	2.7%	2.4%	2.7%
Gold loan	Manappuram Finance	0.6%	0.9%	1.9%	3.0%	1.3%	1.8%

Segment	GNPA	FY19	FY20	FY21	FY22	FY23	Average (FY20-23)
	Muthoot Finance	2.7%	2.2%	0.9%	3.0%	3.8%	2.5%
Diversified	HDB Financial Services	1.8%	3.9%	4.5%	5.0%	2.7%	4.0%
	IIFL Finance	1.7%	2.0%	2.0%	3.2%	1.8%	2.1%

Note: NA = Not available.
Source: Company Reports, CRISIL MI&A

Segment	NNPA	FY19	FY20	FY21	FY22	FY23	Average (FY20-23)
Housing Finance	Aptus Value Housing	0.3%	0.6%	0.5%	0.9%	0.9%	0.7%
	Repco Home Finance	1.4%	1.9%	2.3%	4.9%	3.0%	3.2%
MSME	Five-Star Business Finance	0.7%	1.1%	0.8%	0.7%	0.7%	0.8%
	Veritas Finance	0.8%	1.3%	1.4%	2.3%	1.3%	1.6%
	Vistaar Finance	2.6%	2.5%	2.2%	1.9%	NA	2.2%
MSME and Gold	Fedbank Financial Services	1.9%	1.1%	0.7%	1.8%	1.6%	1.3%
	SBFC Finance	0.3%	1.6%	2.0%	1.6%	1.4%	1.6%
Gold loan	Manappuram Finance	0.3%	0.5%	1.4%	2.7%	1.2%	1.5%
	Muthoot Finance	2.4%	2.0%	0.8%	2.7%	3.4%	2.2%
Diversified	HDB Financial Services	1.3%	3.3%	3.2%	2.5%	1.0%	2.5%
	IIFL Finance	0.5%	0.8%	0.9%	1.8%	1.1%	1.2%

Note: NA = Not available.
Source: Company Reports, CRISIL MI&A

Fedbank Financial had the second lowest average credit cost from Fiscals 2020 to 2023 amongst MSME peer set

Muthoot Finance has the lowest credit cost of 0.1% in Fiscal 2023. Credit cost in Fiscal 2023 for Fedbank Financial is at 0.6%, however, it had the second lowest average credit cost from Fiscals 2020 to 2023 amongst MSME peer set.

Segment	Player	Credit cost (%)						Stage 1 provisions to Stage 1 assets	Stage 2 provisions to Stage 2 assets	Stage 3 provisions to Stage 3 assets	Total provision to AUM ratio	Restructured book (%)		
		FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)	FY23	FY23	FY23	FY23	FY21	FY22	FY23
Housing Finance	Aptus Value Housing	0.1%	0.1%	0.1%	0.7%	0.5%	0.4%	0.4%	8.0%	25.0%	1.1%	0.0%	1.5%^	NA
	Repco Home Finance	0.2%	0.5%	0.7%	1.9%	0.4%	0.9%	NA	NA	49.6%	4.2%	NA	NA	NA
MSME	Five-Star Business Finance	0.4%	1.5%	0.7%	0.8%	0.3%	0.8%	0.3%	7.0%	49.3%	1.6%	0.0%	1.4%	NA
	Veritas Finance	0.6%	1.0%	2.0%	2.5%	1.4%	1.7%	0.4%	12.9%	42.8%	1.6%	0.2%	3.6%	1.6%
	Vistaar Finance	3.0%	3.0%	2.4%	1.4%	1.0%	1.9%	0.5%*	10.1%*	29.6%*	1.4%*	6.2%	4.3%	NA
MSME and Gold	Fedbank Financial Services	0.2%	0.7%	1.5%	1.4%	0.6%	1.1%	0.4%	11.2%	22.2%	1.2%	1.9%	4.6%	2.2%
	SBFC Finance	0.01%	1.1%	0.8%	1.1%	0.6%	0.9%	0.6%	7.0%	39.3%	1.7%	1.5%**	3.8%	2.3%^^
Gold loan	Manappuram Finance	0.2%	0.4%	0.5%	0.3%	0.2%	0.4%	NA	NA	NA	NA	0.3%	NA	NA
	Muthoot Finance	0.1%	0.2%	0.2%	0.2%	0.1%	0.2%	0.9%*	1.0%*	10.6%*	1.1%	NA	NA	NA
Diversified	HDB Financial Services	1.3%	2.5%	5.0%	4.0%	2.0%	3.4%	3.0%	28.3%	65.1%	5.2%	5.9%	NA	NA
	IIFL Finance	3.1%	1.5%	3.7%	2.2%	1.2%	2.2%	2.1%	6.4%	41.3%	0.6%	1.7%	0.7%	NA

Note: NA = Not Available, * Data for Stage 1, Stage 2, Stage 3 and total provisions is for fiscal 2021, ^ Data as of September 2021, ** Data as of December 2020, ^^ Data as of December 2022
Source: Company Reports, CRISIL MI&A

Segment	Player	Leverage (times)						Capital adequacy ratio (%)					
		FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)	FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)
Housing Finance	Aptus Value Housing	2.3	1.2	1.3	0.9	1.1	1.1	43.6%	82.5%	73.6%	85.6%	80.8%	80.6%
	Repco Home Finance	6.1	5.7	5.0	4.3	3.9	4.7	24.1%	25.9%	30.7%	33.6%	35.8%	31.5%

Segment	Player	Leverage (times)						Capital adequacy ratio (%)					
		FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)	FY19	FY20	FY21	FY22	FY23	Avg (FY20-23)
MSME	Five-Star Business Finance	0.7	1.2	1.5	0.7	1.0	1.1	64.8%	52.9%	58.9%	75.2%	67.2%	63.6%
	Veritas Finance	1.3	1.2	1.4	0.8	1.5	1.3	48.0%	59.3%	50.7%	64.4%	45.0%	54.9%
	Vistaar Finance	1.5	2.0	2.1	2.4	2.7	2.3	40.3%	37.6%	36.5%	30.0%	26.4%	32.6%
MSME and Gold	Fedbank Financial Services	3.5	4.7	5.2	4.4	5.3	4.9	21.6%	17.9%	23.5%	23.0%	17.9%	20.6%
	SBFC Finance	1.0	3.0	2.3	2.3	2.2	2.4	44.8%	21.9%	26.3%	26.2%	31.8%	26.5%
Gold loan	Manappuram Finance	2.9	3.3	2.6	2.3	2.1	2.6	23.3%	21.4%	29.0%	31.3%	31.7%	28.3%
	Muthoot Finance	2.7	3.2	3.0	2.7	2.4	2.8	26.1%	25.5%	27.4%	30.0%	31.8%	28.7%
Diversified	HDB Financial Services	6.3	6.2	6.0	5.1	4.8	5.5	17.9%	19.4%	18.9%	20.2%	20.1%	19.7%
	IIFL Finance	3.7	4.0	4.3	3.7	3.4	3.8	18.3%	16.6%	25.4%	23.9%	20.4%	21.6%

Note: NA = Not available.
Source: Company Reports, CRISIL MI&A

ALM position of various players as of Fiscal 2023

Amongst the peer set analysed, Muthoot Finance has highest ALM surplus (₹ 373.8 billion) within 12 months bucket followed by Manappuram Finance (₹ 91.8 billion) and IIFL Finance (₹ 82.3 billion). In addition, Fedbank Financial has assets to liability ratio of 184% within 12 month bucket which is higher as compared to MSME peer set and players in the gold loan financing business (221-225%). In the after 12 months bucket, HDB Financial Services has highest ALM surplus (₹ 75.6 billion) followed by Aptus Value Housing Finance (₹ 59.8 billion).

ALM position of various peers

Segment	FY23 (In ₹ Bn)	Assets		Liability		Net		Assets to Liabilities ratio@	
		Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Housing Finance	Aptus Value Housing Finance	25.3	109.5	16.8	49.7	8.5	59.8	151%	220%
	Repco Home Finance*	26.0	93.9	25.4	72.2	0.6	21.7	103%	130%
MSME	Five-Star Business Finance*	18.1	45.3	12.6	13.7	5.5	31.6	144%	330%
	Veritas Finance	13.3	27.6	8.2	16.8	5.0	10.9	161%	165%
	Vistaar Finance*	7.9	19.7	6.3	14.4	1.7	5.4	126%	137%
MSME and Gold	Fedbank Financial Services	57.6	43.2	31.3	60.4	26.2	-17.2	184%	71%
	SBFC Finance	17.4	40.1	13.9	26.3	3.5	13.8	125%	153%
Gold loan	Manappuram Finance*	229.0	40.7	137.2	53.1	91.8	-12.4	167%	77%
	Muthoot Finance*	673.9	37.2	300.1	222.6	373.8	-185.4	225%	17%
Diversified	HDB Financial Services	266.2	434.3	227.4	358.7	38.8	75.6	117%	121%
	IIFL Finance	263.2	283.9	180.9	366.2	82.3	-82.3	146%	78%

Note: * Data for fiscal 2022, @ Asset to liabilities ratio is calculated by dividing the percentage of assets maturing in the specified time period by percentage of liabilities maturing in the same time period.
Source: Company Reports, CRISIL MI&A

OUR BUSINESS

The industry related information contained in this section is derived from the CRISIL Report, which has been exclusively commissioned only for the purposes of the Offer and paid for by our Company. Forecasts, estimates, predictions, and other forward-looking statements contained in the CRISIL Report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such 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 are supplemental measures of our performance and liquidity and are not required by, or presented in accordance with Ind AS, Indian GAAP, IFRS or U.S. GAAP. Such measures and indicators are not defined under Ind AS, IFRS or U.S. GAAP, and therefore, should not be viewed as substitutes for performance, liquidity or profitability measures under Ind AS, IFRS or U.S. GAAP. 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 us as they are widely used measures to evaluate a company's operating performance.

Our financial year-ends on March 31 of each year, so all references to a particular FY, Fiscal or Fiscal Year, Financial or Financial Year are to the 12 months ended March 31 of that year.

Unless otherwise stated or unless context otherwise requires, all financial information of our Company used in this section has been derived from our Restated Financial Information.

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 24 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors", "Industry Overview" "Restated Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Statistical Information" beginning on pages 25, 115, 275, 371 and 257, 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.

Overview

We are a retail focused non-banking finance company ("**NBFC**") promoted by The Federal Bank Limited. We have the second lowest cost of borrowing among the micro, small and medium enterprises ("**MSMEs**"), gold loan and MSME & gold loan peer set in India in Fiscal 2023. *(Source: CRISIL Report)* As on March 31, 2023, we had the third fastest AUM growth among NBFCs in the peer set in India with a three year CAGR of 33% between Fiscals 2020 and 2023. *(Source: CRISIL Report)* We are one among five private bank promoted NBFCs in India. *(Source: CRISIL Report)* We are the fastest growing gold loan NBFC in India among the peer set as of March 31, 2023. *(Source: CRISIL Report)* As on March 31, 2023, 85.98% of our total Loan Assets are secured against tangible assets, namely gold or customer's property.

We are focused on catering to the MSMEs and the emerging self-employed individuals ("**ESEIs**") sector. According to the CRISIL Report, the ESEI and MSME segment is largely unaddressed by lending institutions in India. We believe that this segment provides us with a sizeable opportunity to rapidly grow and expand further. We have a well-tailored suite of products targeted to match our customers' needs, which includes mortgage loans such as housing loans; small ticket loan against property ("**LAP**"); and medium ticket LAP, unsecured business loans, and gold loans. We had the third highest growth in disbursement among the peer set with a three year CAGR of 35% between Fiscals 2020 and 2023. (*Source: CRISIL Report*) Our mortgage loans, gold loans and our unsecured business loans had an AUM of ₹ 45,063.78 million, ₹ 29,860.34 million and ₹14,542.80 million, respectively as on March 31, 2023.

We have been rated "AA" by CARE for our non-convertible debentures ("**NCDs**") since 2022, and "AA-"– by India Ratings and Research Private Limited for our NCDs and bank loans since 2018.We are promoted by Federal Bank, which, we believe, adds a degree of trust among our stakeholders. Federal Bank will continue to own more than 51% of our outstanding share capital post the completion of the Offer. We believe that our long operating history, track record, management expertise and the "Federal Bank" brand have enabled us to establish a competitive position in the markets we serve and create trust among our customers, lenders, regulators and investors. For further details in relation to our Promoter and Promoter Group, see *"Our Promoter and Promoter Group"* on page 251.

We are headquartered in Mumbai, Maharashtra. As of March 31, 2023, we are present in 16 states and union territories across India with a strong presence in Southern and Western regions of India. Based on the CRISIL Report, these states contribute more than 75% of India's GDP as on March 31, 2022. As of March 31, 2023, we covered 191 districts in 16 states and union territories in India through 575 branches. Our branches are located in states, such as Andhra Pradesh (including Telangana) and Rajasthan, which have better asset quality than other states as of Fiscal 2023. (*Source: CRISIL Report*) Additionally, we have dedicated micro-sites on our website for each of our branches, which focus solely on customer engagement for our branch customers.

We also have a "Phygital" doorstep model, a combination of digital and physical initiatives, for providing customized services to our customers across all of our products. This also helps us to constantly remain in touch with our customers. Technology is the core building block of our underwriting model which combines electronic data and physical information and document collection. We have entered into an agreement in Fiscal 2020 with a service provider for records management, preservation of documents and related services, valid for period of five years. When we underwrite a loan, we collect various data points from the customer, including subjective and objective information. These are collected in digital and physical format. Subsequently, we spend time validating the data and analyzing the customers' creditworthiness. Thereafter, the information is validated through various application programming interfaces ("**APIs**"), which are integrated in our loan origination system. Lastly, for our gold loan portfolio, the information is passed through the decision engine for final determination of sanctions of the loan amount. Our underwriting process has allowed us to manage defaults and NPAs across all our products in Fiscals 2023, 2022 and 2021. Our Gross NPA was 2.03%, 2.23% and 1.01% for Fiscals 2023, 2022 and 2021, respectively, and Net NPA was 1.59% 1.75% and 0.71% for Fiscals 2023, 2022 and 2021, respectively. For details in relation to the impact of COVID-19 on our NPAs, see "*Risk Factors – 25. The resurgence of the COVID-19 pandemic may affect our business and operations in the future.*" on page 40.

People are at the forefront of our organization. As on March 31, 2023, we have employed 3,570 personnel across our 575 branches. For the last three consecutive years, we have been certified as a "Great Place to Work" by Great Place to Work Institute.

We seek to empower emerging India with easy access to loans. We believe we are filling a gap in the Indian financial services industry, by addressing our target customer segments' loan requirements.

Our Competitive Strengths

We believe the following strengths give us a competitive advantage in the Indian retail credit industry:

- ***We are present in large, underpenetrated markets with strong growth potential***
- ***We are focused on retail loan products with a collateralized lending model targeting individuals and the emerging MSME sector which is difficult to replicate***
- ***Strong underwriting capability and presence in select customer segment combined with robust risk management capabilities focused on effective underwriting and collections***
- ***Experienced, cycle tested management team***
- ***Well diversified funding profile with an advantage of lower cost of funds***
- ***Technology driven company with scalable operating model***

- ***We are present in large, underpenetrated markets with strong growth potential***

According to the CRISIL Report, the Indian retail credit market grew at a strong pace over the last few years from ₹ 30 trillion in Fiscal 2018 to ₹ 60 trillion in Fiscal 2023, and it constituted 32% of total systemic credit in India. Retail credit is expected to further grow at a CAGR of 13-15% between Fiscals 2023 and 2025. *(Source: CRISIL Report)* The credit gap is much larger in case of ESEIs *(Source: CRISIL Report)* and we are focused on catering to the financial needs of such ESEIs.

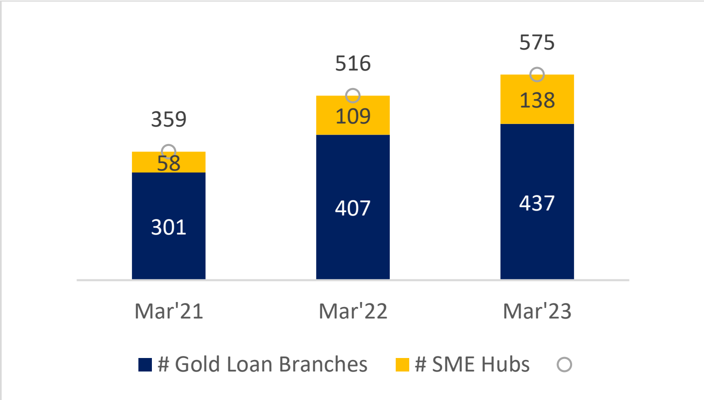
Given that the market is large, has good growth prospects, is under penetrated and profitable, retail credit is expected to continue to remain a key focus area for banks and NBFCs. *(Source: CRISIL Report)* In terms of credit to households as a proportion of GDP, India lags other markets, with retail credit hovering at around 26% of GDP as of Fiscal 2023. *(Source: CRISIL Report)* We believe this presents us with an opportunity for growth. Due to increasing awareness about benefits of availing gold loans from the organized segment, the share of organized gold loan financiers has increased from 56-58% in Fiscal 2017 to approximately 61-63% (in terms of value) in Fiscal 2023. *(Source: CRISIL Report)* Further, as of March 2023, the gold pledged with financiers constituted around 7% of the 28,000 tons of gold holdings in Indian households. *(Source: CRISIL Report)* We believe that we are well positioned to take advantage of the opportunity this presents for growing our gold loan business.

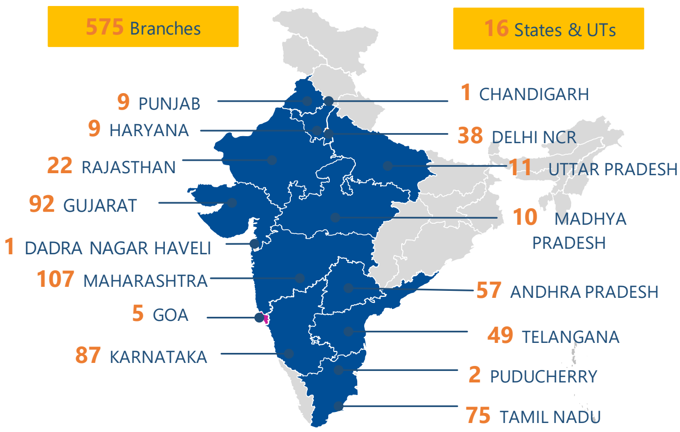
Based on the CRISIL Report, the retail credit growth is expected to benefit from factors such as formalization of the economy, growing working population, increasing urbanization and increasing digital adoption in India. For further details, see *"Industry Overview*" on page 115. Additionally, the portfolio of MSME loans with ticket size between ₹ 1 million and ₹ 10 million is expected to grow at 14-16% CAGR over Fiscals 2023 and 2025, aided by increasing lender focus and penetration of such loans, enhanced availability of data increasing lender comfort while underwriting such loans, enhanced use of technology, newer players entering the segment, and continued government support. *(Source: CRISIL Report)* NBFC credit is expected to grow at a higher rate of 13-14% in Fiscal 2024, as compared to 12-14% expected for banking credit. *(Source: CRISIL Report)* The credit growth is expected to be driven by the retail vertical, including housing, auto, and microfinance segments. *(Source: CRISIL Report)* Rapid revival in the economy is expected to drive consumer demand in Fiscal 2024, leading to healthy growth NBFCs. *(Source: CRISIL Report)* We believe our presence in the retail credit industry with our product suite provides us with a platform to benefit from this anticipated growth.

As of March 31, 2023 we are present in 16 states and union territories across India with a strong presence in Southern and Western regions of India. As of March 31, 2023, we covered 191 districts in 16 states and union territories in India through 575 branches. Our branches are located in states, such as Andhra Pradesh (including Telangana) and Rajasthan, which have better asset quality than other states. (*Source: CRISIL Report*) Our presence across these contiguous states allows us to diversify our exposure across local micro markets.

As on March 31, 2023, our AUM across our various products was 32.92% for gold loans, 25.23% for medium ticket LAP, 24.46% for small ticket LAP and housing loans and 16.03% for unsecured business loans. According to the CRISIL Report, housing finance and gold loans cover 46% and 12% of the retail loans industry, respectively, in India in Fiscal 2023. The retail nature of our business reduces any industry concentration risk to our total AUM.

The following chart and map set forth our branch network as on March 31, 2023 and our branch footprint evolution during the last three Fiscals.





As of March 31, 2023

In Fiscal 2023, our top five states in terms of AUM constituted 78.72% of our total AUM, while our top three states in terms of AUM contributed towards 54.59% of our total AUM. Further, as on March 31, 2023, 304 of our total branches have been in operation for more than three years while the remaining 271 have been in operation for less than three years.

We have made significant investment in setting up this comprehensive branch network. We have spent ₹ 786.86 million in aggregate to open branches in last three Fiscals. We have adopted a contiguous strategy wherein we aim to expand across regions in India where we have a presence and expand to adjacent geographies by evaluating areas with established credit culture. We believe that our deep penetration in 16 states and union territories in India, built through our contiguous expansion strategy has provided us with significant scale and diversification advantages and will result in growth of our AUM as our branches mature over time. We also have 1,772 local channel partners as on March 31, 2023 to complement our branch network and increase our geographical penetration while controlling our costs. For further information on our branch network and channel partners, see *"- Description of our business and operations –Distribution Network"* on page 200.

The ESEI and MSME segment is largely unaddressed by lending institutions in India. (*Source: CRISIL Report*) We have, accordingly, increased our footprint in the states we operate in with a focus on customer acquisition and retention in the higher quality small loan ticket segment.

We offer mobility-based solutions for our customers providing them with transparency and convenience of engagement and transaction execution. For further details in relation to our digital solutions, see "- *Technology driven company with scalable operating model*" and "- *Description of our business and operations – Information Technology*" on pages 191 and 207, respectively.

We believe that our multi-channel network combined with our physical branches, channel partners and digital solutions provides us with a significant footprint in our target geographies.

We are focused on retail loan products with a collateralized lending model targeting individuals and the emerging MSME sector which is difficult to replicate

We are largely focused on a collateralized lending model for our retail finance segment, targeting ESEI consumers and the emerging MSME sector. As on March 31, 2023, 85.98% of our total Loan Assets are secured against tangible assets, namely our customer's gold or property. Our average ticket size was ₹ 1.40 million in Fiscal 2023. Out of the collateral for our medium ticket LAP and small ticket LAP, 77.52% of our collateral is self-occupied residential or commercial property. As on March 31, 2023, average LTV on our total Loan Assets with property collateral at the time of sanctioning the loan was 51.12%. In our experience, the value of collateral property generally appreciates over time. In addition, our LTV at the time of sanction further reduces over the term of the loan as the loan is serviced.

The following table provides the split of our AUM by product category as at March 31, 2023, 2022 and 2021, year on year growth, split of total AUM as at March 31, 2023, ATS for disbursal during Fiscal 2023, yield as at March 31, 2023, NPA percentage as on March 31, 2023, underwriting methodology and average LTV as at March 31, 2023:

Product	**AUM as at March 31, 2023 (₹ in million)**	**AUM as at March 31, 2022 (₹ in million)**	**AUM as at March 31, 2021 (₹ in million)**	**YoY Growth from Fiscal 2022 to Fiscal 2023**	**YoY Growth from Fiscal 2021 to Fiscal 2022**	**Split of AUM (as at March 31, 2023)**	**ATS (₹ in million) for disbursal during Fiscal 2023**	**Yield on disbursement as at March 31, 2023**	**NPA % (as at March 31, 2023)**	**Underwriting**	**Average LTV (As at March 31, 2023)**
Mortgage loan											
Small Ticket LAP	16,661.56	10,864.10	6,768.62	53.36%	60.51%	18.37%	1.35	17.15%	2.22%	Assessed Income	46.58%
Medium Ticket LAP	22,884.02	15,258.50	13,324.13	49.98%	14.52%	25.23%	6.95	11.51%	2.16%	Income Based	51.78%
Housing Loan	5,518.20	3,201.90	1,413.37	72.34%	126.54%	6.08%	1.50	13.97%	2.60%	Assessed Income	62.12%
Gold Loan	**29,860.34**	**22,475.30**	**19,177.87**	**32.86%**	**17.19%**	**32.92%**	**0.10**	**15.65%**	**0.85%**	**In-house Valuation**	**72.33%**
Unsecured Business	**14,542.80**	**9,010.18**	**4,978.89**	**61.40%**	**80.97%**	**16.03%**	**2.18**	**17.32%**	**0.31%**	**Income Based**	**NA**

Product	AUM as at March 31, 2023 (₹ in million)	AUM as at March 31, 2022 (₹ in million)	AUM as at March 31, 2021 (₹ in million)	YoY Growth from Fiscal 2022 to Fiscal 2023	YoY Growth from Fiscal 2021 to Fiscal 2022	Split of AUM (as at March 31, 2023)	ATS (₹ in million) for disbursal during Fiscal 2023	Yield on disbursement as at March 31, 2023	NPA % (as at March 31, 2023)	Underwriting	Average LTV (As at March 31, 2023)
Loan											
Others	1,229.12	1,062.06	2,961.43	15.73%	-64.14%	1.36%	-	NA	39.26%	-	NA
Total	**90,696.04**	**61,872.04**	**48,624.31**	**46.59%**	**27.25%**	**100.00%**	**0.14**	**15.47%**	**2.03%**	**-**	**59.57%**

Notes:

1. *ATS means average ticket size of the loan at the time of sourcing.*
2. *LTV means loan to value ratio of the portfolio.*
3. *LAP means loan against property.*

Our products meet the specific requirements of our target customers with quick turnaround times and customized services for each customer's unique needs. Our target customers require us to employ differentiated strategies to evaluate creditworthiness, provide them with customized loan products and be able to understand local market requirements. Our ability to understand customers who lack formal documentation, understand the local market needs and underwrite products in a timely manner makes our offering difficult to replicate. For further details in relation to credit approval and disbursements, see "*- Description of our business and operations – Credit Approval and Disbursement*" on page 202.

Strong underwriting capability and presence in select customer segment combined with robust risk management capabilities focused on effective underwriting and collections

We recognize risk management as an integral part of our business. We have formulated our risk management policy taking into account, among others, the practices and principles governing risk management prescribed by the RBI. Our Board, supported by our senior management team, takes the lead in establishing a strong risk management culture. Our risk management framework is driven by our Board and its subcommittees including the Audit Committee, the Risk Management Committee and the asset liability committee of our Company. For further details, see "*- Description of our business and operations – Risk Management Framework*" on page 205.

We assess, measure and review risks holistically across our operations, including credit, market, liquidity, operational, regulatory and legal, cyber and information security and reputational risks. We have put in place approval processes for all new products, activities, processes and systems that assesses underlying risks. In addition, we have a strong internal control environment that utilizes policies, processes and systems and appropriate internal controls and risk management and transfer strategies.

We have various product programs that define customer and target market segments and risk acceptance criteria. These programs help us curate customized loan solutions based on the anticipated cash flows of our customers. We undertake a verification process for all electronic or physical material provided by our customers and have an independent risk containment unit, for protection against fraud. We ensure that our loan officers spend time getting to know our customers and their requirements.

Our knowledge of our customer's environment and their respective finances and unique facts assists us in our credit decision making process. Every loan is reviewed and approved by separate team members as per the product program to ensure checks and balances. Any deviations from the defined product program are escalated to the higher level within the credit risk management group for approval. Performance across product parameters and impact of all the deviations on portfolio performance is monitored across product segments and the learnings are fed back into the product program.

As on March 31, 2023, we had an independent quality assurance team of 212 employees for our mortgage loans, gold loans and unsecured business loans. The team reviews the quality of business at the time of loan origination. Every loan undergoes check post disbursal confirming adherence to the underwriting criteria through a variety of interventions by our quality assurance team. Instances of departure from the criteria are analyzed and findings are incorporated in the standard operating procedures to avoid future recurrence. For further details of our underwriting processes, see *"- Description of our business and operations – Credit Approval and Disbursement"* on page 202.

As of March 31, 2023, 2.38% of our employees were in internal audit function and such personnel conduct periodic audits across sales, operations, credit, customer service, branch operations and other support functions. Further, all our branches undergo regular audits along with random surprise audits to ensure adherence to the policies and standard operating procedures. In addition, an external audit agency augments our internal audit function. For further details in relation to our technology framework for collection of data for providing credit solutions, see *"- Our Competitive Strengths – Technology driven company with scalable operating model*" on page 191.

While we focus on the underserved category of the Indian retail loan market, we follow prudent customer selection policies with 86.31% of our customers having an established credit history, and 77.40% of our credit rated borrowers rated with a CIBIL score greater than 650 or CMR score less than or equal to 6 as on March 31, 2023.

Our effective credit risk management is reflected in our portfolio quality indicators such as our collection efficiency backed by adequate provisioning cover. We believe that our risk management policies have resulted in our healthy asset quality and low credit costs. For further details in relation to our product wise % Gross NPA, see *"Selected Statistical Information – product-wise % Gross NPA"* on page 268.

The following tables sets out the break-up of our loans across stages as per Ind AS:

Particulars	**For Fiscals**		
	2023	**2022**	**2021**
	(₹ in million, except percentages)		
Gross Carrying Amount – Loans			
1. Stage 1[(1)]	75,689.67	51,311.37	44,514.09
2. Stage 2[(2)]	3,766.77	5,012.22	1,288.18
3. Stage 3[(3)]	1,645.03	1,285.82	468.08
4. Total Gross Carrying Amount – Loans[(4)]	81,101.47	57,609.41	46,270.35
Expected Credit Loss Allowance – Loans			
5. Stage 1	317.09	252.52	453.56
6. Stage 2	422.24	625.07	155.52
7. Stage 3	365.18	283.73	139.86
8. Total ECL Allowance Loans[(5)]	1,104.51	1,161.32	748.94
Net Carrying Amount – Loans			
9. Stage 1 (9=1-5)	75,372.58	51,058.85	44,060.53
10. Stage 2 (10=2-6)	3,344.53	4,387.15	1,132.66
11. Stage 3 (11=3-7)	1,279.85	1,002.09	328.22
12. Total Net Carrying Amount – Loans (12=4-8)	79,996.96	56,448.09	45,521.41
13. Ratio of Total ECL Allowance Loans to Total Gross Carrying Amount (13=8/4*100)	1.36%	2.02%	1.62%

Notes:

*(1) Stage 1 Loans refers to less than 30 Day Past Due ("**DPD**") accounts other than restructured less than 30 DPD accounts and NPA less than 30 DPD accounts.*
(2) Stage 2 Loans refers to 30 to 59 DPD, 60-89 DPD and all loans, restructured under the Resolution Framework, which allowed a one-time restructuring of loans impacted by COVID-19 pandemic, which are Stage 2 or below as per DPD.
(3) Stage 3 Loans refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).
(4) Gross carrying amount -loans means loan assets measured at amortized cost and at fair value through other comprehensive income.
(5) Includes expected credit loss of loan assets measured at amortized cost and fair value through other comprehensive income.

Experienced, cycle tested management team

Our senior management team has significant experience in the financial services industry and the team members are instrumental in developing and implementing our business strategy and commitment to fair and transparent business practices. Our senior management team has a consolidated experience of over 200 years with a diversified track record in the banking and financial services industry. The track record and experience of our senior management across various events in Indian economic history provides us with the ability to react to changes and adapt and implement innovative solutions to deal with economic challenges.

Our Managing Director and Chief Executive Officer has over 28 years of experience in the financial services sector. For further details in relation to our Board and key managerial personnel, see *"Our Management*" on page 233.

Well diversified funding profile with an advantage of lower cost of funds

Our ability to access diversified sources of funding is a key contributor to our growth. We intend to continue to diversify our funding sources, identify new sources and pools of capital and implement robust asset liability management policies with the aim of further optimizing our borrowing costs and help expand our net interest margin. Our average cost of borrowing was 7.77%, 7.44% and 8.30% for Fiscals 2023, 2022 and 2021, respectively. We have the ability to access borrowings at a competitive cost due to our stable credit history, credit ratings, conservative risk management policies and strong brand equity.

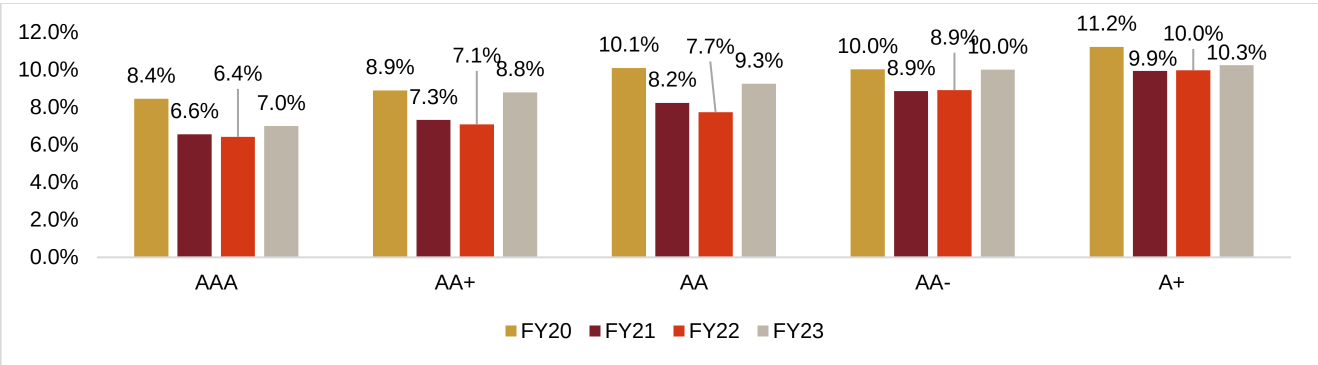
As a result, we have the second lowest cost of borrowing among the MSME, gold loan and MSME & gold loan peer set in India in Fiscal 2023. *(Source: CRISIL Report)*

In addition, our cost of incremental borrowings, being new loans sanctioned in the relevant period, reduced from 8.36% in Fiscal 2021 to 7.02% in Fiscal 2022. It increased to 8.02% in Fiscal 2023 due to an increase in interest rates.

Further, while we have been rated "AA-" by CARE for our NCDs since 2022, and "AA-" by India Ratings and Research Private Limited for our NCDs and bank loans since 2018. According to the CRISIL Report, we are one of only two long term AA rated players among the peer set which have cost of borrowings less than 8.5% between Fiscals 2019 and 2023. Our rating of AA and AA-indicates, resilient liability origination despite challenges faced by the Indian economy for varied factors and the failure of other NBFC companies in India.

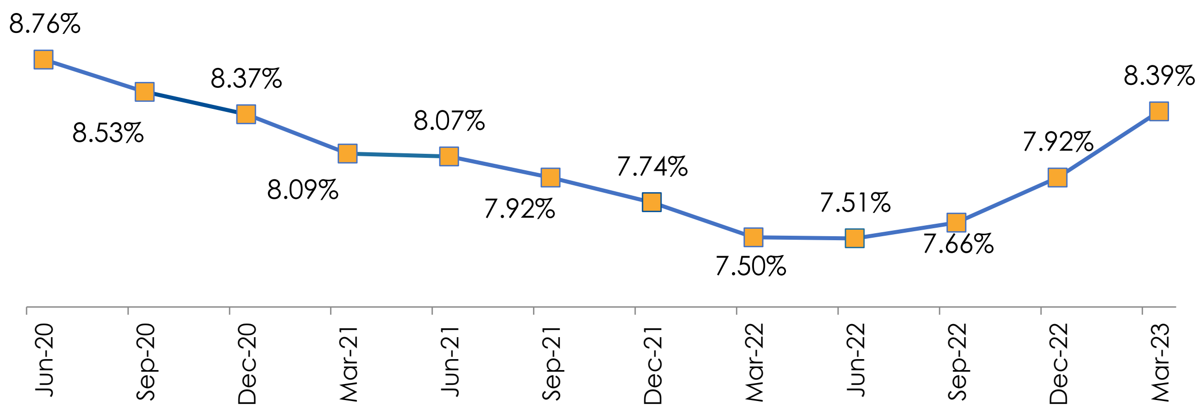
The following charts set forth the average cost of borrowing trend in the industry by ratings category:

Average Cost of Borrowing Trend by Ratings Category



Source: CRISIL Report

Our Average Monthly Cost of Borrowing



We have historically secured financing from diversified sources of capital from banks, financial institutions, mutual funds and other financial institutions, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs, proceeds from loans assigned and commercial papers, to meet our capital requirements. In addition, we have access to capital from our Promoter, Federal Bank. We have grown our liability relationships from 23 lending institutions as on March 31, 2021 to 26 institutions as on March 31, 2023. As of March 31, 2023, we borrowed from 12 private sector banks (including our Promoter, Federal Bank), 11 public sector banks, one NBFC, one foreign bank and one other entity (such as the Small Industries Development Bank of India). As of March 31, 2023, our outstanding borrowings were ₹ 22,248.93 million from private sector banks, ₹ 37,738.98 million from public sector banks, ₹ 2,212.21 million from an NBFC, ₹ 1,500.35 million from a foreign bank, and ₹ 7,657.54 million from other entities.

We actively monitor our loan portfolio to build our priority sector lending portfolio. This portfolio enables us to undertake securitization transactions with banks looking to meet their priority sector lending obligations. As of March 31, 2023, we had a securitized portfolio across leading public sector banks and private sector banks aggregating to ₹ 10,925.53 million. As of March 31, 2023, our total borrowings aggregated to ₹ 71,358.23 million, comprising primarily of term loans of ₹ 62,649.26 million, NCDs of ₹ 6,642.57 million and commercial papers of ₹ 2,066.40 million.

In addition, we also believe we have effective asset liability management strategies in place. The following table shows our ALM position in Fiscal 2023:

(In ₹ billion)

Assets		Liability		Net		Assets to Liabilities ratio@	
Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
87.3	66.1	38.3	124.15	48.97	-58.1	228%	53%

@ Asset to liabilities ratio is calculated by dividing the percentage of assets maturing in the specified time period by percentage of liabilities maturing in the same time period

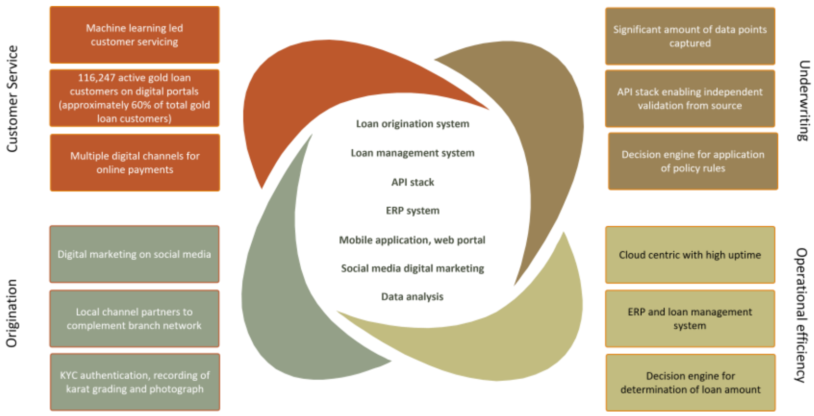
For further details in relation to our ALM position in comparison to our various peers, see *"Industry Overview"*, on page 115. The following table shows the asset-liability maturities for the periods indicated:

Particulars	As of		
	March 31, 2023	March 31, 2022	March 31, 2021
Average maturity of assets (in months)	90	82	81
Average maturity of liabilities (in months)	23.33	20	25

We believe that our diversified sources of borrowing, stable credit history, credit ratings and effective asset-liability management have allowed us to gain better access to cost-effective debt financing. As of March 31, 2023, our cash and cash equivalents and other bank balance amounted to ₹ 946.20 million, which we believe reflects our strong liquidity position.

Technology driven company with scalable operating model

The following chart reflects our technology framework as of March 31, 2023:



We are a technology driven company using systems with digital infrastructure to manage a scalable and sustainable operating model. This enables us to expand and scale our businesses and drive growth in revenue at lower incremental costs. Our technology stack is deployed with customized tools and applications that enhances operational efficiency, automation and customer convenience.

During Fiscals 2023, 2022 and 2021, we have invested an aggregate amount of ₹251.18 million in our information technology and digital systems. Our continuing investment in technology systems will enable us to improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time. It will also enable us to expand our efficiency through automations and further deepen customer engagement with digital touchpoints and maximize digital delivery. We leverage our information technology platforms to drive economies of scale through increase in productivity, reduce turnaround time in processing and reduce transaction costs.

We are able to capture significant amounts of data points through credit bureau data, API stack enabling independent validation from source, customer financials, observations from our front-end team, and feedback from our credit underwriting and management teams. The data are stored in a highly secured manner and through a cloud services platform. Our integrated loan management and loan origination systems provide us with a seamless transaction processing capability and standardization of processes across branches which finally flows into a cloud-based central repository, thereby enabling superior portfolio management and customer engagement.

Comprehensive digitization and automation of our processes enables us to offer quick turnaround in processing complemented by digital marketing as well as data validation through API integration for, among other things, KYC function, doorstep gold loan offering, and e-disbursals. We disbursed door-step loans aggregating to ₹3,450.80 million in Fiscal 2023, constituting 4.64% of our total disbursals for gold loans. Our gold loan branches are equipped with technology led surveillance and security systems, cash and inventory management that is integrated with our ERP application. For further detail in relation to our gold branches, see "- *Description of our business and operations – Distribution Network*" on page 200. These also help us in bringing uniformity in our processes, superior customer experience and objectivity in decision making.

We offer mobility solutions for our customers providing them with transparency and convenience of engagement and transaction execution. The digital application allows customers to perform a variety of transactions and share their experiences which manifests in the form of customer ratings. As a result of our digital initiative, as of March 31, 2023, Fedfina digital portals has a presence on Fedfina Loans: Gold Loans, LAP, Business & Home Loan (customer application), Fedfina Lite – Employee App (employee application), website and social media channels. As of March 31, 2023, our customer application has over 411,000 downloads and a 4.1 star rating on Google Play Store. As of March 31, 2023, more than 500 branches have a presence on microsites as well as search engines for easy access of potential customers. As of March 31, 2023, our social media had an aggregate of over 399,000 followers with presence across Facebook, YouTube, LinkedIn and Instagram channels. As of March 31, 2023, active customers on digital portals (being gold loan customers who are registered on digital platforms, mobile applications and login-based customer self-service web portal and are activated in the system to perform online transaction using such platforms) are 116,247 representing approximately 60.39 % of our total customer base for gold loans. We had over 17.42 million page views and more than 400,000 transactions conducted through our digital portals which constitutes 31.57% of total transactions for Fiscal 2023.

Our systems and applications are maintained on a robust infrastructure, which is protected by information security policies. This aids us in sustaining high volume traffic spread across hundreds of branches and providing consistent uptime for smooth functioning and enterprise expansion.

Our Strategies

We aim to implement the following key strategies in our business:

- ***Continue to deliver consistent and one of the industry leading return matrices building on past performance***

- ***Focus on performance of our large branch network and extracting operating leverage***

- ***Continue to invest in technology and digitization initiatives***

- ***Continue to invest in talent and employee training to achieve industry leading productivity parameters***

- ***Capitalize on our understanding of our customer as a foundation for customer retention and customer acquisition***

- ***Continue to deliver consistent and one of the industry leading return matrices building on past performance***

We have delivered consistent and one of the industry leading performances across various benchmarks, such as AUM Growth and cost of funds. For example, As on March 31, 2023, we had the third fastest AUM growth among NBFCs in the peer set in India with a three year CAGR of 33% between Fiscals 2020 and 2023. (*Source: CRISIL Report*) According to the CRISIL Report, we are one of only two long term AA rated players among the peer set which have cost of borrowings less than 8.5% between Fiscals 2019 and 2023. *(Source: CRISIL Report)* We have the second lowest cost of borrowing among the MSME, gold loan and MSME & gold loan peer set in India in Fiscal 2023. *(Source: CRISIL Report)*

Our performance is a result of our business model and the implementation of different initiatives across our business. Further, as a result of these various initiatives, we believe we will be in a position to reduce our GNPA and NNPA levels, improve our credit ratings for new fund raising, further reduce the cost of our borrowing and deliver better return ratios.

Focus on performance of our large branch network and extracting operating leverage

As of March 31, 2023, we are present in 16 states and union territories across India with a strong presence in Southern and Western regions of India. As of March 31, 2023, we covered 191 districts in the 16 states and union territories in India through 575 branches.

There is a huge demand-supply gap in the MSME loan segment, especially in lower ticket size segments. (*Source: CRISIL Report*) The MSME loans segment has been growing strongly with a four year CAGR of 18% between Fiscals 2019 and 2023 and the overall MSME portfolio is expected to grow at 12-14% CAGR between Fiscals 2023 and 2025. (*Source: CRISIL Report*) As on March 31, 2023, the top 15 states accounted for 92% of the overall MSME loans portfolio, based on the value of the overall MSME loans outstanding. (*Source: CRISIL Report*). For further details, see *"Industry Overview*" on page 115.

Our presence across these states gives us the ability to meet the demand from these under-penetrated markets and customer categories. We intend to continue to focus on our branch level AUMs to increase our total number of customers and total AUM. Further, we have adopted a contiguous strategy wherein we aim to expand across regions in India where we have a presence and expand to adjacent geographies by evaluating areas with established credit culture. For further details on our intended expansion of branch network, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Financial Condition and Results of Operations – Expansion of branch network*" on page 374.

Continue to invest in our technology and digitization initiatives

We have invested ₹ 82.68 million, ₹ 128.40 million and ₹ 40.10 million in our information technology and digital systems, in Fiscals 2023, 2022 and 2021, respectively, constituting 0.70%, 1.48% and 0.58% of our revenue from operations during the same periods. We have implemented automated, digitized technology-enabled services to increase our customer offerings. We plan to continue investing in technology and digitization and to ensure our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time.

Continue to invest in talent and employee training to achieve industry leading productivity parameters

Our business model requires us to hire a large number of sales employees and as on March 31, 2023, we have 2,760 sales employees. We undertake comprehensive onboarding training as well as ongoing training initiatives so that our employees are equipped to deal with business and regulatory requirements. As a result, our employees are trained to assess and appraise the creditworthiness of our customers with limited documented income. Further, our employees are trained to handle and engage customers and these trainings have helped their dealings with our customers, with an emphasis on marketing and sales knowledge for our products. In addition, our employees periodically receive training on our products, processes, incentives. Further, they also receive regular training related to our core systems to enable them to operate our systems with minimum intervention. Our employees are trained to exercise operational risk controls including effective segregation of duties, access, authorization and reconciliation procedures. For further details in relation to operational risks management, see "- *Description of our business and operations – Risk Management Framework – Operational Risk*" on page 206. We had the second highest disbursement per employee among the peer set in Fiscal 2023. *(Source: CRISIL Report)*

Capitalize on our understanding of our customer segment as a foundation for customer retention and customer acquisition

We have a customer centric model and accordingly, our products and services are designed and customized to meet the requirements of our customers and our target markets. We are focused on catering to the ESEI and the MSME segment. We have a "Phygital" doorstep model, a combination of digital and physical initiatives, and have been using technology, people and all the other resources to improve customer experience. Over the years, we have gained a deep understanding of the Indian retail loan industry, including ESEI and MSME customers, which has enabled us to meet the financing requirements of potential customers.

According to the CRISIL Report, as of Fiscal 2023, the MSME credit demand is estimated to be around ₹ 117 trillion, of which 21% of demand was met through formal financing. Historically, there has been a perception of high risk and prohibitive costs for delivering services physically and that has constrained the ability of traditional institutions to provide credit to underserved or unserved MSMEs and self-employed individuals. *(Source: CRISIL Report)* As a result, such borrowers resort to credit from informal sources. *(Source: CRISIL Report)*

We believe customers prefer a single and reliable source for financial services, and we have accordingly customized a range of products to address a variety of financing requirements. These include specialized products such as doorstep loans as well as reduction of turn-around time for disbursals of loans. Our engagement with our target customer segments and understanding of related socio-economic dynamics allows us to establish effective credit and operational procedures, identify potential market demand, and leverage our existing operating network to streamline and customize our product portfolio by offering products which offer better returns and increase our customer base. In particular, our credit analysis and valuation methodology require market knowledge and practical experience developed over a period of time, which we believe is difficult to replicate and will allow us to continue to grow and service our customers.

Our Board is also exploring registering with the Insurance Regulatory and Development Authority of India under the Insurance Regulatory and Development Authority of India (Registration of Corporate Agent) Regulation, 2015, to act as a composite corporate agent for distributing life, general and health insurance products.

Description of our business and operations

We are registered with the RBI as a NBFC-ND-SI. Our Company was initially engaged in the distribution of, among others, personal car and housing loans for our Promoter, Federal Bank. In 2018, True North Fund VI LLP, our financial investor, invested in us and has since, together with our Promoter, supported us with capital to fuel our growth. As a result, our net worth has grown to ₹ 13,556.82 million during Fiscal 2023 from ₹ 11,535.18 million during Fiscal 2022 and ₹ 8,347.34 million during Fiscal 2021.

We have categorized our business into three business segments, namely the distribution segment, the retail finance segment and the wholesale finance segment. The distribution segment comprises of distributing housing loans, personal car loans, personal loans, home equity mortgage loans and retail asset products for our Promoter, Federal Bank. The retail finance segment comprises gold loans, medium ticket LAP, small ticket LAP, unsecured business loans, personal loans and housing loans. The wholesale finance segment comprises construction finance to developers and loans to other NBFCs. We have reduced our exposure to the wholesale finance. For further details in relation to our wholesale finance segment, see "- *Wholesale Finance Segment*" on page 199. For further details on our segment information, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 371.

Our AUM for mortgage loans, gold loans, unsecured business loans and other loans as at March 31, 2023, March 31, 2022 and March 31, 2021, are as follows:

Particulars	**AUM as at March 31, 2023**		**AUM as at March 31, 2022**		**AUM as at March 31, 2021**	
	₹ in million	**% of total AUM**	**₹ in million**	**% of total AUM**	**₹ in million**	**% of total AUM**
Mortgage Loans	**45,063.78**	**49.69%**	**29,324.50**	**47.40%**	**21,506.12**	**44.23%**
Small Ticket LAP	*16,661.56*	*18.37%*	*10,864.10*	*17.56%*	*6,768.62*	*13.92%*
Medium Ticket LAP	22,884.02	25.23%	15,258.50	24.66%	13,324.13	27.40%
House Loan	*5,518.20*	*6.08%*	*3,201.90*	*5.18%*	*1,413.37*	*2.91%*
Gold Loans	**29,860.34**	**32.92%**	**22,475.30**	**36.33%**	**19,177.87**	**39.44%**
Unsecured Business Loans	**14,542.80**	**16.03%**	**9,010.18**	**14.56%**	**4,978.89**	**10.24%**
Other[(1)]	**1,229.12**	**1.36%**	**1,062.06**	**1.72%**	**2,961.43**	**6.09%**
Total	**90,696.04**	**100.00%**	**61,872.04**	**100.00%**	**48,624.31**	**100.00%**

[(1)] *Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

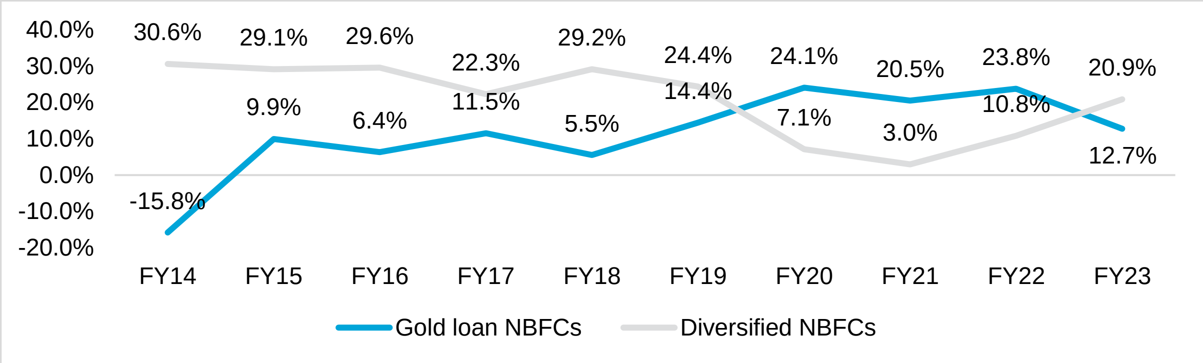
Retail Finance Segment

Under our retail finance segment, we offer a wide range of financial solutions that help ESEI consumers and MSMEs meet their growing credit needs. Our retail finance operations are divided into three categories: gold loans which are loans against gold as a collateral, mortgage loans to MSMEs and ESEIs which include loans against property as collateral such as small ticket LAP, medium ticket LAP and housing loans and unsecured business loans. We operate a "small business lending model" with gold loans as an important element of this model to provide us a countercyclical hedge for disruptions in the Indian economy and the retail loans industry. The credit demand from the ESEI and the MSME segment drives our business growth when there is an upturn in the economy. On the other hand, the demand for gold loans drives our business growth when there is a downturn in the economy. Our gold loan portfolio acts as an active hedge against the cyclicality in the Indian retail lending industry that may arise due to economic or other factors. Over the years, gold prices have shown a consistent increase, and have, in most part, increased at a pace higher than the annual rate of inflation. (*Source: CRISIL Report*) For instance, from Fiscal 2011 to Fiscal 2016, gold prices increased at a CAGR of approximately 7%, as against an approximately 8% inflation observed in this period, while during the subsequent five-year period between Fiscals 2016 and 2022, the gold price and inflation increased at a CAGR of approximately 12% and 5%, respectively. (*Source: CRISIL Report*)

Most lenders tend to be pro-cyclical, lending aggressively during good times and cautious during periods of distress and slowdown in economic growth. (*Source: CRISIL Report*) As a result, small businesses and enterprises especially may find it difficult to get credit during periods of economic downturn as established lenders tend to tighten their underwriting standards.

(*Source: CRISIL Report*) According to the CRISIL Report, one asset class that tends to see healthy growth when the overall economy or other loan segments are not doing well is gold–backed lending. As lenders become more cautious and stringent due to slowdown in economy, gold loans serve as a quick, easy and convenient avenue to fund short term needs of customers. *(Source: CRISIL Report)* For example, during Fiscals 2020 and 2021, when growth for diversified NBFCs witnessed sharp decline, gold loan NBFCs witnessed strong double-digit year-on-year growth of over 20% during the same period. (*Source: CRISIL Report*) According to the CRISIL Report, this counter cyclical nature of gold loans provides a cushion and acts as an active hedge for overall growth of NBFCs which have a good portfolio mix of gold loans and other loans.

Y-o-Y growth trend of gold loans NBFCs vs diversified NBFCs



Note: Gold loan NBFCs includes – Muthoot Finance, Manappuram Finance, Kosamattam Finance and Muthoottu Mini; Diversified NBFCs includes – Aditya Birla Finance, Bajaj Finance, Fullerton India Credit, HDB Financial Services, IIFL Finance, L&T Finance, Shriram City Union Finance and Tata Capital

Source: CRISIL Report

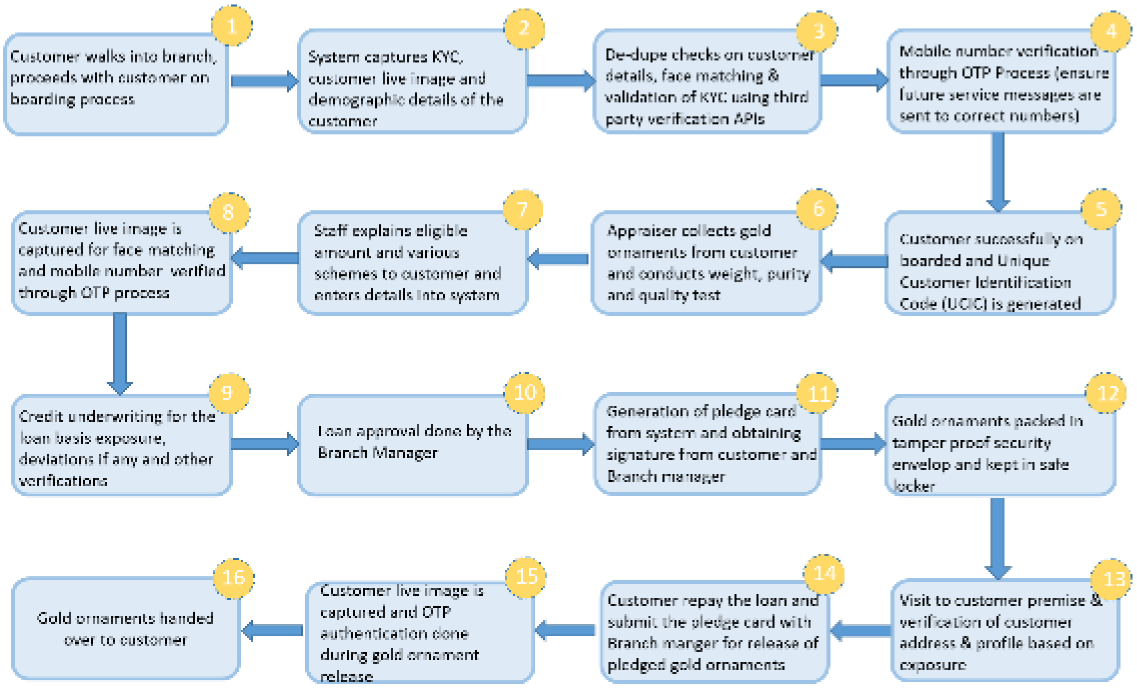
Gold Loans

We target individual customers for our gold loan products, which start from ₹ 3,000 with an average ticket size of ₹ 0.10 million. We believe our key proposition to such customers includes our quick processing times and accessibility during the pledge and release, transparency and friendliness, trust and security, privacy and confidentiality, as well as a respect for their hard-earned or sentimental asset. Our gold loan offerings come with tailor made schemes with flexibility of tenor, interest payment choices and digital and branch-based repayment options. As of March 31, 2023, we had approximately 0.32 million gold loan accounts, representing an AUM of ₹ 29,860.34 million, accounting for 32.92% of our total Loan Assets. As of March 31, 2022, we had approximately 0.23 million gold loan accounts, representing an AUM of ₹ 22,475.30 million, accounting for 36.33% of our total Loan Assets. As at March 31, 2021, our gold loans AUM stood at ₹ 19,177.87 million, accounting for 39.44% of our total Loan Assets.

We also offer doorstep gold loans, whereby our employees carry out the appraisal and instant disbursal at our customers' premises, before transferring the pledged gold to a nearby branch with in-transit security which includes an electronic safe with GPS for tracking. We further utilize multi-tier authentication, as well as online portal and mobile applications for real-time tracking and customer service. This offers customers the convenience and privacy of their own premises, lowers branch walk-ins and frees up branch bandwidth. This also enables us to access customers that prefer doorstep service, including digitally savvy customers. As on March 31, 2023, we have established 14 door-step gold loan hubs catering to our 267 gold loan branches. In Fiscal 2023, 10,707 customers opted for our doorstep gold loans, of which 7,160 were new customers. We disbursed gold loans aggregating to ₹ 3,450.80 million in Fiscal 2023 as compared to ₹ 441.88 million in Fiscal 2022, representing an increase of 680.94% in gold loan disbursals.

We introduced a maker-checker model, end-to-end monitoring device 'Prototype Sec Box' in Fiscal 2023, which has a digital locking system, which is automated and can only be operated by our central team. It has multiple features such as audio video recorder, heat sensor and vibration sensor.

The chart below illustrates the typical process for extending a gold loan from start to end. For further details, see "- *Credit Approval and Disbursement*" on page 202.



Mortgage Loans

Our mortgage loans target the emerging MSME sector. Each product has multiple programs, and we can provide customized credit solution to the target segment depending on the customer's needs and available documentation. Mortgage loans are sanctioned on the basis of cash flows assessed using multiple income evaluation methods. We typically provide mortgage loans for working capital purposes. As of March 31, 2023, 98.07% of our mortgage loans qualify for priority sector lending.

In particular, each of our product categories has a different value proposition to our customers:

- *Small ticket LAP and housing loans*: This product caters to the needs of self-employed customers with a proprietary setup and salaried customers with a medium income, typically from periphery of Tier 1 cities as well as Tier 2 and Tier 3 cities in India. Such target customers typically have a median income of approximately ₹ 0.50 million per annum, with an irregular or minimal record of financial transactions but a healthy household cash flow and commensurate asset holdings, as well as ownership of an unencumbered property. As of March 31, 2023, our small ticket LAP and housing loans collectively have an ATS of ₹ 1.39 million, an average disbursement yield of 16.26% and an average LTV of 50.45%.

  We typically provide small ticket LAPs for business expansion or for the acquisition of a new property. We fulfil loan requirements for various business needs, and loans typically range from ₹ 1.00 million to ₹ 2.00 million. We typically provide housing loans for construction or acquisition of a new property. We fulfil loan requirements for housing needs, and the loans typically range from ₹1.00 million to ₹2.00 million.

  As of March 31,2023, our small ticket LAPs have an ATS of ₹ 1.35 million and an average disbursement yield of 17.15%. As of March 31, 2023, our housing loans have an ATS of ₹1.50 million and an average disbursement yield of 13.97%. Our employees spend substantial time at the customer location to understand the business and assess the accurate income and cash flows and carry out in-depth personal discussions to ascertain the customers' creditworthiness. We provide a single window for all our customers' needs and use local business understanding to provide customized solutions. We are able to provide adequate loans with the available documents, without insistence on formal documentation and utilizing convenient service and processes.

- *Medium ticket LAP*: This product caters to the needs of MSMEs, including traders, wholesalers, distributors, retailers, self-employed professionals and small manufacturing companies. We provide loans for various purposes, which include capital infusion, expansion of businesses, working capital, asset acquisition as well as capital expenditure. The target customer segment typically has established income streams. We currently provide medium ticket LAPs from our branches located in 11 key locations across India, namely being Mumbai, Maharashtra; Delhi, National Capital Territory of Delhi; Chennai, Tamil Nadu; Bengaluru, Karnataka; Hyderabad, Telangana; Jaipur, Rajasthan; Ahmedabad, Gujarat; Surat, Gujarat; Pune, Maharashtra; Coimbatore, Tamil Nadu and Chandigarh. Loans are usually collateralized against completed and self-occupied residential and commercial properties, which we believe in turn enhances the value of the collateral.

As of March 31, 2023, our medium ticket LAPs were secured with an average LTV ratio of approximately 51.78%. Loans were provided on a fixed and floating interest rate basis and typically range from ₹ 2.50 million to ₹ 10.00 million. As of March 31, 2023, our medium ticket LAPs have an ATS of ₹ 6.95 million and an average disbursement yield of 11.51% We provide multiple income evaluation methods to arrive at income eligibility, carry out in-depth personal discussions to understand the business and cash flows of the customer, and leverage technology to achieve faster end-to-end turnaround times.

Unsecured business loans

This product is curated to take care of the credit needs of, among others, self-employed professionals and non-professionals, and salaried doctors. Our target customer segment comprises customers with a turnover of approximately ₹ 10.00 million per annum and a minimum of five years of business experience in their current business or profession. This loan product typically provides funds to bridge working capital and business expansion, without requiring any collateral. As of March 31, 2023, our unsecured business loans have an ATS of ₹ 2.18 million and average disbursement yield of 17.32%. In the last three Fiscals, our unsecured business loans constituted less than 15.00% of our Gross Loan Book. For further details, see *"Selected Statistical Information – Gross Loan Book"* on page 260. We provide quick underwriting through our assessment of the financials, cash flows, GST and turnover, and personal discussions with our customers.

Case Studies

The case studies below illustrate the types of loan products we offer, the underwriting process we conduct and the customers which have benefited from them:

Mr. Bharat Yadav– Small Ticket LAP

Mr. Bharat Yadav is engaged in the business of operating a paan parlor, tea stall and snacks outlet for the last 20 years at a prime location along Waghawadi Road, Bhavnagar, Gujarat. The outlet is adjacent to the Government College, and it received customer footfall from college students. Mr. Bharat required funds to expand his product offering and to renovate the store. Mr. Bharat had a self-occupied residential property at a prime location in Bhavnagar, and it was valued at ₹ 2.90 million. Our sales and credit team spent time with Mr. Bharat at his business location to understand the business and the daily turnover. Our team also took stock of the products purchased by Mr Bharat on a daily basis, and conducted parallel checks with his major wholesale suppliers, to derive Mr. Bharat's monthly supply and arrive at his tentative monthly income. At the time of taking stock, Mr. Bharat's stock was valued at ₹ 60,000, which was confirmed by his average daily purchases as well. We further understood that he had serviced a prior loan well. Accordingly, we sanctioned a small ticket LAP of ₹ 1.60 million in Fiscal 2021 with an LTV of 55.17% and an equated monthly instalment ("**EMI**"). EMI of ₹ 33,812 per month.

M/s MS Food – Medium Ticket LAP

Mr. Manish Mansukh Sukhadia is a proprietor of M/s MS Foods, a firm that is in a business of selling snacks, savouries, and bakery items through a chain of outlets in Chennai. Mr Manish needed funds to refurbish a few existing outlets and open two additional outlets. M/s MS Foods has a self-occupied commercial and rental property, valued at ₹ 23.63 million as on date of making the loan application. M/s MS Foods did not qualify to receive the requested loan amount. However, our employees conducted a field visit and verified the records and took inventory of the stock, and based on this fieldwork, we assessed M/s MS Foods' turnover to be higher than as reported. We sanctioned a medium ticket LAP of ₹ 7.45 million in Fiscal 2022 with an LTV of 31.53% and an EMI of ₹ 97,850 per month.

E Power Engineering– Unsecured Business Loan

E Power Engineering is in the business of trading and installation of industrial electrical products such as panel accessories, cable kits, bus duct and UPS protection regulators. E Power Engineering required a loan for the purchase of raw materials, but the required cash flows for an initial loan assessment were not evident in its financial statements. Further, based on the available documents, its ability to service its debt looked challenging. Based on discussions with E Power Engineering and a review of its GST returns and banking details, we identified that the business had almost doubled since the start of the COVID-19 pandemic, and its bottom line grew by more than 150% over the past year according to the advance tax payments. We sanctioned a loan of ₹ 3 million in Fiscal 2022 with an EMI of ₹ 108,457 per month.

Mrs. T Ashwini – Gold loan

Mrs. T Ashwini is in the business of tailoring for over three years. Mrs. T Ashwini required funds to purchase an additional sewing machine and raw material as well as renovate her shop in line with her expanding business. Given that most of her business transactions were conducted in cash and she had a limited banking profile, it was difficult for Mrs. T Ashwini to get funding from other formal channels. We helped her by processing the loan quickly and sanctioning a loan of ₹ 0.1 million in May 2023 at 73.82% LTV against gold jewelry worth ₹ 0.14 million with flexibility in repayment.

Distribution Segment

The distribution segment was originally formed in Fiscal 2008, on behalf of Federal Bank and to cater to its retail asset products – end to end sourcing and sales. Initially the segment was operational in Mumbai, Maharashtra; Pune, Maharashtra; Delhi, National Capital Territory of Delhi; Bengaluru, Karnataka; Chennai, Tamil Nadu and Coimbatore, Tamil Nadu. Subsequently, as the need arose, the segment expanded to Ahmedabad, Gujarat, Chandigarh, Jaipur, Rajasthan and Hyderabad, Telangana. The products distributed for Federal Bank in these locations were primarily housing loans, home equity mortgage loans, personal loans and personal car loans, in addition to retail asset products.

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
Disbursal (in ₹ million)	21,654.54	16,686.97	12,259.10

Wholesale Finance Segment

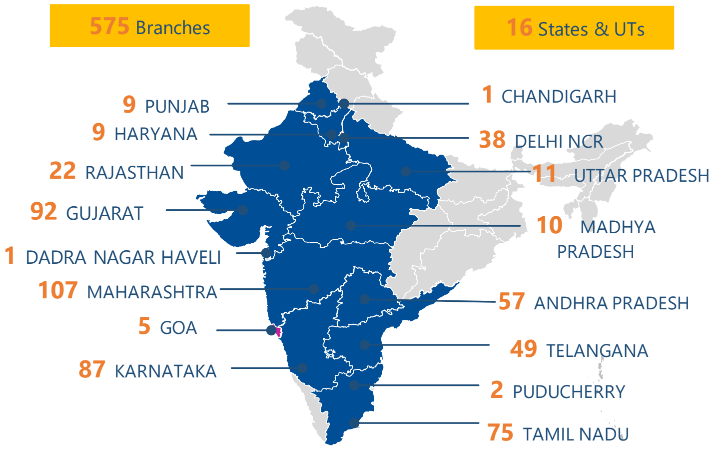
We undertook the wholesale finance business prior to March 31, 2021. We have since limited this business and have not made any fresh sanctions. Our AUM under the wholesale finance segment was ₹ 519.43 million, ₹ 655.80 million and ₹ 1,904.27 million as at March 31, 2023, March 31 2022 and 2021 respectively.

We are servicing the existing loans as on the respective dates subsequent to March 31, 2021. While we have reduced our exposure to the wholesale finance business and are not currently focusing on growing this business, we may opportunistically look to grow this business in the future.

Distribution Network

As of March 31, 2023, we conducted our operations through 575 branches, of which 237 branches were located in western and northern India in the states/union territory of Gujarat, Maharashtra and Delhi and 268 branches were located in southern India in states of Telangana, Andhra Pradesh, Tamil Nadu and Karnataka. The remainder were spread across contiguous states and union territories in India. We believe we have proven our ability to quickly set up low-cost branches, having opened 215 branches in the last two Fiscals. We registered the fastest CAGR in terms of number of branches among the peer set over the course of Fiscals 2020 to 2023 *(Source: CRISIL Report)*.

The following map sets forth our branch network in India:



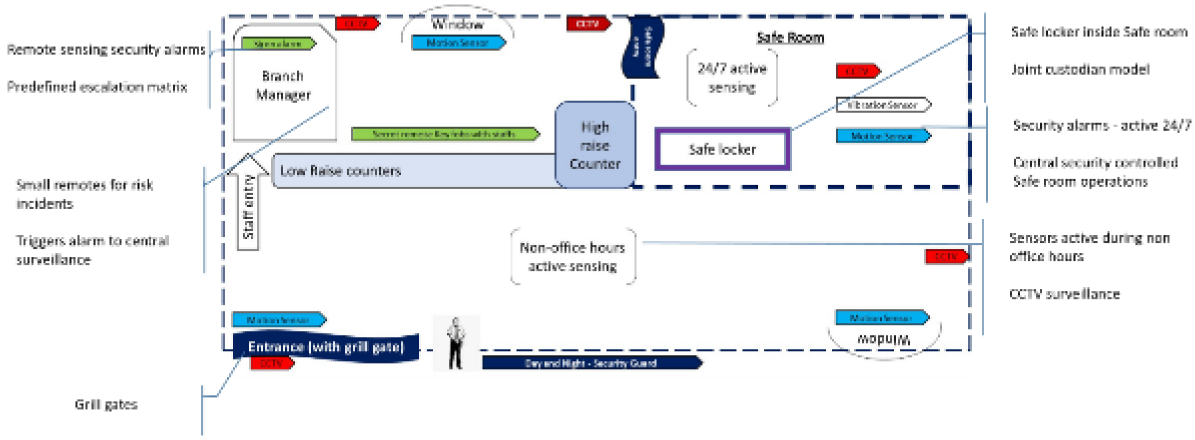
** As at March 31, 2023*

The following table sets forth the product wise details of our branches, as at March 31, 2023:

State/Union Territories	Gold Loan	MSME Hubs	Total
Andhra Pradesh	41	16	57
Chandigarh	0	1	1
Dadra & Nagar Haveli	1	0	1
Delhi NCR	36	2	38
Goa	5	0	5
Gujarat	65	27	92
Haryana	9	0	9
Karnataka	73	14	87
Madhya Pradesh	8	2	10
Maharashtra	71	36	107
Puducherry	1	1	2
Punjab	9	0	9
Rajasthan	10	12	22
Tamil Nadu	63	12	75
Telangana	35	14	49
Uttar Pradesh	10	1	11
Total	**437**	**138**	**575**

Before setting up new branches, we conduct in-depth studies and market research and consider a number of factors such as regional demographics, level of urbanization and the competitive landscape. We also examine the delinquency levels of financiers for loans to understand the repayment history of borrowers in the region. We have increased our geographical presence by adopting a strategy of contiguous expansion across regions and have set up branches, on a lease or leave and license basis, in districts which offer us significant growth potential. For further details, see "*Risk Factors – 37. We conduct our business operations on leased premises, including our Registered and Corporate Office, and our inability to renew such leases may adversely affect our operations.*" on page 46.

Our branch network comprises gold loan branches and MSME hubs. Our gold loan branches are primarily located in urban, including metro, and semi-urban areas with strategic presences in some of the metro and rural locations. In Fiscals 2022 and 2023, we have collectively opened 136 gold loan branches of which 95 are in urban locations and 41 are in semi-urban and rural locations. We provide a range of schemes for our customers' diverse requirements along with multiple disbursal modes and repayment options for convenience of transacting. Our gold loan branches also have heightened security measures, including a grill gate for safe rooms, physical security personnel with metal detectors, CCTV surveillance and sensors active during non-office hours. Within the safe room of the gold loan branches, we have safe lockers under the joint custodian model, 24/7 security alarms and central security controlled safe room operations. Along the customer-service counters, we have a panic switch for risk incidents which trigger alarm to central surveillance and remote sensing security alarms, and our employees are trained in our predefined escalation matrix. The following diagram shows the typical layout of a gold loan branch and its security features:



Our MSME hubs are also spread across semi-urban, urban and metro locations in 12 states and union territories. Our network of 138 MSME hubs gives us access to a large ESEI customer base. These branches are cost-effective, with lean infrastructure, and are optimally equipped in terms of personnel, infrastructure and product offerings.

As of March 31, 2023, we have 388 local channel partners, to complement our branch network and increase our geographical penetration while controlling our costs. We utilize such local channel partners, which are typically direct selling agents ("**DSAs**") and other local lead providers, to locally source for potential customers for our loan products for a commission at a fixed rate (as agreed from time to time on the basis of business seasonality). Local channel partners are usually identified by our local sales staff, and subsequently empaneled according to our approved on-boarding process (involving KYC and business verification processes). We typically enter into service agreements with our DSAs, and the terms of these agreements govern how the DSAs market our products and services within the respective territory on a non-exclusive basis. The terms of these agreements are typically for a fixed term with a right to renew and include key terms such as the code of conduct which we require DSAs to follow. In Fiscal 2023, we sourced 23,452 customers from DSAs out of a total of 306,131 customers. Accordingly, in Fiscal 2023, 7.66% customers were sourced from DSAs and 92.34% customers were acquired by our internal teams.

Customer Base

<u>*Mortgage Loans:*</u> We primarily serve ESEI customers in India who have limited access to formal banking channels. We offer loans to self-employed customers, whose main source of income is their profession or their business and salaried customers, whose main source of income is salary from their employment. The average age of our mortgage loans customers was 39 years in Fiscal 2023.

The customer base in respect of our medium ticket LAP products mainly comprises MSMEs, including traders, wholesalers, distributors, retailers, self-employed professionals and small manufacturing companies. On the other hand, our small ticket LAP products are catered towards self-employed customers with a proprietary setup and salaried customers with a medium income, typically from periphery of Tier 1 cities as well as Tier 2 and Tier 3 cities in India. Such customers of our small ticket LAP products typically have median income of approximately ₹ 0.50 million per annum, with an irregular or minimal record of financial transactions but a healthy household cash flow and commensurate asset holdings, as well as ownership of an unencumbered property.

<u>*Unsecured Business Loans:*</u> We primarily serve, among others, self-employed professionals and non-professionals, and salaried doctors. Such customers have turnover of approximately ₹ 10.00 million per annum and a minimum of five years of business experience in their current business or profession.

<u>*Gold Loans*</u>: In relation to our gold loan products, our customer base consists primarily of traders, service and manufacturing unit owners and their employees, who earn informal cash salaries, and non-income earners with emergency requirements (such as housewives). However, those involved in jewelry manufacturing, or the professions of goldsmith and pawn brokering, are the subject of our negative list and not permitted to avail themselves to our gold loan products.

As of March 31, 2023, our customer application has over 411,000 downloads and a 4.1 star rating on Google Play Store. As of March 31, 2023, more than 500 branches have a presence on microsites as well as search engines for easy access of potential customers. As of March 31, 2023, our social media had an aggregate of over 399,000 followers with presence across Facebook, YouTube, LinkedIn and Instagram channels. As of March 31, 2023, active customers on digital portals (being gold loan customers who are registered on digital platforms, mobile applications and login-based customer self-service web portal and are activated in the system to perform online transaction using such platforms) are 116,247 representing approximately 60.39% of our total customer base for gold loans. We had 17.42 million page views and more than 400,000 transactions conducted through our digital portals which constitutes 31.57% of total transactions for Fiscal 2023.

Loan-to-Value (LTV) Ratio, EMI and Tenure

The NBFC-ND-SI Directions issued by the RBI prescribe the maximum permissible parameters of the loan amount that can be provided to gold loan customers. Under applicable regulations, NBFCs are required to maintain LTV ratio not exceeding 75% for loans granted against the collateral of gold jewelry, provided that for the purposes of determining the maximum permissible loan amount, the value of gold jewelry shall be the intrinsic value of the gold content therein with no additional cost elements.

The Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21) dated February 17, 2021, as amended from time to time, also prescribe the maximum permissible parameters of the loan amount that can be provided to housing loan customers. A property with market value of (i) up to ₹ 3.00 million is permitted to have a maximum LTV ratio of up to 90.00%; (ii) between ₹ 3.00 million and ₹ 7.50 million is permitted to have maximum LTV ratio of up to 80.00%; and (iii) above ₹ 7.50 million is permitted to have maximum LTV ratio of up to 75.00%.

We have set an LTV ratio range for each of our gold loans and LAP that is within the relevant range prescribed by RBI. Our gold loans had an average loan-to-value on AUM of 72.33%, as of March 31, 2023.

Our housing loans, medium ticket LAP and small ticket LAP had an average onboarding LTV on AUM of 62.52%, 54.53% and 48.47%, as of March 31, 2023, respectively.

While approving a loan application, we review, among others, the customer’s repayment capacity. This is determined by factors such as the customer’s age, educational qualification, family details, the customer’s business and salary profile and the security being provided by the customer. The amount and LTV of the loan is subject to our credit assessment of the customer and factors including value of the collateral and regulatory limits. Loans are required to be repaid in EMIs over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan.

As of March 31, 2023, the tenure of our gold loans, LAPs and unsecured business loans can be for a period up to 12, 180 and 60 months, respectively, and vary according to the purpose of the loan, the customer’s age and the customer segment.

Interest Rates, Fees and Collateral

A majority of our loan portfolio is at fixed rates of interest, and the pricing of such fixed interest rate loans is generally determined on the basis of market conditions. We determine our reference rate based on market conditions and price our loans at either a discount or a premium to our reference rate. For variable rate loans, the interest rate is linked to our reference rate.

In addition to the normal rate of interest, the company may also levy certain charges such as processing fees, cheque bouncing charges and pre-payment charges. The details of all charges are mentioned in the loan agreement or other documents executed between us and the customer. These fees are subject to change from time to time based on market conditions and regulatory requirements.

The underlying collateral for LAPs and housing loans is real estate, and the security is created either through an equitable mortgage by way of deposit of title deeds or a registered mortgage of immovable property. Our mortgage loan portfolio is covered by credit shield insurance by each of the customers wherein the entire loan outstanding is repaid by the insurance company in the event of death of a customer.

For our gold loans, the underlying collateral is gold jewelry, and the security is created by way of a pledge. The underlying collateral is physically held at our branches with heightened security features.

Credit Approval and Disbursement

For our gold loans mortgage loans and unsecured business loans, we follow robust risk based underwriting and operational controls. For our mortgage loans and unsecured business loans, we follow prudent customer selection policies with 86.31% of our customers having an established credit history and 77.40% of our credit rated borrowers rated with a CIBIL score greater than 650 or CMR score less than or equal to 6. Our underwriting process is digitized with various modules for credit approvals, audit and field verification, and built around an API led architecture.

Gold Loans

For gold loans, the gold is appraised by two employees (by way of a maker-checker concept). The amount funded against the gold jewelry is based on a fixed rate per gram for the gold content in the jewelry only, and we do not take into account the gold jewelry's total weight, production cost, style, brand or gemstone value. We value the jewelry's gold content based on appraised karat grading guided by our centralized policies and guidelines. The price per gram of gold is fixed daily based on multiple factors such as the last 30 days and 15 days average closing gold rates. As a result, the price fixed for per gram of gold is generally lower than the market price of gold at any given time. Within this range, the actual loan amount varies based on the type of gold jewelry pledged. Thus, we believe our gold loans are well collateralized, given that the actual value of the collateral in all cases will be expected to realize a higher value than our appraised value. For details on the LTV of our collaterals, see "*Selected Statistical Information – Product Wise LTV on Gross AUM on Origination Basis (%)*" on page 267.

Appraisal of the gold jewelry that serves as collateral is the most critical part of the loan approval process. All our branch staff are certified, trained and have experience in appraising the gold karat grading and gold content of the jewelry. The appraisal process begins with weighing the jewelry using calibrated weighing machines, before subjecting it to prescribed valuation tests for the quality and karat grading of gold, including stone tests and acid tests. This is followed by additional tests, if required, such as salt tests, sound tests, weight tests, pointed scratching tests, flexibility tests, color tests, smell tests, usability tests, and magnifying glass and finishing tests. Once the gold jewelry passes these tests, its relevant details, including its gross weight, net weight, various deductions, karat grading, and its photographs are captured in the loan origination system. Based on the information entered, the system displays the eligible loan amount considering the rates per gram of gold for the day. Although disbursement times vary depending on the loan ticket size and the number of jewelries pledged, the time to sanction is short.

At the branch level, we have also digitized the entire process from application to sanction and disbursal, as well as carry out real time deduplication against negative list customers, based on their credit history and records.

We undertake customer KYC authentication integrated in our loan origination systems. Our branch staff are also trained to observe and handle fraudulent customers by observing their behavior, verifying the ownership of the gold and matching the jewelry with the customer profile or location. Further, depending on the ticket size of the loan, we undertake field verification of the customer prior to disbursement. In addition, we undertake periodic audits and surprise audits of our gold loan branches. We have enabled electronic onetime password-based customer authentication for all gold loan transactions. We use technology enabled solutions for customer KYC, data collection and lead management including disbursal into the customer's bank account through integration with the bank platforms. The unique bank account registration process is carried out through the "penny drop check" method, mobile number authentication through a onetime password process as well as capturing the customer's photo for each transaction.

At the time of disbursement, a pledge card is signed by the customer, which states the customer's detail, name and address of our relevant branch office, a detailed description of the gold jewelry provided as collateral (along with a photograph of it), the loan amount, the interest rate, the date of the loan, and other terms and conditions.

Mortgage Loans and Unsecured Business Loans

For our mortgage loans and unsecured business loans, we collect over 100 data points in relation to every customer to ensure we know all aspects of our customer profile prior to making a credit decision. Our loan officers are required to spend a significant amount of time getting to know our customers and their loan needs. Our local knowledge of our customers' environment assists us in our credit decision making process. Every loan in these categories is reviewed and approved by separate team members to ensure checks and balances. We undertake a verification process for all electronic or physical material provided by the customer and have an independent risk containment unit overseeing the entire exercise for protection against fraud. Finally, we undertake a post-disbursal verification process to ensure that all the processes were correctly followed, and information provided by the customer was accurate.

Loan Collection and Monitoring

We have set up a robust and tiered, collections management process with prescribed collection action at each stage of severity of default. Our central analyst team analyzes delinquent accounts and allocates them on a hierarchy basis. Low risk accounts are treated through interactive voice response calls and text messages, low-to-medium risk loans are treated through call centers, and medium-to-high risk accounts are allocated to in-house collection teams or empaneled agencies. We monitor our customer accounts and undertake pre-delinquency management through a structured collection process wherein we remind our customers of their payment schedules through text messages and request them to maintain adequate balance in their account on the due date. Based on the severity of non-payment and location of our customer, in-house collection teams or empaneled agencies are assigned to collect the overdue amounts. Our internal collection management process ensures account-level tracking of payments, resolutions, flows and legal action. Difficult loans are allocated to senior members of the team along with support from collection agencies, if available. We have also implemented a mobile based application 'Fed-Collect' in phase I, which enables our field team to drive its processes, such as digital receipt issuance. This enables us to reduce our operational risks and reconciliation challenges, such as those associated with cash collection against a physical receipt issued to customers, and to improve supervisory oversight. We are in the process of implementing phase II, which would involve our field team to drive processes such as allocations, trail update and enable supervisors to track field movement at the executive level through GPS. This is expected to improve our operational efficiencies and productivity. Additionally, we have a full-fledged in-house legal department as well as a team of empaneled advocates across geographies in India to initiate arbitration, proceedings under the SARFAESI Act, 2002 or civil and criminal proceedings, for the purposes of recovering the necessary amounts.

We initiate recovery action immediately after the customer defaults in their monthly payment and the severity of our action increases as the number of days past due increase.

Treasury Operations and Funding

Our treasury operations are mainly focused on raising funds for meeting our funding requirements and managing short term surpluses. We have historically secured financing from diversified sources of capital from banks, financial institutions, mutual funds and other financial institutions, including term loans, working capital facilities, proceeds from loans securitized, proceeds from the issuance of NCDs, proceeds from loans assigned and commercial papers, to meet our capital requirements. In addition, we have access to capital from our Promoter, Federal Bank and our financial investor, True North Fund VI LLP. We have grown our liability relationships from 23 lending institutions as on March 31, 2021 to 26 institutions as on March 31, 2023. As of March 31, 2023, we borrowed from 12 private sector banks (including our Promoter, Federal Bank), 11 public sector banks, one NBFC, one foreign bank, and one other entity (such as Small Industries Development Bank of India). We are continuously seeking to diversify our sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, we also engage in securitization and direct assignment transactions.

The following table sets out our sources of capital for the periods indicated:

Particulars	**For Fiscals**		
	2023	**2022**	**2021**
	(₹ in million)		
Term Loans – Secured			
Banks	57,341.37	40,029.13	31,675.48
NBFC and Financial Institutions	1,962.15	312.37	499.52
Term Loans – Unsecured			
Banks	-	502.77	500.02
NBFC and Financial Institutions	250.06	249.23	249.00
Debt Securities – Secured			
NCDs	4,045.90	2,006.78	3,054.48
Subordinated Liabilities			
NCDs	2,596.67	2,590.72	2,584.59
Commercial Papers	2,066.40	3,327.39	2,882.50
Working Capital Demand Loan	3,095.68	1,149.96	1,663.37
Others			
Liability component of compound financial instruments	-	-	6.17
Collateralized Borrowing	-	-	165.79
Total	**71,358.23**	50,168.35	**43,280.92**

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirement for asset liability management. We have an asset liability committee, which manages our liquidity risk based on our liquidity risk management measures set out in our asset liability management policy, and to ensure there are no concentrations on either side of the balance sheet. The asset liability committee of our Company meets periodically, and reviews asset liability mismatches based on the RBI's required time buckets and takes corrective measures wherever warranted.

For details on the maturity pattern of our Company's liabilities and assets as of March 31, 2023, see "*Selected Statistical Information – ALM*" on page 266.

Capital Adequacy Ratios

The NBFC-ND-SI Directions currently require NBFCs such as our Company to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital. As per the NBFC-ND-SI Directions, we are required to maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital, of not less than 15.0% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. At a minimum, Tier I capital of an NBFC, at any point of time, cannot be less than 10% by March 31, 2017.

The following table sets forth certain details of our CRAR in accordance with the NBFC-ND-SI Directions, as of the dates indicated:

Particulars	As of		
	March 31, 2023	March 31, 2022	March 31, 2021
CRAR (%)	17.94%	23.04%	23.52%
CRAR – Tier I Capital (%)	15.09%	18.38%	17.10%
CRAR – Tier II Capital (%)	2.85%	4.65%	6.42%

Credit Ratings

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

Rating Agency	Instrument	Credit Ratings
CARE	NCDs	AA/stable
CARE	Long-term / Short-term bank facilities	AA/stable, A1+
CARE	Long-term instruments – Subordinated debt	AA/stable
India Rating and Research Private Ltd.	Bank loans	AA-/positive
India Rating and Research Private Ltd.	NCDs	AA-/positive
India Rating and Research Private Ltd.	NCDs – Subordinated debt	AA-/positive
CRISIL	Commercial paper	A1+
ICRA Limited	Commercial paper	A1+

Risk Management Framework

Risk management forms an integral part of our business. We continue to improve our internal policies and implement them rigorously for the efficient functioning of our business. As a lending institution, we face financial and non-financial risks. We have established a risk management and audit framework to identify, assess, monitor and manage various types of internal and external risks, including credit, market, liquidity, operational, regulatory and legal, cyber and information security and reputational risks. We conduct regular training of our staff members with respect to risk related matters, and continue to invest in people, processes and technology as part of our risk management process.

Our risk management framework is driven by our Board, its subcommittees and other management committees including the Audit Committee the Risk Management Committee, and our asset liability committee. We give due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance.

The major types of risk we face in our businesses are credit risk, liquidity risk, market risk and operational risk, as described below. For further details, see "*Restated Financial Information – Risk Management*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Quantitative and Qualitative Analysis of Market Risks*" on pages 337 and 391, respectively.

<u>Credit Risk</u>

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to us and arises principally from the Company's placements and balances with other banks, loans to customers, government securities and other financial assets.

The Risk Management Committee reviews and approves our loan product programs on an on-going basis. These product programs outline the framework of any credit financial product being offered by our Company. Within this established framework, credit policies have been incorporated to manage, among others, the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, verification, documentation, disbursement procedures, portfolio quality triggers, recovery mechanism and NPA management.

Our Risk Management Committee also has oversight over the implementation of our core credit policies and remedial management policies, as well as the review of the overall portfolio credit performance of and establishing concentration limits by product programs, collateral types, tenures and customer segments. Product level credit risk policies are implemented to segment all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.

Credit risk monitoring is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims at managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states. Our portfolio credit quality is determined by our Risk Management Committee by reviewing non-performing loan loss rates, provision held, write-offs and statuses of recoveries from defaulting borrowers.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that we might be unable to meet our payment obligations when they fall due, as a result of mismatches in the timing of cash flows. We maintain liquidity buffers sufficient to meet all our near-term obligations. The liquidity buffers are maintained by a combination of liquid assets (such as cash and cash equivalent, liquid investments in callable FDs and overnight / liquid mutual funds) and undrawn committed credit lines.

In addition, we also have in place effective asset liability management strategies. For further information on our asset liability matching, see the section "*Selected Statistical Information – Average Cost of Borrowings and Tenure*" and "*Selected Statistical Information – ALM*" on page 266. This allows us to better meet the growing loan demands of our customer base, even if external borrowings and funding sources face temporary realignment. Further, our Promoter has periodically funded our capital and provides us with access to potential fundraising opportunities in the debt capital markets.

Liquidity risk is managed by our asset liability committee based on our liquidity risk management measures set out in our asset liability management policy and ensures that we have adequate liquidity not only on an on-going basis but also examines how liquidity requirements are likely to evolve under different assumptions. Our asset liability committee also reviews statement of structural liquidity in line with guidance provided by the RBI.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as gold prices (relevant to lending against gold business of our Company), interest rates, foreign currency rates.

- Gold price fluctuation risk: our Risk Management Committee does a periodic review of the gold price movement and its trends and its impact on the gold loan margins in present condition as well as under stress scenario.
- Interest rate risk: interest rate risk is the risk of change in market interest rates which might adversely affect our profitability.

Foreign currency rate fluctuation risk: we are not exposed to risk in fluctuation of foreign currency rates as our cash flows are in Indian Rupees.

Operational Risk

Operational risks are risks of a loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk is associated with human error or fraud, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system, technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational risks may result in unexpected losses or reputation damage. We endeavor to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, such as the use of internal audit. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Risk Management Architecture

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through committees including the Audit Committee, the Risk Management Committee and the asset liability committee of our Company. For further details in relation to our Audit Committee and Risk Management Committee, see "*Our Management – Committees of our Board of Directors*" on page 238.

- *Audit Committee*. Our Audit Committee is authorized to establish accounting policies, review changes to accounting policies, and review internal and external audit reports and other related matters. It also evaluates internal financial controls and risk management systems and procedures periodically.
- *Risk Management Committee*. Our Risk Management Committee was formed to supervise the Board-approved risk management policy, which lays down the overall framework for identifying, assessing, measuring and monitoring various elements of risk involved in the business and to formulate procedures and systems for mitigating such risks.
- *Asset Liability Committee*. Our asset liability committee manages our liquidity risk based on our liquidity risk management measures set out in our asset liability management policy. It also reviews and manages our liquidity gaps, structural

liquidity and interest rate sensitivity, and develops a view on the potential direction of interest rate movements and decides on the appropriate funding mixes.

Further, close monitoring and timely auctions have prevented any instance of material principal waivers or interest write-backs in gold loans. Gold auction realizations continue to remain at approximately 96.33% of market value as at March 31, 2023. An independent credit audit has been instituted to review the mortgage and structured finance loans to assist the management in embracing rigorous processes and adopting best practices.

Intellectual Property

Intellectual property rights are important to our business, and we devote significant time and resources to their development and protection. We rely on trademarks to protect our intellectual property.

Our Company has registered two trademarks, under class 36, with the Registrar of Trademarks under the Trademarks Act, 1999, details of which are set out below:

S. No.	Description	Trademark Number	Class	Nature of mark
1.	FEDBANK FINANCIAL SERVICES LIMITED	3849435	36	Image mark
2.	FEDFINA	3849400	36	Image mark

For details, see "*Government and Other Approvals – Intellectual property*" on page 405.

Information Technology

We have actively invested and deployed various technologies and a platform for loan origination, lead management and credit underwriting, allowing our credit officers to judge the creditworthiness of an individual. The platform provides information after considering many factors, such as an individual's internal credit rating, external credit rating, income and banking details and other asset details. With the help of this platform, our credit officers perform the decision-making process with an appropriate audit trail.

In addition, we have implemented niche technology capabilities in the area of facial liveliness recognition and optical character recognition, which results in process efficiency, ensures seamless business growth and better customer experiences. We believe our advanced information technology systems, and continued investments thereto, result in better customer experiences due to reduced turnaround time, minimal operational risks due to human errors and provide us with a competitive edge.

We allow instant disbursal of loans into our customer's bank account. This feature is powered by seamless integration with various fund transfer API integration in our core product processor. We have also invested in a loan and branch operations management tool, which integrates various modules and systems. In line with our customer centric approach, we have introduced multi-channel customer service via email, web portal and mobile applications, as well as gateways for EMI payments.

We have also adopted a differentiated technology framework with customized systems and tools that enhance convenience for our customers as well as increasing operational efficiencies. For our gold loan products, we have digitized the process from end-to-end. We use digital marketing for loan origination, as well as various technology enabled solutions for customer KYC, data collection and lead management including disbursal into the customer's bank account through appropriate integration. This service entails, among other things, creating awareness about our financial products, customer acquisition, document collection and collection of loan instalments from customers. The underwriting process is automated and digitized with various modules for credit approvals, audit and field verification. Our gold loan branches are also technology enabled with security systems, inventory and cash management integrated with our ERP system. Our customer service options include email, web portal, mobile application as well as customer rating and feedback collection on an episodic and transaction basis. For our mortgage loan and unsecured business loan products, we have implemented a combination of digital and physical initiatives for customer origination and have automated several operational aspects. The underwriting, loan operations and customer service implement various digital features covering many aspects of our operational requirements.

We have consolidated our data in the form of a cloud-based central repository and to store data from our different applications in an external data repository. This has continued to bring us efficiency in our processes, and it has the potential to sustain a multi-fold increase in scale over our current volumes. We also avail on-cloud data storage that enables uptime and sustainable growth.

We maintain a disaster recovery site at Hyderabad to ensure availability of critical information technology systems. A documented recovery time objection ("**RTO**") and recovery point objective ("**RPO**") is defined for all critical information technology systems and an annual disaster recovery drill is conducted and documented by our IT department to ensure conformity against the defined RTO and RPO.

We also have an IT strategy committee that reviews and approves information technology strategies to align with our corporate strategies, policy reviews by our Board, our cybersecurity arrangements and any other matters related to information technology governance.

Marketing

We have focused on below-the-line marketing activities to reach out to our target customer segment, namely, the emerging Indian population. We utilize a localized and differentiated promotion and branding approach that helps us reach prospective customers to create and retain brand recall. For instance, we prudently invest in social media marketing to deepen our branding footprint in the digital space. This approach helps us reach prospective customers to generate larger number of leads. Most of our marketing communications are also produced in local regional languages to increase accessibility.

We further enhance our visibility and reach through a variety of initiatives such as wall branding, auto rickshaw cover brandings and leaflet distributions with an aim to increase brand awareness and recall in rural and semi-urban areas. We have also entered into an agreement for term of three years, for provision of telemarketing services through, among other things, email, SMS and call centers.

Employees

As of March 31, 2023, our Company employed 3,570 people. 77.31% of our staff are in the sales function, while 12.07% of the employees are dedicated for credit, risk management, audit and quality functions. The breakdown of our employees in different functionalities as of March 31, 2023, has been provided below:

Function	Permanent Employees
Sales	2,760
Quality team	212
Credit and risk	134
Collection	108
Operation	93
Audit	85
Business support	50
Information technology	33
Finance	27
Facility management group	16
Digital transformation group	15
Human resources	14
Legal	9
Treasury	6
Secretarial department	3
CEO's office	3
Compliance	2
Total	**3,570**

The number of our employees as of the periods indicated are as follows:

Particulars	For Fiscals		
	2023	2022	2021
Number of on-roll employees*	3,570	2,855	2,125

** Number of on-roll employees represents aggregate number of our employees as of the last day of relevant period.*

We believe that human talent is one of the key pillars for our success and growth. We have established practices of skill-building through regular trainings, leadership development programs and transparent performance management system. We further strive to provide our employees with a healthy work-life balance, which we believe enhances their productivity and motivate their performance. We have entered into agreements, typically ranging from two to five years, for outsourcing human resources management services, including but not limited to payroll management, employee training, labor law compliance management and analyzing organization-wide feedback.

We have sourced approximately 93% of our talent from established financial services companies with more than 4 years of experience.

To further motivate our employees, we have an employees' stock option scheme for selected employees. For details of the employees' stock option scheme, see "*Capital Structure – Employee Stock Option Scheme*" on page 89. Our ability to attract and retain talent is demonstrated by our Company being certified as a "Great Place to Work" for the last three consecutive years, by the Great Place to Work Institute, India, which is a global research, consulting and training firm that identifies, great workplaces with high-trust workplace cultures and were ranked 16th in Best Places to Work in India 2021 Employee Choice Awards by AmbitionBox. Further, in calendar year 2023, we have been recognized as one of the Top 50 Indian's Best Workplaces in BFSI 2023' by the Great Place to Work Institute, India. In addition, we have developed a program called the 'i-Learn program', which comprises of, among others, an onboarding and training platform, career and professional development initiatives, as part of our focus on learning and commitment to the development of our employees.

None of our employees are represented by a labor union. We have not experienced any work stoppages since our incorporation. We believe we have good relations with our employees.

Competition

Our competitors include established Indian and foreign commercial banks, NBFCs, HFCs, small finance banks, microfinance companies and the private unorganized and informal financiers who principally operate in the local market. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalizing related operational costs. For more details, see "*Risk Factors – 18. We participate in markets that are competitive with continuously evolving customer needs, and if we do not compete effectively with established companies and new market entrants, our business, results of operations, cash flows and financial condition could be adversely affected.*" on page 36.

Insurance

We maintain various insurance policies to cover the different risks involved in the operation of our business. We maintain a directors' and officers' liability policy to cover certain liabilities that may be imposed on our directors and officers. For collections, we have fidelity insurance and insurance for money in transit. We also maintain insurance policies covering electronic equipment, burglary, standard fire and special peril and machinery breakdown.

Corporate social responsibility initiatives

We have adopted a corporate social responsibility ("**CSR**") policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. Our CSR initiatives are part of our overall strategy of developing communities and environmental sustainability, as well as creating a protected future for the generations to come. In order to achieve this, our CSR initiatives are aimed towards promoting education, employment enhancing vocational training, social development and skill building, healthcare, gender equality and women empowerment, ensuring environmental sustainability, promotion of sports and protection of national heritage arts and culture, among others. For instance, we have partnered with the Cuddles Foundation to provide counselling, assessment and nutrition management, caregiver program, ration bundles, in-meal supplements and food and nutritional supplements to under-privileged children suffering from cancer.

Environmental, Social and Governance

We are also cognizant of the impact of our business on our customers, employees, society and the environment, and are committed towards sustainability. We aim to create a consistently profitable business with a strong focus on environmental, social and governance ("**ESG**") aspects and to demonstrate a strong commitment to our ESG goals by adopting an ESG policy. Our ESG policy supports achieving our core commitment towards responsible lending, maximizing development impact and minimizing ESG risks in a responsible, inclusive and sustainable manner. Our lending policy is aligned to ensure exclusion of industries that are illegal and hazardous to the environment and society, and to minimize ESG risks (such as climate hazards, insensitivity to customers or employees and wastage of natural resources).

We further ensure equal opportunity and non-discrimination as it is our policy to not discriminate on any bases, whether it be caste, religion, gender or any other such characteristics at the time of processing a loan application. We believe in high standards of corporate governance. Our ESG Committee and execution team play a vital role in ensuring implementation of our ESG policy. Our ESG policies include our human resource policy, whistle blower policy, prevention of sexual harassment, employee grievance redress policy, and fair practice code. We also recruit locally which we believe enables our ability to serve communities within the semi-urban, urban and rural communities in which we operate, as well as providing viable employment opportunities within such communities.

Properties

Our Registered and Corporate Office is located at Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East), Mumbai – 400093 Maharashtra, India. Our Registered and Corporate Office is on a leave and license basis for a term of five years starting from March 15, 2019. As of March 31, 2023, we had a network of 575 branches and the premises of all our branches have been taken on lease or leave and license basis. For further details, see "*Risk Factors – 37. We conduct* *our business operations on leased premises, including our Registered and Corporate Office, and our inability to renew such leases may adversely affect our operations.*” on page 46.

Significant Developments after March 31, 2023

For further details in relation to significant developments after March 31, 2023, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Significant Developments occurring after March 31, 2023*” on page 393.

KEY REGULATIONS AND POLICIES

Given below is a summary of certain sector specific key laws and regulations in India, which are applicable to our Company. The information detailed in this section has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. This description may not be exhaustive and is only intended to provide general information to investors, and is neither designed, nor intended as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. For details regarding the registrations and approvals obtained by our Company under applicable laws and regulations see, "Government and other Approvals" on page 404.

1. Key Regulations Applicable to our Company

The Reserve Bank of India Act, as amended (the "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 in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions, as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

A company categorized as an NBFC is required to have a net owned fund of such amount as the RBI may, by notification in the Official Gazette specify from time to time. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as an NBFC.

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. 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.

Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the "NBFC-ND-SI Directions")

Applicability

The Master Directions are applicable to the following categories of NBFCs ("**Applicable NBFCs**")*:*

(i) NBFC–MFIs registered with the RBI under the provisions of the RBI Act and having an asset size of INR 5000 million;

(ii) NBFC-ND-SIs registered with the RBI under the provisions of the RBI Act;

(iii) Deposit taking NBFCs registered with the RBI under the provisions of the RBI Act;

(iv) NBFC-Factors (as defined in the Master Directions) and registered with the RBI under Section 3 of the Factoring Regulation Act, 2011 ("**FRA**") and having an asset size of ₹5,000 million and above, and NBFC Investment and Credit Company registered with the RBI under Section 3 of the FRA;

(v) Infrastructure Debt Fund – Non-Banking Financial Company (as defined in the Master Directions) registered with the RBI under the provisions of RBI Act; and

(vi) NBFC – Infrastructure Finance Company (as defined in the Master Directions) registered with the RBI and having an asset size of ₹5,000 million and above.

An NBFC-ND-SI has been defined under the Master Directions to mean an NBFC not accepting or holding public deposits and having total assets of INR 5,000 million and above as shown in the last audited balance sheet.

Corporate Governance

Constitution of Committees

All Applicable NBFCs are required to constitute the committees disclosed below:

(i) Audit Committee: An NBFC is 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, 2013 shall be the audit committee for the purposes of the Master Directions as well, and its powers and functions shall be as provided under Section 177 of the Companies Act, 2013.

(ii) Nomination Committee: NBFCs are required to constitute a nomination committee to ensure 'fit and proper' status of proposed or existing directors, which shall have the same powers and functions as the nomination and remuneration committee required to be constituted under Section 178 of the Companies Act, 2013.

(iii) Risk Management Committee: NBFCs are required to constitute a risk management committee to manage the integrated risk.

(iv) Asset-Liability Management Committee: NBFCs are required to constitute an asset liability management committee. The asset liability management committee is required to be headed by the chief executive officer/ managing director or the executive director of such NBFC, as prescribed under the Master Directions

Fit and Proper Criteria for Directors

Applicable NBFCs are required to (a) maintain a policy approved by the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis, in line with the guidelines prescribed under the Master Directions; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the 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.

Disclosure and Transparency

Applicable NBFCs are required to place before the board of directors, at regular intervals, as may be prescribed by their respective boards of directors, the following:

(i) progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned Applicable NBFC; and

(ii) conformity with corporate governance standards including composition of committees, their roles and functions, periodicity of the meetings and compliance with coverage and review functions and so on.

Applicable NBFCs are required to disclose the following in their annual financial statements:

(i) registration/licence/authorisation 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 Master Directions

Applicable NBFCs shall rotate the partners of the chartered accountant firm conducting their 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 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 buy-back of shares or reduction in capital where it has approval of a competent court but must be reported to the RBI within one month of the occurrence), and (c) any change in the management of the 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

All NBFCs are required to maintain capital adequacy ratio consisting of Tier – I and Tier – II capital which shall not be less than 15% of the NBFC's aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier – I capital in respect of Applicable NBFCs, at any point of time, shall not be less than 12%.

NBFCs risk exposure to a single party or a single group of parties is also kept under control through ceiling limits on NBFCs investment and lending capacity to single party or a single group of parties. NBFCs are not to invest more the 15% and 25% of their owned funds in the shares of single party and singe group of parties, respectively. The credit concentration limits prescribed for NBFCs separately for lending and investments shall be merged into a single exposure limit of 25% for single borrower/ party and 40% for single group of borrowers/ parties. Further, the concentration limits shall be determined with reference to the NBFC's Tier 1 capital instead of their owned fund. The Board of directors are also mandated to formulate a policy for managing the exposure risk to single party/ single group of parties.

Certain specific directions have been issued under these Master Directions for NBFCs which are in the business of lending against collateral of gold jewellery. Such NBFCs must – (a) maintain a Loan-to-Value (LTV) Ratio not exceeding 75 per cent for loans granted against the collateral of gold jewellery; (b) disclose in their balance sheet the percentage of such loans to their total assets; (c) not grant advance against primary gold/ gold bullions and gold coins, and not grant loans for the purpose of purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund. Methodology for gold valuation and verification of ownership of gold is also prescribed under the Prudential Norms. NBFCs shall have an explicit policy in this regard as approved by the board in their overall loan policy.

Procedure for auction of collateral entails following obligations on the part of the such NBFCs –

(i) The auction shall be conducted in the same town or taluka in which the branch that has extended the loan is located. NBFCs can however pool gold jewellery from different branches in a district and auction it at any location within the district, subject to meeting the following conditions:

  (a) The first auction has failed.

  (b) The NBFC shall ensure that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.

Non-adherence to the above conditions will attract strict enforcement action

(ii) While auctioning the gold the NBFC shall declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments shall not be less than 85% of 30 days average of closing price of 22 carat gold as declared by the Bombay Bullion Association Ltd. (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

(iii) It shall be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding shall be payable to the borrower

(iv) NBFCs shall disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction

Besides, such NBFCs are required to obtain prior approval of the RBI to open branches exceeding 1000. while NBFCs which already have more than 1000 branches are required to approach the RBI for prior approval for any further branch expansion.

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 Master Directions. The guidelines, *inter alia*, require the board of directors of the Applicable NBFC to formulate a liquidity risk management framework detailing entity-level liquidity risk tolerance, funding strategies, prudential limits, framework for stress testing, liquidity planning under alternative scenarios, 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 INR 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 from December 1, 2020 with the minimum high quality liquid assets to be held being 50% of the liquidity coverage ratio, progressively reaching up to the required level of 100% by December 1, 2024, in accordance with the time-line prescribed below:

From	**December 1, 2020**	**December 1, 2021**	**December 1, 2022**	**December 1, 2023**	**December 1, 2024**
Minimum Liquidity Coverage Ratio	50%	60%	70%	85%	100%

All non-deposit taking NBFCs with asset size of ₹50 billion and above but less than ₹100 billion are required to also maintain the required level of liquidity coverage ratio in accordance with the time-line 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 NBFCs are required to adopt the asset classification and provisioning norms as set forth below:

Asset Classification

(i) a "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business; and

(ii) a "sub-standard asset" means (a) an asset which has been classified as non-performing asset for a period not exceeding 12 months; (b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. However, the classification of infrastructure loans as sub-standard assets is subject to the conditions stipulated in the Master Direction.

(iii) a "doubtful asset" means (a) a term loan, or (b) a lease asset, or (c) a hire purchase asset, or (d) any other asset, which remains a sub-standard asset for a period exceeding 12 months.

(iv) a "loss asset" means (a) an asset which has been identified as loss asset by an Applicable NBFC or its internal or external auditor or by the RBI during the inspection of the Applicable NBFC, to the extent it is not written off by the Applicable NBFC; and (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

(v) a “non-performing asset” means: (a) an asset for which interest has remained overdue for a period of three months or more; (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of three months or more or on which interest amount remained overdue for a period of three months or more; (c) a demand or call loan, which remained overdue for a period of three months or more from the date of demand or call or on which interest amount remained overdue for a period of three months or more; (d) a bill which remains overdue for a period of three months or more; (e) the interest in respect of a debt or the income on receivables under the head ‘other current assets’ in the nature of short term loans/advances, which facility remained overdue for a period of three months or more; (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of three months or more; (g) the lease rental and hire purchase instalment, which has become overdue for a period of three months or more; (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset. Provided that in the case of lease and hire purchase transactions, an Applicable NBFC is required to classify each such account on the basis of its record of recovery.

Provisioning Norms

In addition to provisioning norms under applicable accounting standards and the Master Directions, all Applicable NBFCs are required to, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided hereunder:

<table>
<tr><th>S. No.</th><th colspan="2">Provisioning Requirement</th></tr>
<tr><td>1.</td><td colspan="2">Loans, advances and other credit facilities including bills purchased and discounted</td></tr>
<tr><td></td><td>Loss Assets</td><td>The entire asset is to be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding is to be provided for.</td></tr>
<tr><td></td><td>i) Doubtful Assets</td><td>100% provision to the extent to which the advance is not covered by the realizable value of the security to which the Applicable NBFC has a valid recourse is to be made. The realizable value is to be estimated on a realistic basis.
In addition to (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e., estimated realizable value of the outstanding) is to be made on the following basis –
<table>
<tr><th>Period for which the asset has been considered as doubtful</th><th>Per cent of provision</th></tr>
<tr><td>Up to one year</td><td>20%</td></tr>
<tr><td>One to three years</td><td>30%</td></tr>
<tr><td>More than three years</td><td>50%</td></tr>
</table></td></tr>
<tr><td></td><td>Sub-standard Assets</td><td>A general provision of 10% of total outstanding is to be made.</td></tr>
<tr><td>2.</td><td colspan="2">Lease and hire purchase assets -</td></tr>
<tr><td></td><td>Hire purchase Assets</td><td>I. In respect of hire purchase assets, the total dues (overdue and future instalments taken together) as reduced by -
(a) the finance charges not credited to the profit and loss account and carried forward as unmatured finance charges; and
(b) the depreciated value of the underlying asset, is to be provided for.
<u>Explanation:</u> (i) the depreciated value of the asset is to be notionally computed as the original cost of the asset to be reduced by depreciation at the rate of 20% per annum on a straight line method; and (ii) in the case of second hand asset, the original cost is to be the actual cost incurred for acquisition of such second hand asset.
II. Additional provision for hire purchase and leased assets:
<table>
<tr><td>Where hire charges or lease rentals are overdue upto 12 months</td><td>Nil</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 12 months upto 24 months</td><td>10% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 24 months but upto 36 months</td><td>40% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 36 months but upto 48 months</td><td>70% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 48 months</td><td>100% of the net book value</td></tr>
</table></td></tr>
</table>

S. No.	Provisioning Requirement		
		III.	On expiry of a period of 12 months after the due date of the last instalment of hire purchase/leased asset, the entire net book value is to be fully provided for

Standard Asset Provisioning

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.

Balance Sheet Disclosures

(i) Applicable NBFCs are required to separately disclose in their balance sheets the provisions made, as prescribed under the Master Directions, without netting them from income or against the value of assets.

(ii) The provisions are to be distinctly indicated under separate heads of account as:

a. Provisions for bad and doubtful debts; and

b. Provisions for depreciation in investments.

(iii) Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the 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 (iii) maturity pattern of assets and liabilities.

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, 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 in the website or otherwise published is required to be updated whenever there is a change in the rates of interest.

(iii) The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Although rates of interest charged by 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 NBFCs insofar as they are not inconsistent with any of the provisions of the Master Directions.

Fair Practices Code

All Applicable NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the Master Directions. The Master Directions stipulate that such fair practices code should cover, *inter alia*, the form and manner of processing of loan applications; loan appraisal and terms and conditions thereof; and disbursement of loans and changes in terms and conditions of loans. The Master Directions also prescribe general conditions to be observed by Applicable NBFCs in respect of loans and requires the board of directors of Applicable

NBFCs to lay down a grievance redressal mechanism. Such fair practices code should preferably be in vernacular language or language understood by borrowers of the Applicable NBFCs.

The Board of directors of an NBFC dealing in the business of lending money against a collateral of gold jewellery must put in place a policy covering the following practices and ensure that:-

(i) adequate steps are taken to ensure that the KYC guidelines stipulated by the RBI are complied with and adequate due diligence is carried out on the customer before extending any loan;

(ii) proper assaying procedure is established for the jewellery received as collateral;

(iii) internal systems is set up to satisfy ownership of the gold jewellery;

(iv) adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewellery;

(v) the jewellery accepted as collateral shall be appropriately insured;

(vi) transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities;

(vii) the auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper;

(viii) as a policy, the Applicable NBFCs themselves shall not participate in the auctions held;

(ix) gold pledged shall be auctioned only through auctioneers approved by the Board;

(x) the policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.

NBFCs lending money against gold jewellery must insist on a copy of the PAN Card of the borrower for all transaction above INR 0.5 million and also ensure a standardised documentation requirement across all branches. The Loan Agreement prepared by the NBFCs must disclose the details of auction process as well.

Prevention of Money Laundering Act, 2002 ("PMLA")

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from, or involved, in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA inter alia casts certain obligations on reporting entities (as defined under the PMLA) in relation to preservation of records and reporting of transactions.

Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended (the "KYC Directions")

The KYC Directions require regulated entities (as defined in such directions) to follow certain customer identification procedures while undertaking a transaction. These directions are applicable to every entity regulated by RBI, including scheduled commercial banks, regional rural banks, local area banks, primary (urban) co- operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non- banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder is required to adopt a 'know your customer' ("**KYC**") policy, duly approved by its board of directors, which shall include four key elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. Regulated entities are required to ensure compliance with the KYC policy through specifying 'senior management' for the purposes of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of compliance with KYC and anti-money laundering policies and procedures, including legal and regulatory requirements; concurrent/internal audit system for compliance to verify compliance with KYC and anti-money laundering; and submission of quarterly audit notes and compliance to the audit committee of the board of directors of the regulated entity.

Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Monitoring of Frauds Directions")

The Monitoring of Frauds Directions are applicable to all deposit taking NBFCs and NBFC-ND-SIs and requires them to put in place a reporting system for recording of frauds. All frauds are required to be reported to the RBI. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI in case amount of fraud INR 10 million and above. In cases where the amount of fraud is less than INR 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. The amounts involved in frauds reported by the entity shall be disclosed in its balance sheet for the year of such reporting. The Monitoring of Frauds Directions also requires submission of a copy when there is any progress, in the format prescribed.

Master Direction – Non–Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016 ("Returns Master Direction")

The Returns Master Direction lists detailed instructions in relation to submission of returns prescribed by the RBI for various categories of NBFCs, including their periodicity, reporting time, due date, purpose and the purpose of filing such returns.

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) 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 (ii) compliance with net owned fund requirements as laid down in the Master Directions.

Master Direction - Information Technology Framework for the NBFC Sector Directions, 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. Systemically important NBFCs are required to comply with the IT Framework Directions by June 30, 2018. The IT Framework Directions require all systemically important NBFCs to undertake IT governance 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.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 dated November 9, 2017 ("Outsourcing Directions")

The Outsourcing 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. Further, an NBFC intending to outsource any of the permitted activities under the Outsourcing Directions is required to formulate an outsourcing policy which is to be approved by its board of directors.

The Ombudsman Scheme for Non-Banking Financial Companies, 2018 ("Ombudsman Scheme")

The RBI, with effect from February 23, 2018, introduced an ombudsman scheme for customers of NBFCs. The Ombudsman Scheme, is an expeditious and cost free apex level mechanism for resolution of complaints of customers of NBFCs registered with RBI under Section 45-IA of the RBI Act, relating to deficiency in certain services rendered by NBFCs. The offices of the NBFC Ombudsmen will function at Chennai, Kolkata, Mumbai and New Delhi and will handle complaints of customers in the respective zones. The Ombudsman Scheme provides for an appellate mechanism under which the complainant / NBFC has the option to appeal against the decision of the ombudsman before the appellate authority.

Further, the RBI through its 'Statement on Developmental and Regulatory Policies' dated February 5, 2021, proposed the integration of the Ombudsman Scheme with the Banking Ombudsman Scheme, 2006 and the Ombudsman Scheme for Digital Transactions, 2019 under the 'One Nation One Ombudsman' approach for grievance redressal. This is intended to make the process of redress of grievances easier by enabling the customers of the banks, NBFCs and nonbank issuers of prepaid payment instruments to register their complaints under the integrated scheme, with one centralized reference point. The Ombudsman Scheme was rolled out on November 12, 2021.

Notification on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents, dated June 24, 2014, issued by the Reserve Bank of India ("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.

Guidelines on Risk-based Internal Audit ("RBIA") System for Select NBFCs and Urban Co-operative Banks dated February 3, 2021 (the "RBIA Guidelines")

The RBIA for non-deposit taking NBFCs with an asset size of INR 5000 crore and above (the "**Applicable NBFCs**"), was mandated by the RBI through its notification dated February 3, 2021 bearing reference number DoS.CO.PPG./SEC.05/11.01.005/2020-21. Under the RBIA Guidelines, Applicable NBFCs are required to implement the RBIA framework by March 31, 2022. The RBIA Guidelines, inter alia, are intended to enhance the efficacy of internal audit systems and contribute to the overall improvement of governance, risk management and control processes followed by 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. The RBIA Guidelines also mandate 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.

Guidelines on Declaration of dividends by NBFCs, dated June 24, 2021 ("Dividend Guidelines")

The Dividend Guidelines intend to infuse greater transparency and uniformity in practice of distribution of dividends by setting eligibility criteria and disclosure requirements for NBFCs for distribution of dividends. According to the Dividend Guidelines, NBFCs must comply with four minimum prudential criteria to be considered eligible to declare dividends: (i) prescribed levels of capital adequacy; (ii) prescribed levels of Net NPA; (iii) compliance with provisions of Section 45IC of the RBI Act; and (iv) continuous general compliance with RBI regulations and guidelines concerning NBFCs. The Guidelines also provide for sector specific ceilings on quantum of dividend rolled out and prescribes to the Board of Directors of the NBFCs to consider the decision to roll out dividends in light of certain definite factors. The Dividend Guidelines shall become effective for declaration of dividend from the profits of the financial year ending March 31, 2022.

Master Direction –Transfer of Loan Exposures, dated September 24, 2021

With the intent to create a robust secondary market for loan exposures, the RBI has introduced a comprehensive set of self-contained guidelines applicable to transfer and acquisitions of loan exposures by Schedules Commercial Banks, Regional Rural Banks, Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks; All India Financial Institutions; Small Finance Banks and NBFCs (including HFCs). The self-contained nature of the Master Direction is explicit in its prohibition on transfer and acquisition of loans except those permitted under the Master Direction.

Pursuant to the directions, the Board must approve a policy for transfer and acquisition of loans which lay down the minimum quantitative and qualitative standards relating to due diligence, valuation, requisite IT systems for capture, storage and management of data, risk management, periodic Board level oversight, etc. Further, the policy must also ensure independence of functioning and reporting responsibilities of the units and personnel involved in transfer /

acquisition of loans from that of personnel involved in originating the loans. The loan transfers shall not impact the terms and conditions of the original loan contract. The general requirements also state that the lender may not re-acquire a loan exposure.

Transfer of Stressed Loans

Stressed Loans are mean loan exposures which are classified as NPA or as special mention accounts. Such loans can only be transferred through novation or assignment. Well documented policy on transfer of stressed loans is required under the Master Directions which follow the top-down management approach in identification of the stressed loans to be transferred and require the board/board committee to conduct periodic review of loans classified as NPA. This policy must also cover the following aspects –

(i) Norms and procedure for transfer or acquisition of such loans;

(ii) Valuation methodology to be followed to ensure that the realisable value of stressed loans, including the realisability of the underlying security interest, if available, is reasonably estimated;

(iii) Delegation of powers to various functionaries for taking decision on the transfer or acquisition of the loans;

(iv) Stated objectives for acquiring stressed assets;

(v) Risk premium to be applied

The board of directors of NBFCs transferring their loans must also put in place a policy for valuation of loan exposures proposed to be transferred. The policy must also delineate the grounds for valuation of stressed loans. In case, the loan exposure to be transferred is INR 1000 million, the NBFCs would require two external valuation reports. Another internal policy mandated to formalise the transfer of stressed loans concerns adoption of Swiss Challenge Method to finalise the auction of the stressed loans. The policy should specify the conditions under which lender(s) may opt for the Swiss Challenge method, and the minimum mark-up over the base-bid required for the challenger bid to be considered by the lender(s), which in any case, shall not be less than 5% and shall not be more than 15%

Crucial to note is the limitation placed on the types of entities which can acquire stressed loans. The RBI permits only Scheduled Commercial Banks, All India Financial Institutions, Small Finance Banks, and NBFCs, (Permitted Transferees) and Asset Reconstruction Companies (ARCs) to acquire stressed loans. Further, the NBFCs can acquire the stressed loans only on cash basis. Such NBFCs must hold the loans for a period of 6 months in their books and are generally prohibited to acquire those loans which have been transferred as stressed loans in the previous 6 months. In case an NBFC has an existing exposure to the borrower whose stressed loan account is acquired, the asset classification of the acquired exposure shall be the same as the existing asset classification of the borrower with the transferee. Otherwise, the acquired exposure would be treated as Standard by the NBFC.

Transfer of Loans not in Default

A non-payment of whole or any part or instalment of the debt upon being due and payable is considered as default on the part of the borrower. These loans can be transferred to Permitted Transferees including NBFCs through novation, assignment, or loan participation contracts. The transfer shall be only on cash basis and the consideration shall be received not later than at the time of transfer of loans. The transfer consideration should be arrived at in a transparent manner on an arm's length basis. The NBFCs can transfer loans only after a minimum holding period, as counted from the date of registration of security interest, i.e., (a) three months in case of loans with tenor of up to 2 years; (b) six months in case of loans with tenor of more than 2 years.

Disclosure and Reporting

Under the Master Direction, an NBFC must set out (a) disclosures concerning total amounts of loans not in default, and stressed loans transferred and acquired on a quarterly basis in their financial statements; (b) disclosures to trade reporting platforms notified by the RBI of each loan transfer transaction undertaken and maintain a database of such transactions.

Scale Based Regulation: A Revised Regulatory Framework for NBFCs, dated October 22, 2021

The Scale Based Regulation, which came into effect on October 1, 2022 reflects the RBI’s attempt to premise the regulatory framework for NBFCs on the scale, size, leverage, risk and complexity of its operations. In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, NBFCs shall put in place a compensation policy, approved by the board. The policy shall include, a) constitution of a remuneration committee, b) principles for fixed/ variable pay structures, and c) malus/ claw back provisions.

The Scale Based Regulations place the NBFCs are into following four brackets and prescribe a customised regulatory framework for each:

(i) *Base Layer ("**NBFC-BL**"):* This category is to consist of (a) non-deposit taking NBFCs below the asset size of INR 1,000 crore 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. NBFC-BLs shall largely continue to be subject to regulations currently applicable to non-deposit taking NBFCs. The Regulation introduces a few changes for better governance of NBFC-BLs i.e., requirement for Board policy on loans to directors, senior officers and relatives; constitution of a Risk Management Committee; and disclosure of types of exposure, related party transactions, loans to Directors/ Senior Officers and customer complaints

(ii) *Middle Layer ("**NBFC-ML**"):* This category is to consist of (a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of INR 1000 crore 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).

NBFC-MLs shall largely continue to be subject to regulations currently applicable to NBFC-ND-SIs and deposit-taking NBFCs, as well as regulations applicable to NBFC-BLs. Certain measures under the regulatory framework in relation to NBFC-MLs include:

(i) aligning credit concentration norms for NBFC-MLs with those applicable to banks, by merging the currently applicable lending and investment concentration limits into a single exposure limit of 25% for single borrower and 40% for group of borrowers anchored to the NBFC's Tier – I capital;

(ii) introducing a requirement for NBFC-MLs to have a policy approved by their respective boards of directors on internal capital adequacy assessment process;

(iii) prescribing limit on initial public offer financing of INR10 million per individual;

(iv) regulatory restrictions on lending by NBFCs;

(v) detailed disclosures of certain items in annual financial statements;

(vi) limits on exposure to commercial real estate and capital market sector; and

(vii) mandatory requirement for appointment of a functionally independent chief compliance officer and independent director.

(iii) *Upper Layer ("**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 10 NBFCs by asset size would be included in this layer, and the applicable threshold for classification would be determined pursuant to parametric analysis. NBFC-ULs would be subject to regulations applicable to NBFC-MLs as well certain additional capital, and governance requirements.

(iv) *Top Layer*: 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.

RBI has made it mandatory for NBFC-ULs and NBFC-MLs to implement core financial services solution akin to core banking solutions adopted by banks, by September 30, 2025.

Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents, dated August 12, 2022

In light of the alleged deviations and violations by agents employed by regulated entities and reiterating that the responsibility for outsourcing activities vests ultimately with regulated entities, the RBI has directed regulated entities, including NBFCs, to strictly ensure that they or their agents do not resort to intimidation or harassment of any kind for recovery of overdue loans, making false and misleading representations, etc.

Guidelines on Digital Lending dated September 2, 2022 ("Digital Lending Guidelines")

RBI has laid down guidelines for digital lending which are required to be complied with by regulated entities (as defined in the circular, which include NBFCs). The Digital Lending Guidelines *inter alia* stipulate that regulated entities shall ensure that all loan servicing, repayment, etc., are executed by the borrower directly in the regulated entity's bank account without any pass-through account/ pool account of any third party. Further, the Digital Lending Guidelines state that the rate of any penal charges shall be disclosed upfront on an annualized basis to the borrower. Regulated entities are also required to make certain disclosures to borrowers *inter alia* with respect to Annual Percentage Rate (APR), Key Fact Statement (KFS), details of recovery agent etc. The Digital Lending Guidelines have included a framework for grievance redressal, including a nodal grievance redressal officer and regulate the collection and storage of borrowers' data, mandating the formulation of a comprehensive privacy policy by regulated entities.

2. Restrictions in Foreign Ownership applicable to our Company

The Consolidated FDI Policy Circular of 2020 (No. 5(2)/2020) dated October 15, 2020, as amended ("FDI Circular") issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("DPIIT")

Foreign investment in NBFCs, carrying on activities approved for FDI, is subject to the conditions specified in Paragraph 5.2.26 of the FDI Circular. Pursuant to these norms, FDI of up to 100% is permitted under the automatic route in our Company. This sector is also subject to minimum capitalization norms as prescribed by the RBI or other government agencies from time to time.

Emergency Credit Line Guarantee Scheme dated May 23, 2020

The Government of India, through the Ministry of Finance, Department of Financial Services introduced the emergency credit line guarantee scheme ("**ECLGS**"). Pursuant to the ECLGS, the National Credit Guarantee Trustee Company ("**NCGTC**"), a wholly owned trustee company of the Government of India, provided a 100% credit guarantee with respect to eligible credit facilities extended by NBFCs in the form of additional term loans. The NCGTC, pursuant to a circular dated June 29, 2023 the ECLGS up to March 31, 2023 or until guarantees for an amount of ₹ 5,000 billion are issued (taking into account all components of the ECLGS), whichever is earlier.

Special Liquidity Scheme for NBFCs/HFCs dated July 1, 2020 and the Partial Credit Guarantee Scheme

The Government of India approved the Special Liquidity Scheme for NBFCs and HFCs to improve the liquidity position of NBFCs through a special purpose vehicle to avoid potential systemic risks to the financial sector. In order to avail the scheme, NBFCs are required to, inter alia, (a) have made a net profit in one of the two preceding financial years; and (b) be rated investment grade by a SEBI registered rating agency. In accordance with the circular, the scheme is managed by a special purpose vehicle set up by a subsidiary of the State Bank of India, SBI Capital Markets Limited.

Master Circular dated April 3, 2023 on Bank Finance to Non- Banking Financial Companies

The circular lays down RBI's regulatory policy regarding financing of NBFCs by banks. The circular specifies, inter alia, certain guidelines for bank finance to NBFCs registered with RBI and bank finance to NBFCs not requiring registration. The circular further specifies activities which are not eligible for bank credits and other prohibitions on bank finance to NBFCs.

Reserve Bank of India's Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 1, 2023

The RBI issued the "*Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances*" on April 1, 2023, collating the clarifications from the "*Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications*" issued on November 12, 2021 ("**November 12 Circular**"). The clarification was issued with a view of ensuring uniformity in the implementation of IRACP norms across all lending institutions. The November 12 Circular clarified certain aspects of the extant regulatory guidelines, which will be applicable to be all lending institutions. The clarifications were made applicable immediately from the date of circular except for the instructions related to specification of due date / repayment date which were made applicable from December 31, 2021 and instructions related to non-performing assets classification in case of interest payments and customer education which will be applicable from March 31, 2022 onwards. The November 12 Circular, amongst other things, requires borrower accounts to be flagged as overdue by lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as special mention accounts ("**SMA**") as well as NPA is required to be undertaken as part of day-end processes for the relevant date, such that the date of SMA/ NPA shall reflect the asset classification status of an account at the day-end of that calendar date. The November 12 Circular clarifies that the SMA classification requirement for borrower accounts is applicable to all loans, including retail loans, irrespective of size of exposure of the lending institution. Further, the November 12 Circular provides that upgradation of accounts classified as NPAs may be upgraded to 'standard' only if the entire arrears of interest and principal are paid by the borrower, as opposed to such upgradation being undertaken upon payment of only interest overdues.

Priority Sector Lending Classification

Pursuant to its 'Statement on Developmental and Regulatory Policies' and notification dated April 7, 2021, the RBI with a view to ensure continued availability of credit to specified sectors to aid faster economic recovery, decided to extend the priority sector lending ("**PSL**") classification for lending by banks to NBFCs for on-lending by six months i.e. up to September 30, 2021. Previously, the PSL classification, allowing banks to classify lending to NBFCs for on-lending to agriculture/MSME/housing as PSL, was permitted till March 31, 2021. Considering the increased traction observed in delivering credit to underserved/unserved segments of the economy, the facility was extended till March 31, 2022 vide RBI circular dated October 8, 2021. To ensure continuation of the synergies that had been developed between banks and NBFCs in delivering credit to the specified priority sectors, the facility has been allowed on an on-going basis pursuant to RBI circular dated May 13, 2022.

3. Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, FEMA, 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

Brief history of our Company

Our Company was incorporated as '*Fedbank Financial Services Limited*' on April 17, 1995 in Kerala at Kochi, as a public limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the Registrar of Companies, Kerala at Kochi. Our Company received a certificate of commencement of business issued by the Registrar of Companies, Kerala dated July 17, 1995. Subsequently, pursuant to a change in our registered office by way of a resolution passed by our shareholders on February 10, 2021, a certificate of registration in relation to the change of state was issued by the RoC on July 26, 2021. Our Company is registered with the RBI to carry on the business of a non-banking financial institution without accepting public deposits (certificate of registration no. N-16.00187). For details, see "*Government and Other Approvals*" on page 404.

Changes in the Registered Office

Except as disclosed below, there has been no change in the registered office of our Company since the date of incorporation:

Effective Date of change of Registered office	Details of the address of Registered Office	Reason for change
July 26, 2021	The registered office of the Company was changed from Federal Towers, Aluva, Ernakulam 683101, Kerala, India to Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East), Mumbai 400 093, Maharashtra, India	Administrative and operational convenience

Main Objects of our Company

"*1. To carry on the business of merchant banking in all its aspects, to assist capital formation, to act as Manager to Issues and Offers, whether by way of Public Offer or otherwise of shares, stocks, debentures, debenture stock, bonds, units, participation certificates, deposit certificates, notes, bills, warrants or any other paper, instrument, whether or not transferable or negotiable, commercial or other paper or scripts (hereinafter collectively referred to as the "securities'), to act as agents of and/or dealers in the securities in the course of merchant banking business, to act as financial consultants, Joint Managers, Lead Managers, Co-Managers, Advisers and Counsellors in Investment and Capital Markets, to underwrite, sub-underwrite, or to provide standby or procurement arrangement, to give any other commitments for subscribing or agreeing to subscriber procure or agree to procure subscription for the securities, to manage portfolio investments, to arrange financial and investment assistance for the purpose herein, to act as Issue House, Registrars to Issue, transfer agents for the securities, clearing houses for securities, to form syndicates or consortia of managers, agents and purchasers for or of any of the securities, to syndicate any financial arrangements whether In domestic market or international market and whether by way of loans or guarantees, to conduct share Shoppe, to set up Investment service centres; to undertake general secretarial services to Corporate Sector including work related to the Office of Registrar of Companies; to invite and accept amounts including Public Deposits for the purpose of investing in securities/mutual funds; to assist persons including Non-Resident Indians, foreign citizens of Indian origin and foreign nationals In portfolio investment and in establishing economic enterprises; to provide counselling services to any entrepreneur, company, corporation, society, firm, trust, person, Govt., State, Dominion, Sovereign, Municipality, Civic Body, Public Authority or any economic endeavour; to arrange or syndicate credit, loan, lease facility, guarantee, letter of credit, acceptance and fund based and non-fund based facility of any type including foreign currency loans, aid and assistance; to arrange Inter-Corporate Investments, Deposits and Loans; to deal in commercial paper, treasury bills, certificate of deposits and other financial instruments.*

2. To carry on, in India or elsewhere, the business of retail financing, wholesale financing, Housing Finance to the extent permissible under the applicable regulations, retail leasing (financing and operating leases), vehicle fleet leasing (financing and operating leases), dealer inventory financing, dealer capital financing, dealer equipment financing, developer / dealer real estate financing, factoring of dealer receivables, and other related after-sales products, with respect to vehicles, to also carry on the business of a leasing and hire purchase company and investments and finance company and, in this connection and for any other business to undertake all types of leasing and hire purchase business and financing of consumers, individuals or corporate relating to all kind of vehicles, aircrafts, ships, machinery, plant, equipment, factories, rolling stock, consumer durables, movable and immovable property, to arrange or syndicate leasing or hire purchase business, to undertake bills discounting business to purchase, finance, discount, i.e. discount bills of exchange, to act as a discount and acceptance house, to arrange acceptance or co-acceptance of bills, to buy, sell, lease or finance the buying and selling and trading in Immovable property, land, buildings, real estate, factories to borrow to lend, to negotiate loans, to transact business as promoter financiers, monetary agents, to borrow monies, to lend, to negotiate loans, to carry on business of a company established with the Object of financing Industrial enterprises, to invest the capital, or other funds of the company in purchase or acquisition of rights in moveable and immovable property, to use the capital, funds and assets of the Company as security for borrowing and acquisition of *rights in moveable and immovable property, or shares, stocks, debentures, debenture stock, bonds, mortgages, obligations, securities, or to finance their acquisition or leasing or hire purchase, to raise or provide venture capital, to promote or finance the promotion of joint stock companies, to invest in, to underwrite, to manage the issue of , and to trade in the shares or other securities of any body corporate) corporation, to undertake factoring, to purchase the book debts and receivables of sole proprietorships, partnership firms, companies or any other incorporated or unincorporated, or statutory or non-statutory, Central /State Government Bodies and to lend, make advances or give credit against the same and to sell, enforce, dispose-off the book debts, receivables, securities of the borrowers pledged, hypothecated, mortgaged with the company by the borrowers and / or customers of the company and also to undertake share broking, currency broking, wealth management and investment banking services and to provide and to engage in all businesses as may be related or ancillary to the aforesaid business areas as may be permitted by SEBI, NHB and other regulators.*

3. *To act as Managers, brokers, dealers and agents in connection with the securities, bullion and precious metals and obtain membership In one or more stock exchanges including OTC Exchange of India Ltd and bullion exchanges, commodity exchanges in India and abroad and hold membership in any association of bankers, merchant bankers, insurance companies, brokers, leasing companies, security dealers or any other related associations.*

4. *To give advice and/or give, take, circulate and/or otherwise organise, accept or implement any takeover bids, mergers, amalgamation, acquisitions, diversification, rehabilitation or restructuring of any business concern, undertaking, company, body corporate, partnership firm or any other association of persons whether incorporated or not, by acquisition of shares or assets and liabilities, and whether as a going concern or as a part of the concern, or otherwise as may be required having regard to business exigencies and to promote or procure incorporation, formation or setting up of concerns and undertakings whether as Company, body corporate, partnership or any other association of persons, either as a subsidiary or otherwise, for engaging in any industrial, commercial or business activities which the Company is authorised to carry on or for any other purposes which may seem directly or indirectly calculated to benefit the Company or to promote or advance the interests of the Company.*

5. *To identify projects, project ideas, to prepare project profiles, project reports, market research, feasibility studies, and reports, pre investment studies and investigation of Industries on micro and macro level, to undertake appropriate service to identify Scope of potential for economic and industrial development in any particular Geographical area or location whether in India or abroad, to act as lead managers in respect of project assignments by undertaking follow up, supervision and coordination work at the instance, behest or on behalf of banks, financial institutions, companies, bodies corporate and to monitor the same to the participants, to act as an adviser In the management of undertakings, business enterprises, offices, trade, occupations and professions by introducing modem methods and techniques and systems and render all assistance as may be necessary Including by acting as agents for recruitment of personnel, technical, skilled, unskilled, supervisory, managerial or otherwise, and to act as an adviser in the selection of technical process, sources or plant and machinery and other utilities for business entrepreneurs.*

6. *To act as an Asset Manager of any trust or fund including any mutual fund, growth fund, hedge fund, infrastructure fund, income or capital funds, tax or exempted funds, provident funds, gratuity funds, pension funds, superannuation funds, charitable funds or consortia and/or all other funds and/or to provide advisory and/or consultancy services for investments and financial services, financial services, consultancy, exchange of research information and analysis on a commercial basis, render corporate advisory services and/or manage a portfolio of securities and/or to pursue such other activities as may be necessary for attainment of these purposes subject to SEBI and other regulators approvals, as may be required from time to time.*

7. *To provide custodial and depository services and to do all such things as may be required for this purpose.*

8. *To sponsor such eligible companies as may be thought fit on the Over the Counter Exchange of India or any other Exchanges whether in or outside India, to initially place securities, act as market maker and dealer and do all such things as may be necessary, permitted or advisable to do.*

9. *To buy, acquire, sell, dispose-off, exchange, convert, underwrite, subscribe, participate, invest In and hold whether on its own account or on behalf of any person, body corporate, company, society, firm or association of persons whether incorporated or not, shares, stocks, debentures, debenture stocks, units, bonds, warrants, participation certificates or participation units, other money market or capital market instruments, obligations and securities issued or guaranteed by any Government, State, Dominion, Sovereign Body, Commission, Public Body or Authority, Supreme, Local or Municipal or Company or Body, whether incorporated or not or by any person or association.*

10. *To acquire, shares, stocks, debentures, debenture-stocks, units, bonds, warrants, participation certificates or participation units, other money market or capital market instruments, obligations and securities by original subscription, participation in syndicates, tender, purchase, exchange or otherwise and to subscribe or acquire the same either conditionally or otherwise, and to guarantee the subscription thereof for a commission or otherwise and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.*

11. *To act as Portfolio Managers in all respects, accept savings from investors and investing same in securities for mutual interest of investors, set up a research centre for securities, collect data from companies, stock exchanges, merchant banks, business consultants or from other sources and process, stored and analysing data for its own and/or for client services.*

12. *To undertake, to solicit or procure insurance business as a Corporate Agent or Composite Corporate Agent for distribution of Life Insurance and/or any other General Insurance Products, to act as Insurance Broker, Composite Brokers Direct Broker or any other form of broker by whatever name called in connection with any of the business or activity of the company, to enter into referral arrangement with Life Insurance Companies and/ or General Insurance Companies.*

13. *To carry on the business of a loan and finance company and to lend and advance money or give credit to such persons or companies either unsecured or secured and on such terms as it may seem expedient and in particular against the security of listed and unlisted securities, bonds, policies, fixed deposits, certificates, gold, bullion, vehicles, book debts, receivables, property whether moveable or immovable or any other asset, right, title, interest etc. for the purchase of gold, bullion, consumer durable products, paintings, sculptures or any other item or thing having artistic or aesthetic value or for any other purpose as the Company may deem fit and to guarantee the performance of any contract or obligation and the payment of money to any such person or companies and generally to give guarantee and indemnities. To carry on any or all of these businesses either in individual capacity or in co-participation with other agencies or bodies.*

14. *To act as a securitization and reconstruction company and to carry on the business of securitization and/or asset reconstruction and for that purpose to purchase, acquire, invest, transfer, sell, dispose of or trade in participation certificates, participation units, securitized debts, assets backed securities or mortgage backed securities or debts whether representing financial assets, receivables, debts, whether secured by mortgage of movables or hypothecation or charge on movables or otherwise, whether existent, accruing, conditional, contingent, future, performing or non-performing, impaired or unimpaired or otherwise; to purchase, acquire, invest, transfer, sell, dispose of or trade in or issue to public or private investors securities or instruments or certificates issued thereof on a discretionary basis or nondiscretionary basis on behalf of any person or persons (whether individual, firm, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or trusts, pensions funds, offshore funds, public body or authority, supreme, local or trust, pension funds, offshore funds, charities or other associations or entities whether in private or public sector.*

15. *To carry on and undertake the business of providing or acting as direct selling agents, distributors, advisors, referrer, franchisees, licensees, authorized sales agents, representatives, arrangers and consultants to provide financial, managerial, operational, administrative, advisory, commercial, legal, taxation, electronic data processing, computer and other consultancy services, to prospective investors, depositors, insurance client, customer, client for any type of financial and saving instruments including fixed deposits, postal savings, bonds, debentures, other securities, mutual funds units, equity and preference shares and other type of securities of companies, life and non-life insurance products, all types of structured products designed by the Company or any other company(ies), off-shore products designed by foreign entities, investment banking or portfolio management services, venture capital fund or private equity fund subscriptions or services, any other types of products or properties whether moveable or Immovable, mortgages, personal and commercial loans by way of lending, factoring, leasing, hire purchase or instalment purchase or similar schemes of all types and descriptions and for all purposes, both secured and unsecured, issuing or selling of credit and debit cards, loyalty cards, discount cards, privilege cards, Health Cards and other products of similar type and descriptions, either in partnership or by self, subject to regulatory approvals, as may be required from time to time.*

16. *To acquire, purchase, take over and/or amalgamate business of companies which, under existing circumstances, from time to time may conveniently or advantageously be combined with the business of the Company, to amalgamate with companies whose business are so acquired, purchased or taken over and/or to enter into agreements with the object of acquisition of such undertakings and/or business.*"

The main objects as contained in our Memorandum of Association enable our Company to carry on the business presently being carried out and proposed to be carried out.

Amendments to the Memorandum of Association

Set out below are the amendments to our MoA in the last 10 years:

Date of Shareholders' resolution	Particulars
July 14, 2017	The heading of Clause IIIA and IIIB of the Memorandum of Association was replaced with the following: "*III(A) The objects to be pursued by the company on its incorporation are:* *III(B) Matters which are necessary for furtherance of the objects specified in clause III (A) are:*"
	Clause IIIA of the Memorandum of Association was amended to substitute sub-clause 2, 4 and 6 with the following: "*To carry on, in India or elsewhere, the business of retail financing, wholesale financing, Housing Finance to the extent permissible under the applicable regulations, retail leasing (financing and operating leases), vehicle fleet leasing (financing and operating leases), dealer inventory financing, dealer capital financing, dealer equipment financing, developer / dealer real estate financing, factoring of dealer receivables, and other related after-sales products, with respect to vehicles, to also carry on the business of a leasing and hire purchase company and investments and finance company and, in this connection and for any other business to undertake all types of leasing and hire purchase business and financing of consumers, individuals or corporate relating to all kind of vehicles, aircrafts, ships, machinery, plant, equipment, factories, rolling stock, consumer durables, movable and immovable property, to arrange or syndicate leasing or hire purchase business, to undertake bills discounting business to purchase, finance, discount, i.e. discount bills of exchange, to act as a discount and acceptance house, to arrange acceptance or co-acceptance of bills, to buy, sell, lease or finance the buying and selling and trading in Immovable property, land, buildings, real estate, factories to borrow to lend, to negotiate loans, to transact business as promoter financiers, monetary agents, to borrow monies, to lend, to negotiate loans, to carry on business of a company established with the Object of financing Industrial enterprises, to invest the capital, or other funds of the company in purchase or acquisition of rights in moveable and immovable property, to use the capital, funds and assets of the Company as security for borrowing and acquisition of rights in moveable and immovable property, or shares, stocks, debentures, debenture stock, bonds, mortgages, obligations, securities, or to finance their acquisition or leasing or hire purchase, to raise or provide venture capital, to promote or finance the promotion of joint stock companies, to invest in, to underwrite, to manage the issue of , and to trade in the shares or other securities of any body corporate) corporation, to undertake factoring, to purchase the book debts and receivables of sole proprietorships, partnership firms, companies or any other incorporated or unincorporated, or statutory or non-statutory, Central /State Government Bodies and to lend, make advances or give credit against the same and to sell, enforce, dispose off the book debts, receivables, securities of the borrowers pledged, hypothecated, mortgaged with the company by the borrowers and / or customers of the company and also to undertake share broking, currency broking, wealth management and investment banking services and to provide and to engage in all businesses as may be related or ancillary to the aforesaid business areas as may be permitted by SEBI, NHB and other regulators.* *4. To give advice and/or give, take, circulate and/or otherwise organise, accept or implement any takeover bids, mergers, amalgamation, acquisitions, diversification, rehabilitation or restructuring of any business concern, undertaking, company, body corporate, partnership firm or any other association of persons whether incorporated or not, by acquisition of shares or assets and liabilities, and whether as a going concern or as a part of the concern, or otherwise as may be required having regard to business exigencies and to promote or procure incorporation, formation or setting up of concerns and undertakings whether as Company, body corporate, partnership or any other association of persons, either as a subsidiary or otherwise, for engaging in any industrial, commercial or business activities which the Company is authorised to carry on or for any other purposes which may seem directly or indirectly calculated to benefit the Company or to promote or advance the interests of the Company.* *6. To act as an Asset Manager of any trust or fund including any mutual fund, growth fund, hedge fund, infrastructure fund, income or capital funds, tax or exempted funds, provident funds, gratuity funds, pension funds, superannuation funds, charitable funds or consortia and/or all other funds and/or to provide advisory and/or consultancy services for investments and financial services, financial services, consultancy, exchange of research information and analysis on a commercial basis, render corporate advisory services and/or manage a portfolio of securities and/or to pursue such other activities as may be necessary for attainment of these purposes subject to SEBI and other regulators approvals, as may be required from time to time.*"
	Clause IIIA of the Memorandum of Association was amended include the following after sub-clause 12: "*13. To carry on the business of a loan and finance company and to lend and advance money or give credit to such persons or companies either unsecured or secured and on such terms as it may seem expedient and in particular against the security of listed and unlisted securities, bonds, policies, fixed deposits, certificates, gold, bullion, vehicles, book debts, receivables, property whether moveable or immovable or any other asset, right, title, interest etc. for the purchase of gold, bullion, consumer durable products, paintings, sculptures or any other item or thing having artistic or aesthetic value or for any other purpose as the Company may deem fit and to guarantee the performance of any contract or obligation and the payment of money to any such person or companies and generally to give guarantee and indemnities. To carry on any or all of these businesses either in individual capacity or in co-*

Date of Shareholders' resolution	Particulars
	participation with other agencies or bodies. *14. To act as a securitization and reconstruction company and to carry on the business of securitization and/or asset reconstruction and for that purpose to purchase, acquire, invest, transfer, sell, dispose of or trade in participation certificates, participation units, securitized debts, assets backed securities or mortgage backed securities or debts whether representing financial assets, receivables, debts, whether secured by mortgage of movables or hypothecation or charge on movables or otherwise, whether existent, accruing, conditional, contingent, future, performing or non-performing, impaired or unimpaired or otherwise; to purchase, acquire, invest, transfer, sell, dispose of or trade in or issue to public or private investors securities or instruments or certificates issued thereof on a discretionary basis or nondiscretionary basis on behalf of any person or persons (whether individual, firm, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or trusts, pensions funds, offshore funds, public body or authority, supreme, local or trust, pension funds, offshore funds, charities or other associations or entities whether in private or public sector.* *15. To carry on and undertake the business of providing or acting as direct selling agents, distributors, advisors, referrer, franchisees, licensees, authorized sales agents, representatives, arrangers and consultants to provide financial, managerial, operational, administrative, advisory, commercial, legal, taxation, electronic data processing, computer and other consultancy services, to prospective investors, depositors, insurance client, customer, client for any type of financial and saving instruments including fixed deposits, postal savings, bonds, debentures, other securities, mutual funds units, equity and preference shares and other type of securities of companies, life and non-life insurance products, all types of structured products designed by the Company or any other company(ies), off-shore products designed by foreign entities, investment banking or portfolio management services, venture capital fund or private equity fund subscriptions or services, any other types of products or properties whether moveable or Immovable, mortgages, personal and commercial loans by way of lending, factoring, leasing, hire purchase or instalment purchase or similar schemes of all types and descriptions and for all purposes, both secured and unsecured, issuing or selling of credit and debit cards, loyalty cards, discount cards, privilege cards, Health Cards and other products of similar type and descriptions, either in partnership or by self, subject to regulatory approvals, as may be required from time to time.* *16. To acquire, purchase, take over and/or amalgamate business of companies which, under existing circumstances, from time to time may conveniently or advantageously be combined with the business of the Company, to amalgamate with companies whose business are so acquired, purchased or taken over and/or to enter into agreements with the object of acquisition of such undertakings and/or business.*"
	Clause IIIB of the Memorandum of Association was amended include the following after sub-clause 42: "*42. To open current or fixed accounts with any bank, banker, shroff or merchant, and to pay into and draw money from such accounts.* *43. To carry on any business or business which this Company is authorised to carry on by means or through the agency or any subsidiary company or companies and to enter into any arrangement with any such subsidiary company for taking the profits and bearing the losses of any business or branch so carried on or for financing any such subsidiary company or guaranteeing its liabilities, or to make any other arrangements, which may seem desirable with reference to any other business or branch so carried on including power at any time either temporarily or permanently to close any such business or branch and/or to appoint directors or managers of any such subsidiary company.* *44. To acquire portfolios and businesses of the undertaking, company, body corporate, partnership firm or any other association of persons whether incorporated or not, through various available routes as per applicable regulations, securitize portfolios, sell down its own businesses to benefit the Company*."
	Clause IIIC of the Memorandum of Association was deleted.
	Clause IV of the Memorandum of Association was substituted with the following: "*The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them*."
	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹1,900,000,000 comprising 190,000,000 million equity shares of face value ₹10 each to ₹3,000,000,000 comprising 300,000,000 equity shares of face value ₹10 each.
July 16, 2019	Clause V of the Memorandum of Association was amended to reflect the reclassification of the authorised share capital of ₹3,000,000,000 comprising 300,000,000 equity shares of face value ₹10 each to ₹3,000,000,000 comprising 290,000,000 equity shares of face value ₹10 each and 10,000,000 0.01% non-cumulative redeemable preference shares of face value ₹10 each.
February 10, 2021	Clause II of the Memorandum of Association was amended to reflect the change in situation of registered office from State of Kerala to State of Maharashtra.

Date of Shareholders' resolution	Particulars
	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹3,000,000,000 comprising 290,000,000 equity shares of face value ₹10 each and 10,000,000 0.01% non-cumulative redeemable preference shares of face value ₹10 each to ₹10,000,000,000 comprising 990,000,000 equity shares of ₹10 each 10,000,000 0.01% non-cumulative redeemable preference shares of face value ₹10 each.

Major events and milestones of our Company

The table below sets forth some of the key events in the history of our Company:

Calendar Year	Particulars
1995	Incorporation of our Company
2007	Commenced business of distribution of housing loans, home equity mortgage loans, personal car loans and personal loans for the Promoter
2010	Received license to operate as an NBFC from the RBI
2011	Commenced the business of distribution of gold loans
2012	Commenced the business of medium ticket LAP
2015	Loan book of our Company crossed ₹ 5,000 million
	Crossed 100 branches
	Commenced the business of construction finance offering
2016	Net worth of our Company crossed ₹ 2,000 million
2017	Commenced business of small ticket LAP and structured finance products
	Loan book of our Company crossed ₹ 10,000 million
2018	Commenced business of distribution of unsecured business loans
	Received investment of ₹ 1,686.00 million by True North
2019	Crossed 200 branches
	Net worth of our Company crossed ₹ 5,000 million;
	Loan book of our Company crossed ₹ 30,000 million
2020	Crossed 300 branches
	Maiden Subordinated liabilities issuance of ₹ 2,500 million
	Initiated digital transformation journey
	Loan book of our Company crossed ₹ 40,000 million
2021	Crossed 500 branches
	Net worth of our Company crossed ₹ 10,000 million
	Started operations of door-step gold loans
	Loan book of our Company crossed ₹ 50,000 million
	Shifted the registered office of the Company from Aluva, Kerala to Mumbai, Maharashtra
2022	Crossed 550 branches
	Net worth of our Company crossed ₹ 13,000 million
	Loan book of our Company crossed ₹ 70,000 million
	Door-step gold loans AUM crossed ₹1,000 million
	Credit rating of our Company was upgraded from AA- to AA by CARE Ratings Limited
2023	Net worth of our Company crossed ₹ 13,500 million
	Loan book of our Company crossed ₹ 80,000 million
	Issuance of MLD amounting to ₹ 2,000 million
	Issuance of subordinated debt of ₹ 2,000 million

Awards, accreditations, and accolades received by our Company

Calendar Year	Awards/Accreditations/Recognitions
2023	Awarded 'Top 50 India's Best Workplaces in BFSI 2023' by Great Place to Work® Institute, India.
2022	Certified as a 'Great Workplace' by Great Place to Work® Institute India.
	Awarded by Chamber of Indian Small and Medium Enterprises.
2021	Certified as a 'Great Workplace' by 'Great Place to Work' by Great Place to Work® Institute, India.
	Received recognition for 'Commitment to Being a Great Place to Work' by Great Place to Work® Institute, India.
	Ranked 16th in Best Places to Work in India 2021 Employee Choice Awards by AmbitionBox.
2020	Certified as a 'Great Workplace' by 'Great Place to Work' by Great Place to Work® Institute, India.
2019	Awarded the 'Certificate of Responsible Recycling' by E-Incarnation Recycling Private Limited.
2016	Awarded second place in 14th National Awards for Excellence in Cost Management in 'banking, financial services and insurance' category by the Institute of Cost Accountants of India.

Time and cost over-runs

There have been no time and cost overruns in the development, implementation pertaining to our business operations.

Defaults or re-scheduling/restructuring of borrowings with financial institutions/banks

We have in the past had instances of defaults or rescheduling of borrowings with financial institutions/banks in respect of our current borrowings from lenders. For further details, see "*Risk Factors – 15. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition*" on page 34. None of our outstanding loans have been converted into equity shares.

Significant financial and/or strategic partners

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partners.

Capacity/ facility creation, launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see "*Our Business*" on page 184.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years

Our Company has not acquired or divested any business or undertaking and has not undertaken any merger, amalgamation, or revaluation of assets, in the last ten years.

Holding Company

The Federal Bank Limited is our holding company. For details, see "*Our Promoter and Promoter Group*" on page 251.

Our Subsidiaries

As of the date of this Draft Red Herring Prospectus, our Company has no subsidiaries.

Joint Ventures

As of the date of this Draft Red Herring Prospectus, our Company has no joint ventures.

Shareholders' agreements

*Shareholders' agreement dated May 11, 2018 executed among our Company, Federal Bank and True North Enterprise Private Limited, as supplemented by the deed of adherence dated October 29, 2018 executed by True North Fund VI LLP, as amended by the amendment agreement dated July 19, 2023 executed among our Company, Federal Bank and True North Fund VI LLP ("**SHA Amendment Agreement**") ("**SHA**")*

The Company, The Federal Bank Limited and True North Fund VI LLP are parties to the SHA dated May 11, 2018, as supplemented and amended by the deed of adherence dated October 29, 2018 and the SHA Amendment Agreement.

The SHA inter alia, records the understanding and agreement amongst the Promoter (also Promoter Selling Shareholder), the Investor Selling Shareholder and the Company regarding their respective rights and obligations, including inter-se as Shareholders. The Promoter (also Promoter Selling Shareholder) and the Investor Selling Shareholder have been granted certain rights in respect of the management and affairs of our Company under the SHA, of which, certain rights shall continue as long as they hold an agreed-upon minimum shareholding threshold in our Company. Rights that shareholders are entitled to under the SHA include (i) restrictions on transfer of Equity Shares by the shareholders, except as permitted under the SHA; (ii) right of first offer, tag-along and drag along rights in case of transfers by shareholders (iii) certain board and committee nomination rights; and (iv) information rights.

Pursuant to the SHA Amendment Agreement, the SHA will stand automatically terminated upon consummation of the Offer i.e. the date of commencement of trading of the Equity Shares pursuant to the Offer. Provided that, following the consummation of the Offer, subject to applicable laws and approval of the Shareholders by way of a special resolution passed on the earlier of: (a) the first general meeting convened after the consummation of the Offer, and (b) before the expiry of 90 days from the consummation of the Offer, (A) the Investor Selling Shareholder shall be entitled to nominate one non-executive director, not being liable to retire by rotation, on the Board till such time so long as it holds at least 5% of Equity Shares on a fully diluted basis, and such director shall not be liable to retire by rotation; (B) the Promoter shall be entitled to nominate two non-executive nominee directors, each not being liable to retire by rotation, on the Board till such time so long as it holds at least 10% of

Equity Shares on a fully diluted basis, or nominate one non-executive director, not being liable to retire by rotation, till such time so long as it holds at least 5% and less than 10% of Equity Shares on a fully diluted basis. The parties to the SHA have agreed to take all necessary steps and perform all necessary actions as may be required from each of them for effecting the amendment to the AoA to give effect to the aforesaid, including the Company convening the meetings of the Board and Shareholders for this purpose within 90 days of/after the listing of the Equity Shares pursuant to the Offer. Provided further that following the consummation of the Offer, subject to applicable law and subject to approval of the Board of Directors of the Company and its Shareholders by way of an special resolution in the first general meeting convened after the listing of Equity Shares pursuant to the Offer, the upside sharing arrangement between The Federal Bank Limited and True North Fund VI LLP in relation to consideration received by the Investor Selling Shareholder pursuant to the sale of Subscription Shares, as envisaged in the SHA, shall continue till such time True North Fund VI LLP holds the subscription shares in the Company in terms of the SHA and to that extent shall survive the termination of the SHA. Further, pursuant to the SHA Amendment Agreement, the chairperson of our Board shall be appointed from amongst the directors of our Promoter present at the meeting of the Board, or be such person as nominated by our Promoter pursuant to a resolution passed by its board of directors, and shall not have a casting vote.

The SHA Amendment Agreement shall stand automatically terminated upon the earlier of (a) twelve months of receipt of SEBI's final observations on this Draft Red Herring Prospectus in accordance with the SEBI ICDR Regulations ("**SEBI Final Observations**") or till such date when the SEBI Final Observations are valid, whichever is later, or such extended cut-off date for the Offer as may be mutually agreed in writing among the Parties, if the consummation of the Offer has not happened by such date; and (b) the date on which the Board decides not to undertake the Offer or withdraws the Red Herring Prospectus filed by the Company for the Offer ("**Long Stop Date**").

*Share subscription cum shareholders' agreement dated October 2019, as amended by the amendment agreement dated October 27, 2020 and by the second amendment agreement dated February 7, 2022 ("**OCRPS SHA**") among our Company and Anil Kothuri*

Our Company and Anil Kothuri had entered into the OCRPS SHA in connection with and to set out the terms of the issuance of 4,729,730 of the OCRPS to Anil Kothuri, and the conversion and/or redemption of the OCRPS. Pursuant to the second amendment agreement dated February 7, 2022, the parties to the OCRPS SHA agreed inter alia that (i) within ten working days from the date of receipt of a conversion notice from Anil Kothuri and in no event later than 2 days prior to finalisation of the Red Herring Prospectus, 2,729,730 OCRPS held by Anil Kothuri would be converted into 2,729,730 Equity Shares, provided such OCRPS are fully paid-up; and (ii) within ten working days from the date of upon receipt of notice seeking redemption of the OCRPS from Anil Kothuri and in no event later than 2 days prior to finalisation of the Red Herring Prospectus, 2,000,000 OCRPS would be redeemed, provided such OCRPS are fully paid-up.

Pursuant to Board resolutions each dated February 14, 2022, 2,000,000 OCRPS were redeemed by our Company for an aggregate amount of ₹ 84.20 million and 2,729,730 OCRPS were converted into 2,729,730 Equity Shares. Accordingly, there are no outstanding OCRPS as on the date of this Draft Red Herring Prospectus. For further details, see "*Capital Structure – Share capital history of our Company*" on page 78.

Notice cum Waiver Letter dated February 7, 2022 from The Federal Bank Limited and True North Fund VI LLP

One of the key terms of a loan facility availed by Anil Kothuri in his personal capacity from a lender ("**Loan Facility**") is that the loan shall be secured by way of a pledge over 2,729,730 Equity Shares ("**Security Shares**") held by Anil Kothuri in favour/for benefit of the lender (including its successor and/or assigns). In accordance with the terms of the SHA and Articles 4 and 9 of Part B of the articles of association of the Company, consent was sought from the Promoter and the Investor Selling Shareholder for the creation of pledge over the Security Shares, which was received pursuant to the notice cum waiver letter dated February 7, 2022. Pursuant to the letter, the tag along right and other transfer restrictions contained in the SHA and relevant Articles of the Company in relation to transfer of the Security Shares in relation to an invocation of the pledge by the lender have been waived by the Promoter and Investor Selling Shareholder, however, they shall continue to have a right of first offer, as contained in Article 9.4 of the Articles and under the SHA, in case of any transfer of Security Shares pursuant to invocation of the pledge by the lender.

Key terms of other subsisting material agreements

Except as disclosed in "*Our Business*" on page 184 and " – *Shareholders' agreements*" above, our Company has not entered into any subsisting material agreements other than in the ordinary course of business of our Company.

Details of guarantees given to third parties by our Promoter

Our Promoter has not given any guarantees, on behalf of our Company, to third parties that are outstanding as of the date of this Draft Red Herring Prospectus.

Agreements with Key Managerial Personnel, Senior Management Personnel, Director, Promoter, or any other employee

Other than the upside sharing arrangement executed by our Promoter, as disclosed in " – *Shareholders' agreements*" on page 230 above, there are no agreements entered into by a Key Managerial Personnel, Senior Management Personnel, Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

OUR MANAGEMENT

Board of Directors

In compliance with the Companies Act, 2013 and in terms of our Articles of Association, our Company is required to have a minimum of three Directors and a maximum of nine Directors. As on the date of this Draft Red Herring Prospectus, our Board of Directors comprises seven Directors, including one Executive Director and six Non-Executive Directors including two Nominee Directors and three Independent Directors. Our Board comprises one woman director.

Details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus are set forth below:

Sr. No.	Name, designation, period and term of directorship, address, occupation, date of birth and DIN	Age (years)	Other directorships
1.	**Balakrishnan Krishnamurthy** ***Designation:*** Chairman and Independent Director ***Period and term:*** Director since September 28, 2019. Appointed as Independent Director for a period of five years up to September 27, 2024 and re-appointed as Chairman for a period of one year with effect from September 25, 2023* ***Address:*** B-17, Floor – 16, Ahuja Tower B Wing, Rajabhau Anant Desai Marg, Plot – 1087-1088, Prabhadevi, Mumbai 400 025, Maharashtra, India ***Occupation:*** Service ***Date of Birth:*** December 26, 1958 ***DIN:*** 00034031 ** Re-appointed as Chairman for a period of one year with effect from September 25, 2023, pursuant to a letter dated June 16, 2023 issued by The Federal Bank Limited, which was noted by resolution passed at a meeting of our Board of Directors held on July 17, 2023.*	64	• Kriscore Financial Advisors Private Limited • Kriscore Ventures Private Limited • XPRO India Limited
2.	**Anil Kothuri** ***Designation:*** Managing Director and Chief Executive Officer ***Period and term:*** Director since December 11, 2018. Re-appointed for a period of five years up to December 10, 2023, liable to retire by rotation^ ***Address:*** B-703, Rustomjee Oriana, N. Dharmadhikari Marg, Bandra East, Mumbai Suburban, Mumbai 400 051, Maharashtra, India ***Occupation:*** Service ***Date of Birth:*** July 26, 1971 ***DIN:*** 00177945 *^ Re-appointed as Managing Director and Chief Executive Officer, being liable to retire by rotation pursuant a resolution passed at a meeting of our Shareholders on August 5, 2022.*	52	Nil

Sr. No.	Name, designation, period and term of directorship, address, occupation, date of birth and DIN	Age (years)	Other directorships
3.	**Shyam Srinivasan** ***Designation:*** Non-Executive Director ***Period and term:*** Director since March 18, 2011, liable to retire by rotation ***Address:*** 4/99, Federal Villa, Althara G C D A Road Thottakattukara, PO, Aluva, Thottakkattukara, Ernakulam 683 108, Kerala, India ***Occupation:*** Service ***Date of Birth:*** February 2, 1962 ***DIN:*** 02274773	61	• Ageas Federal Life Insurance Company Limited • The Federal Bank Limited
4.	**Maninder Singh Juneja** ***Designation:*** Non-Executive Nominee Director(1) ***Period and term:*** Director since December 20, 2018 ***Address:*** D - 1002, Mayfair Meridian, Ceasar Road, Amboli, Andheri (West), Mumbai 400 058, Maharashtra, India ***Occupation:*** Service ***Date of Birth:*** January 31, 1966 ***DIN:*** 02680016 *(1) Nominee of True North Fund VI LLP.*	57	• Fincare Business Services Limited • Home First Finance Company India Limited • Indifi Technologies Private Limited • Niva Bupa Health Insurance Company Limited (*formerly known as Max Bupa Health Insurance Company Limited*)
5.	**Ashutosh Khajuria** ***Designation:*** Non-Executive Nominee Director(2) ***Period and term:*** Director since April 30, 2020 ***Address:*** Flat No. 2901, 29th Floor, Ashok Towers, C Wing, Parel, Near Hotel Grand Central, Mumbai 400 012, Maharashtra, India ***Occupation:*** Service ***Date of Birth:*** July 13, 1960 ***DIN:*** 05154975 *(2) Nominee of The Federal Bank Limited.*	63	Nil
6.	**Gauri Rushabh Shah** ***Designation:*** Independent Director ***Period and term:*** Director since February 13, 2015. Re-appointed for a period of five years upto February 12, 2025 ***Address:*** 5/3, Indian Mercantile Mansion, Madame Cama Road Museum, Opp. Regal Cinema, Colaba, Council Hall, Mumbai 400 039, Maharashtra, India ***Occupation:*** Service ***Date of Birth:*** November 6, 1973 ***DIN:*** 06625227	49	Nil

Sr. No.	Name, designation, period and term of directorship, address, occupation, date of birth and DIN	Age (years)	Other directorships
7.	**Peruvemba Ramachandran Seshadri** ***Designation:*** Additional Independent Director ***Period and term:*** Director since August 12, 2022[(3)] ***Address:*** No. 107, Sowmya Springs, Diwan Madhava Rao Road, Basavanagudi, Bengaluru South, Bengaluru 560 004, Karnataka, India ***Occupation:*** Professional ***Date of Birth:*** June 28, 1963 ***DIN:*** 07820690 *[(3)] Appointed as an additional director (in the capacity of Independent Director) subject to the confirmation of the Shareholders pursuant to a resolution passed at a meeting of our Board of Directors held on August 12, 2022.*	60	• 42 Card Solutions Private Limited • Orocorp Finance Private Limited • Orocorp Technologies Private Limited • Protium Finance Limited

Relationship between our Directors, Key Managerial Personnel and Senior Management Personnel

None of our Directors, Key Managerial Personnel and Senior Management Personnel are related to each other.

Arrangements or understandings with major shareholders, customers, suppliers or others

Other than Ashutosh Khajuria, who has been nominated to our Board as a nominee of our Promoter pursuant to the SHA and Maninder Singh Juneja, who has been nominated to our Board as a nominee of True North Fund VI LLP pursuant to the SHA, and Balakrishnan Krishnamurthy, who has been appointed as Chairman of our Board pursuant to letters dated July 7, 2022 and June 16, 2023, read with the resolutions dated July 5, 2022 and June 14, 2023, respectively, passed by the board of directors of our Promoter, in accordance with the SHA, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors has been appointed on our Board.

Brief biographies of Directors

Balakrishnan Krishnamurthy is the Chairman and an Independent Director of our Company. He holds a bachelor's degree in commerce (honours) from Faculty of Commerce, Osmania University. He is a qualified chartered accountant and company secretary. He has experience in the financial services sector. Currently, he serves as the chairman of Kriscore Financial Advisors Private Limited and director of Kriscore Ventures Private Limited. Previously, he has been associated with Lazard India Private Limited as Managing Director.

Anil Kothuri is the Managing Director and Chief Executive Officer of our Company. He holds a bachelor's degree of technology in computer science and engineering from Andhra University and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 28 years of experience across various asset businesses including mortgage, SME financing, auto loans, housing finance and unsecured lending. Prior to joining our Company, he has served at Edelweiss Housing Finance Limited as President, and at Citibank N.A.

Shyam Srinivasan is a Non-Executive Director of our Company. He holds a bachelor's degree in engineering from the Faculty of Engineering, University of Madras and post-graduate diploma in management from the Indian Institute of Management, Calcutta. He currently serves as director of Ageas Federal Life Insurance Company Limited and managing director and chief executive officer of The Federal Bank Limited.

Maninder Singh Juneja is a Non-Executive Nominee Director of our Company. He holds a bachelor's degree in civil engineering from Maharaja Sayajirao University of Baroda and a post graduate diploma in management from Indian Institute of Management Society, Lucknow. He has over 25 years of experience in the banking and finance industry. He has previously been associated with Godrej GE Appliances Limited, SRF Finance Limited as business manager of corporate finance, Whirlpool of India Limited as business manager, ICICI Bank Limited as group executive and National Bulk Handling Corporation Private Limited as managing director and chief executive officer. Currently, he is associated with True North Managers LLP as a partner.

Ashutosh Khajuria is a Non-Executive Nominee Director of our Company. He holds a bachelor's degree in law from Jiwaji

University, Gwalior and a master's degree in arts from Doctor Harisingh Gour Vishwavidyalaya, Sagar. Previously, he has served at The Federal Bank Limited in various designations including president and head of treasury, following which he was the executive director and chief financial officer. He has also served as the director of Ageas Federal Life Insurance Company. Presently, he is serving as the Chief Mentor at The Federal Bank Limited and oversees the functions of treasury, credit underwriting, credit monitoring and collections, ESG, and the IFSC banking unit (IBU) in GIFT City, Gujarat.

Gauri Rushabh Shah is an Independent Director of our Company. She holds a bachelor's degree in commerce from University of Bombay. She has passed the final examination held by the Institute of Chartered Accountants of India. She secured the 44th rank in the intermediary examination held by the Institute of Chartered Accountants of India. She was associated with CC Choksi Advisors Private Limited.

Peruvemba Ramachandran Seshadri is an Additional Independent Director of our Company. He holds a bachelor's degree in engineering (electrical) from the University of Delhi and post-graduate diploma in management from Indian Institute of Management, Bangalore. He has previously served as the managing director and chief executive officer, central office of The Karur Vysya Bank Limited and has also been associated with Citibank N.A., Singapore for 23 years, including as its managing director.

Confirmations

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 of the stock exchanges during the term of their directorship in such companies, in the last five years preceding the date of this Draft Red Herring Prospectus.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchanges during the term of their directorship in such companies.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

None of our Directors have been declared as wilful defaulters or fraudulent borrowers.

Payment or benefit to Directors of our Company

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except remuneration for services rendered as Directors. Further, there is no contingent or deferred compensation payable to any of our Directors which accrued in Fiscal 2023.

Remuneration to our Directors

The remuneration paid to our Directors in Fiscal 2023 is as follows:

Remuneration to our Executive Director

Anil Kothuri was paid a total remuneration of ₹ 50.43 million during Fiscal 2023. The details of remuneration governing his appointment pursuant to a resolution passed at a meeting of our Board of Directors held on December 10, 2018, and a meeting of our shareholders held on July 16, 2019, are stated below:

Particulars	Remuneration
Fixed pay	₹ 18.00 million per annum
Perquisite, benefits and variable pay	Anil Kothuri shall be entitled to receive remuneration every year by way of performance linked bonus.

Pursuant to a resolution passed at a meeting of our Board of Directors held on May 18, 2022, the remuneration payable to Anil Kothuri for Fiscal 2023 was increased to ₹ 26.45 million per annum. Additionally, by way of a resolution passed on May 18, 2022, our Board of Directors also approved the payment of a performance bonus of ₹ 7.5 million to Anil Kothuri, for Fiscal 2022. Further, pursuant to a resolution passed at a meeting of our Board of Directors held on May 26, 2023, the remuneration payable to Anil Kothuri for Fiscal 2024 was increased to ₹ 30.00 million per annum.

Remuneration to Non-Executive Directors

Pursuant to the resolutions passed by our Board of Directors on July 15, 2014, our Independent Directors are entitled to sitting fees of (i) ₹50,000 for attending each meeting of the Board of Directors, (ii) ₹30,000 for attending each meeting of the Audit Committee, (iii) ₹30,000 for attending each meeting of the Nomination and Remuneration Committee, (iv) ₹10,000 for attending each meeting of the Corporate Social Responsibility Committee, (v) ₹30,000 for attending each meeting of the Risk Management Committee, and (vi) ₹10,000 for attending meeting of any other committee of the Board. Further, pursuant to a resolution passed by our Board of Directors on July 15, 2021, our Independent Directors are entitled to sitting fees of ₹ 25,000 for attending each meeting of the Capital Raising Committee.

The details of remuneration paid to our Non-Executive Directors during Fiscal 2023 are as follows:

S. No.	Name of Director	Sitting Fees (in ₹ million)	Total Remuneration (in ₹ million)
1.	Balakrishnan Krishnamurthy	0.91	0.91
2.	Gauri Rushabh Shah	1.08	1.08
3.	Peruvemba Ramachandran Seshadri	0.92	0.92
4.	Shyam Srinivasan	Nil	Nil
5.	Maninder Singh Juneja	Nil	Nil
6.	Ashutosh Khajuria	Nil	Nil

Bonus or profit-sharing plan of our Directors

Our Company does not have any bonus or profit-sharing plan for our Directors.

Shareholding of Directors in our Company

Other than as disclosed under "*Capital Structure – Notes to the Capital Structure – Details of Equity Shares held by our Directors, Key Managerial Personnel, Senior Management Personnel, Promoter, directors of Promoter and members of our Promoter Group*" on page 91, none of our Directors hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

Our Articles of Association do not require our Directors to hold any qualification shares.

Interests of Directors

Our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Company as well as sitting fees, if any, payable to them for attending meetings of our Board or Committees thereof.

Our Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any or to the extent that our Directors are nominees of our Shareholders or are associated with our Shareholders, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees or promoters, as applicable, pursuant to this Offer. Our Directors may also be deemed to be interested to the extent of any variable pay as per the terms of their appointment, as applicable, dividend payable to them and other distributions in respect of such Equity Shares.

None of our Directors have an interest in the promotion or formation of our Company.

None of our Directors have any interest in any property acquired in the preceding three years or proposed to be acquired of or by our Company or in any transaction by our Company including, for acquisition of land, construction of buildings or supply of machinery.

Changes in our Board of Directors in the last three years

Name	Date of Appointment/ Change/ Cessation	Reason
Anil Kothuri	August 5, 2022	Re-appointment as Managing Director and Chief Executive Officer^
Peruvemba Ramachandran Seshadri	August 12, 2022	Appointment as an Additional Independent Director

^ Re-appointed as Managing Director and Chief Executive Officer, being liable to retire by rotation pursuant a resolution passed at a meeting of our Shareholders on August 5, 2022.

Borrowing powers of our Board of Directors

Pursuant to a special resolution passed by the Shareholders of our Company on August 5, 2022 ("**Borrowing Powers Resolution**"), our Board is authorised to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of our Company, in excess of the aggregate of the paid-up capital, free reserves and securities premium of our Company, subject to such borrowing (apart from temporary loans obtained from the Company's bankers in ordinary course of business) not exceeding ₹150 billion. Further, pursuant to the Borrowing Powers Resolution, the applicable sub-limits in borrowings were revised in the following manner:

Facility	Approved Sub-limit (in ₹ million)
Working Capital (CC/ WCDL/OD etc.)	100,000
Term Loan/ FCNR/ ECB	
CP	25,000
NCD	25,000
Total	**150,000**

Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of the Equity Shares with the Stock Exchanges. We are in compliance with the requirements of the applicable provisions of the SEBI Listing Regulations, and the Companies Act, 2013, in respect of corporate governance including constitution of our Board of Directors and committees thereof.

Our Board of Directors has been constituted in compliance with the Companies Act, 2013, the SEBI Listing Regulations, and in accordance with best practices in corporate governance. Our Board of Directors functions either as a full board or through various committees constituted to oversee specific functions.

As on the date of this Draft Red Herring Prospectus, our Board comprises of seven Directors, including one Executive Director and six Non-Executive Directors including two Nominee Directors and three Independent Directors. One of our Directors is a woman Director. In compliance with Section 152 of the Companies Act, 2013, not less than two thirds of the Directors (excluding Independent Directors) are liable to retire by rotation.

Committees of our Board of Directors

In addition to the committees of our Board of Directors detailed below, our Board of Directors may, from time to time constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

1. Gauri Rushabh Shah, Chairperson;

2. Balakrishnan Krishnamurthy, Member;

3. Ashutosh Khajuria, Member; and

4. Peruvemba Ramachandran Seshadri, Member.

Further, the Company Secretary and Compliance Officer of our Company shall act as secretary to the Audit Committee.

The Audit Committee was last reconstituted by our Board at their meeting held on November 25, 2022. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations and its terms of reference include the following:

1. To oversee the financial reporting process;

2. to review financial results and related information and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

3. to approve or modify any related party transactions, to review internal financial controls and risk management system,

4. to review and evaluate with the management performance of statutory and internal auditors, effectiveness of audit process and adequacy of the internal control systems;

5. to review and monitor the statutory auditor’s independence and performance, and effectiveness of audit process;

6. approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;

7. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   (ii) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act as amended from time to time;

   (iii) Changes, if any, in accounting policies and practices and reasons for the same;

   (iv) Major accounting entries involving estimates based on the exercise of judgment by management;

   (v) Significant adjustments made in the financial statements arising out of audit findings;

   (vi) Compliance with listing and other legal requirements relating to financial statements;

   (vii) Disclosure of any related party transactions; and

   (viii) Modified opinion(s) in the draft audit report.

8. Reviewing, with the management, the quarterly, half-yearly before submission to the Board for approval;

9. 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, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company.

10. Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee.

11. Scrutinising of inter-corporate loans and investments;

12. Valuation of undertakings or assets of the Company, wherever it is necessary;

13. Evaluation of internal financial controls and risk management systems;

14. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances

15. 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;

16. Discussing with internal auditors on any significant findings and follow up thereon;

17. 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;

18. Discussing 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;

19. 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;

20. Reviewing the functioning of the whistle blower mechanism;

21. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and

22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the SEBI Listing Regulations, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or by any other regulatory authority.

23. Reviewing the utilization of loans and/ or advances from/investment by the holding company in any 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 applicable law.

24. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

25. To 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 Company

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice; and

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

1. management's discussion and analysis of financial condition and results of operations;

2. related party transactions approved by the Directors;

3. management letters / letters of internal control weaknesses issued by the statutory auditors;

4. internal audit reports relating to internal control weaknesses;

5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;

6. examination of the financial statements and the auditors' report thereon; and

7. statement of deviations:

    (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations; and

    (ii) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the SEBI Listing Regulations.

Risk Management Committee

The members of the Risk Management Committee are:

1. Peruvemba Ramachandran Seshadri, Chairperson;

2. Maninder Singh Juneja, Member;

3. Ashutosh Khajuria, Member;

4. Gauri Rushabh Shah, Member;

5. Anil Kothuri, Member;

6. C. V. Ganesh, Member; and

7. K Siddharth, Member.

The Risk Management Committee was last reconstituted by our Board at their meeting held on November 25, 2022. The terms of reference of the Risk Management Committee include the following:

1. To formulate and approve Company's Risk Management Policy and procedures which shall include:

    (a) 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.

    (b) measures for risk mitigation including systems and processes for internal control of identified risks.

    (c) business continuity plan.

2. To ensure and monitor appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To review portfolio and its delinquency at a product level and NPA Management

6. To evaluate the overall risks faced by the Company.

7. To monitor and evaluate liquidity risk faced by the Company.

8. To ensure adherence to liquidity risk management policies and procedure

9. To consider and review the Liquidity Risk Analysis and Monitoring measures.

10. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

11. To recommend to the Board for the appointment of the Chief Risk Officer on such terms as may be approved by the Board.

12. To carry out such other functions as may be specified by the Board from time to time or specified/provided the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended and/ or by any other regulatory authority.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Gauri Rushabh Shah, Chairperson;

2. Balakrishnan Krishnamurthy, Member;

3. Shyam Srinivasan, Member;

4. Maninder Singh Juneja, Member; and

5. Peruvemba Ramachandran Seshadri, Member.

The Nomination and Remuneration Committee was reconstituted by our Board at their meeting held on November 25, 2022. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include the following:

1. To formulate the Nomination and Remuneration policy,

2. Identifying persons who qualify to become directors and ensure their fit and proper status, scrutinize the fit and proper declarations made and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board their appointment and removal,

3. Carrying out evaluations of every director's performance and ensuring the fit and proper status of proposed and existing directors and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel, senior management and other employee as may deem fit;

4. To set criteria for determining qualifications, positive attributes and independence of a director,

5. To formulate criteria for evaluation of performance of the independent directors and the Board.

6. To evaluate for every appointment of an independent director, 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 Committee may:

   (i) use the services of an 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.

7. 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;

8. Devising a policy on Board diversity;

9. Analysing, monitoring and reviewing various human resource and compensation matters;

10. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;

11. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

   (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

   (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

12. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the SEBI Listing Regulations or by any other regulatory authority; and

13. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Peruvemba Ramachandran Seshadri, Chairperson;

2. Gauri Rushabh Shah, Member;

3. Anil Kothuri, Member; and

4. Balakrishnan Krishnamurthy, Member.

The Stakeholders' Relationship Committee was reconstituted by our Board at their meeting held on November 25, 2022. The scope and functions of the Stakeholder Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

The terms of reference of the Stakeholders' Relationship Committee include the following:

1. To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares/securities, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

2. To review measures taken for effective exercise of voting rights by shareholders;

3. 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;

4. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

5. To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company: and

6. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Gauri Rushabh Shah, Chairperson;

2. Shyam Srinivasan, Member;

3. Anil Kothuri, Member; and

4. Peruvemba Ramachandran Seshadri, Member.

The Corporate Social Responsibility Committee was reconstituted by our Board at its meeting held on November 25, 2022. The scope and functions of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013.

The terms and reference of the Corporate Social Responsibility Committee include the following:

1. to formulate and recommend to the Board a Corporate Social Responsibility ("**CSR**") Policy which shall indicate the activities to be undertaken by the Company in areas or subject specified in Schedule VII of the Companies Act 2013;

2. to recommend the amount of expenditure to be incurred on the CSR Activities in line with the Schedule VII of the Companies Act, 2013;

3. to monitor CSR policy of the Company from time to time;

4. to institute a transparent monitoring mechanism for implementation of the CSR activities or projects or programs of the Company;

5. To perform such other duties and functions as the Board may require the CSR committee to undertake to promote the CSR activities of the Company or as may be required under applicable laws.

Capital Raising Committee

The members of the Capital Raising Committee are:

1. Balakrishnan Krishnamurthy, Chairperson;

2. Gauri Rushabh Shah, Member;

3. Ashutosh Khajuria, Member;
4. Maninder Singh Juneja, Member;
5. Anil Kothuri, Member; and
6. Peruvemba Ramachandran Seshadri, Member.

The Capital Raising Committee was reconstituted by our Board at its meeting held on November 25, 2022. The terms and reference of the Capital Raising Committee include the following:

1. to decide, in consultation with various advisors, various terms and conditions of the Offer, including size, timing, listing jurisdictions and securities to be offered in the Offer, and to make any amendments, modifications, variations or alterations thereto;

2. to consider and invite existing holders of securities of the Company to offer their securities for sale through the Offer and take all steps in connection with such offer for sale;

3. to appoint and enter into arrangements with various advisors or intermediaries to the Offer and to negotiate and finalise the terms of their appointment;

4. to make applications to, seek clarifications and obtain approvals from, if necessary, from various statutory or governmental authorities 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 as may be required and wherever necessary;

5. to do all such deeds and acts as may be required to dematerialize the securities of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required in connection thereof;

6. to authorise and approve the incurring of expenditure and payment of fees and expenses in connection with the Offer.

7. to finalize, settle, approve, adopt and file in consultation with the book running lead manager (BRLM) where applicable, the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents 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 applicable laws;

8. to appoint and enter into and terminate arrangements with the BRLM(s), underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLM(s) and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLM(s);

9. to negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLM(s) and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

10. To seek, if required, the consent and/or waiver of the lenders of the Company, customers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

11. to open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

12. to open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

13. to accept and appropriate the proceeds of the Offer in accordance with the applicable laws;

14. to approve code of conduct as may be considered necessary by the Capital Raising Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

15. to approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the Capital Raising Committee or as may be required under the applicable laws or the SEBI Listing Regulations and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

16. To issue receipts/allotment letters/confirmation of allotment 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 one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the afore stated documents;

17. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

18. to do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLM(s);

19. to make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

20. to settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;

21. to submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, and the relevant stock exchange(s) where the Equity Shares are to be listed;

22. to negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Capital Raising Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution 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 said Capital Raising Committee shall be conclusive evidence of the authority of the said Capital Raising Committee in so doing;

23. To delegate any of its powers set out under 1 to 22 hereinabove, as may be deemed necessary and permissible under applicable laws to the officials of the Company;

24. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other applicable laws;

25. deciding, negotiating and finalizing the pricing and all other related matters regarding the pre-IPO placement, including the execution of the relevant documents with the investors in consultation with the BRLM(s) and in accordance with applicable laws;

26. Taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;

27. To withdraw the draft red herring prospectus or the red herring prospectus or to decide not to proceed with the Offer at any stage in accordance with applicable laws and in consultation with the BRLM(s);

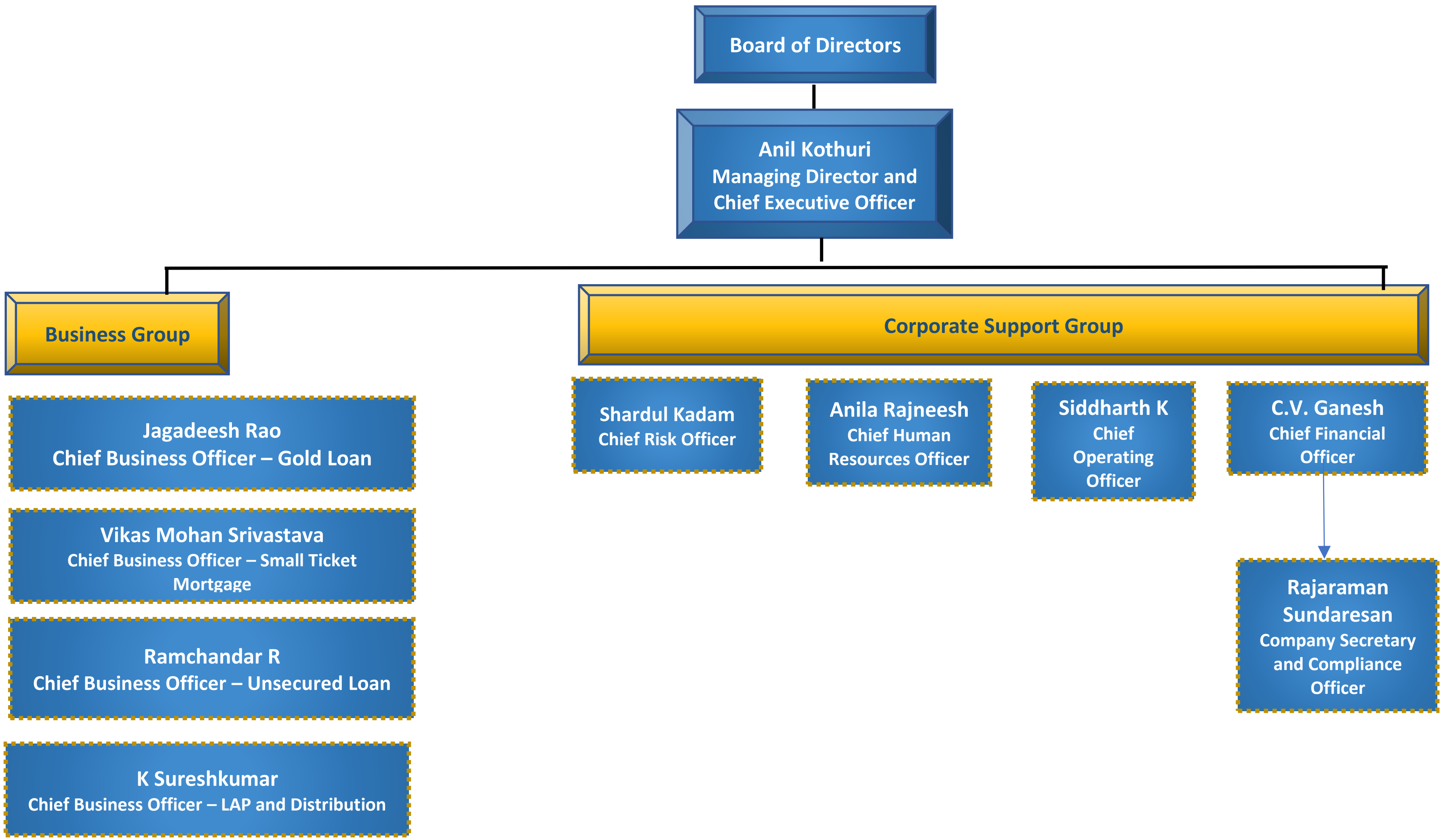
28. To appoint, in consultation with the BRLM(s), the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents.

29. To fix date and time to convene the general meetings of the Shareholders of the Company as and when required.

Other committees of our Company

In addition to the committees mentioned above, our Company has constituted various other committees, such as asset liability committee and IT strategy committee.

Management Organisation Chart



Key Managerial Personnel

The details of our Key Managerial Personnel, in addition to Anil Kothuri, who is our Managing Director and Chief Executive Officer, who details are provided in " – *Brief biographies of Directors*" on page 235 are as follows:

C.V. Ganesh is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from University of Bombay. He has passed the final examinations held by the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He joined our Company with effect from July 3, 2020. He is *inter alia* responsible for developing financial strategies, financial reporting, budgetary management, spearheading cost leadership and heading the finance, treasury and FP&A teams. He has several years of experience in the finance industry. Previously, he has been associated with Citibank N.A. and HDFC Securities Limited as its chief financial officer (executive vice president). During Fiscal 2023, he received a remuneration of ₹ 22.74 million.

Rajaraman Sundaresan is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in science from the University of Madras and also holds a bachelor's degree in law from the University of Delhi. He is a member of the Institute of Company Secretaries of India. He joined our Company with effect from May 4, 2020. He has several years of experience in secretarial and legal practice. Previously, he has been associated with Fino Payments Bank Limited for 13 years. Prior to this, he was also associated with HCL Infosystems Limited. During Fiscal 2023, he received a remuneration of ₹ 3.59 million.

Senior Management Personnel

In addition to the Chief Financial Officer and Company Secretary and Compliance Officer of our Company, whose details are provided in " – *Key Managerial Personnel*" on page 248, the details of our Senior Management Personnel, are as follows:

Vikas Mohan Srivastava is the Chief Business Officer – Small Ticket Mortgage of our Company. He holds a bachelor's degree in commerce from the University of Lucknow and master's degree in business administration from the Panjab University. He also holds a full-time one-year post-graduate programme in management for executives from the Indian Institute of Management, Ahmedabad. He joined our Company with effect from March 25, 2019. He is *inter alia* responsible for increasing the growth and market penetration of small ticket mortgage affordable housing and periodic review of the same, including providing inputs to the executive team. Previously, he been associated with Housing Development Finance Corporation Limited, Goldman Sachs Services Private Limited, IFMR Rural Channels & Services Private Limited and Edelweiss Housing Finance Limited. During Fiscal 2023, he received a remuneration of ₹ 11.74 million.

K Sureshkumar is the Chief Business Officer – LAP and Distribution of our Company. He holds a bachelor's degree in arts from University of Madras and master's degree in business administration from the Institute of Chartered Financial Analysts of India University, Sikkim. He joined our Company with effect from May 2, 2019. He is *inter alia* responsible for working on digital transformation led initiatives encompassing sales, process and end customer deliverables to create an edge in the market. Previously, he been associated with Reliance Home Finance Limited, Indiabulls Financial Services Limited, IDFC FIRST Bank Limited and HDFC Bank Limited. During Fiscal 2023, he received a remuneration of ₹ 12.02 million.

Anila Rajneesh is the Chief Human Resources Officer of our Company. She holds a bachelor's degree in commerce from the University of Mumbai and a post graduate diploma in business management from Rizvi Academy of Management. She joined our Company with effect from May 2, 2019. She has experience in the banking and finance industry. She is *inter alia* responsible for developing comprehensive strategic recruitment and retention plans, performance management, developing coaching programs for senior leaders and defining and implementing the rewards policy ensuring fair, competitive and performance-based compensation. Previously, she been associated with Fino Payments Bank Limited, CIMB Securities (India) Private Limited, HDFC Securities Limited and HDFC Bank Limited. During Fiscal 2023, she received a remuneration of ₹ 10.33 million.

Jagadeesh Rao is the Chief Business Officer – Gold Loan of our Company. He holds a bachelor's degree in commerce from the Faculty of Commerce, University of Kerala and has completed a professional certificate programme in senior management from the Indian Institute of Management, Kozhikode. He joined our Company with effect from April 8, 2019. He is *inter alia* responsible for developing and deploying a business strategy for pan India that delivers profitable growth and market penetration of gold loans. Previously, he been associated with GE Money Financial Services Limited, Muthoot Pappachan Consultancy and Management Services, ING Vysya Bank, SML Finance Limited and Indel Money Private Limited. During Fiscal 2023, he received a remuneration of ₹ 6.16 million.

Ramchandar R is the Chief Business Officer – Unsecured Loan of our Company. He holds a bachelor's degree in commerce from University of Madras. He joined our Company with effect from March 1, 2019. He is *inter alia* responsible for developing and deploying a business strategy for pan India that delivers profitable growth and market penetration of unsecured loans. Previously, he been associated with IDFC FIRST Bank Limited and HDFC Bank Limited. During Fiscal 2023, he received a remuneration of ₹ 11.03 million.

Shardul Kadam is the Chief Risk Officer of our Company. He holds a bachelor's degree in commerce from the University of

Mumbai and has passed the final examinations held by the Institute of Chartered Accountants of India. He is a qualified chartered accountant. He joined our Company with effect from April 18, 2011. He is *inter alia* responsible for developing risk maps and plans to mitigate the company's threats, monitoring the progress of risk mitigation, developing and disseminating risk analysis reports and determining the company's risk appetite. Previously, he been associated with ICICI Bank Limited. During Fiscal 2023, he received a remuneration of ₹ 14.59 million.

Siddharth K is the Chief Operating Officer of our Company. He holds a bachelor's degree in commerce from the Faculty of Commerce, University of Madras. He joined our Company with effect from May 18, 2020. He is *inter alia* responsible for establishing and maintaining appropriate systems for measuring operational management, designing and implementing strategies and taking a lead role in streamlining processes to increase efficiency and productivity. Previously, he has been associated with Edelweiss Housing Finance Limited as Senior Vice President. During Fiscal 2023, he received a remuneration of ₹ 19.06 million.

Status of Key Managerial Personnel and Senior Management Personnel

All our Key Managerial Personnel and Senior Management Personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel and Senior Management Personnel

Except as disclosed under "*Capital Structure – Notes to the Capital Structure – Details of Equity Shares held by our Directors, Key Managerial Personnel, Senior Management Personnel, Promoter, directors of Promoter and members of our Promoter Group*" on page 91, none of our Key Managerial Personnel and Senior Management Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

Bonus or Profit-Sharing Plans of the Key Managerial Personnel and Senior Management Personnel

Our Company does not have any bonus or profit-sharing plan for our Key Managerial Personnel and Senior Management Personnel.

Interests of Key Managerial Personnel and Senior Management Personnel

Except as disclosed under "*– Interests of Directors*" on page 237, none of our Key Managerial Personnel or Senior Management Personnel have any interest in our Company other than 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 business.

Changes in the Key Managerial Personnel and Senior Management Personnel

The changes in our Key Managerial Personnel and Senior Management Personnel in the last three years is as follows

Name	Designation	Date of change	Reason for change
Sudeep Agrawal	Chief Financial Officer	October 13, 2020	Resignation as the chief financial officer of our Company
C.V. Ganesh	Chief Financial Officer	October 14, 2020	Appointment
Jagadeesh Rao	Chief Business Officer – Gold Loan	January 15, 2021	Redesignation
Vikas Mohan Srivastava	Chief Business Officer – Small Ticket Mortgage	January 15, 2021	Redesignation
Ramchandar R	Chief Business Officer – Unsecured Loan	January 15, 2021	Redesignation
K Sureshkumar	Chief Business Officer – LAP and Distribution	January 15, 2021	Redesignation
Shardul Kadam	Chief Risk Officer	May 12, 2021	Redesignation

For details of attrition and reasons thereof, see "*Risk Factors – 34. We depend on our Key Managerial Personnel and Senior Management Personnel, as well as our experienced and capable employees, and any failure to attract, motivate, and retain our employees could adversely affect our business, results of operation and financial condition, or harm our ability to maintain and grow our business*" on page 45.

Arrangements or understandings with major shareholders, customers, suppliers or others

None of our Key Managerial Personnel and Senior Management Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Service Contracts with Directors, Key Managerial Personnel and Senior Management Personnel

Other than the statutory benefits that our Key Managerial Personnel and Senior Management Personnel, are entitled to upon their retirement, no officer of our Company, including our Directors, Key Managerial Personnel and Senior Management Personnel, has entered into any service contracts pursuant to which they are entitled to any benefits upon termination of employment.

Contingent and deferred compensation payable to our Key Managerial Personnel and Senior Management Personnel

Other than as disclosed in "– *Key Managerial Personnel*" and "- *Senior Management Personnel*" and " - *Remuneration to our Directors*" on pages 248, 248 and 236, respectively, our Company has not paid any compensation or granted any benefit to any of our Key Managerial Personnel and Senior Management Personnel (including contingent or deferred compensation) in all capacities in Fiscal 2023. Further, there is no contingent or deferred compensation payable to any of our Key Managerial Personnel and Senior Management Personnel which accrued in Fiscal 2023.

Payment or benefit to Key Managerial Personnel and Senior Management Personnel

No amount or benefit has been paid or given, in the two years preceding the date of this Draft Red Herring Prospectus, or is intended to be paid or given to any of our Company's officers except remuneration for services rendered as Directors, officers or employees of our Company.

Employees Stock Options

For details of the ESOP 2018, and our employee stock options, see *"Capital Structure – Notes to the Capital Structure - Employee stock option scheme"* on page 89.

OUR PROMOTER AND PROMOTER GROUP

For details of the shareholding of our Promoter and Promoter Group, as on the date of this Draft Red Herring Prospectus, see "*Capital Structure – Notes to the Capital Structure – Details of Equity Shares held by our Directors, Key Managerial Personnel, Promoter, directors of Promoter and members of our Promoter Group*" on page 91.

Our Promoter

The Federal Bank Limited

Corporate Information

Federal Bank was incorporated on April 23, 1931, under the Travancore Companies Regulation, 1 of 1092. The registered office of Federal Bank is Federal Towers, P B No. 103, Aluva, Ernakulam – 683 101, Kerala, India. Federal Bank is a professionally managed company and does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act.

Federal Bank is a listed company having its equity shares listed on BSE and NSE. It was incorporated as 'Travancore Federal Bank Limited, Nedumpram' under the Travancore Companies Regulation, 1 of 1092 on April 23, 1931. It was renamed to 'The Federal Bank Limited', and the certificate of incorporation on change of name was obtained on December 2, 1949. Federal Bank was thereafter registered under the Companies Act, 1956 on April 1, 1956.

Board of Directors

As on date of this Draft Red Herring Prospectus, the board of directors of Federal Bank comprises of:

Sr. No.	Name of the director	Designation
1.	Abhaya Prasad Hota	Chairman and Independent Director
2.	Shyam Srinivasan	Managing Director and Chief Executive Officer
3.	Shalini Warrier	Executive Director
4.	Harsh Dugar	Executive Director
5.	Sankarshan Basu	Independent Director
6.	Siddhartha Sengupta	Independent Director
7.	Manoj Fadnis	Independent Director
8.	Sudarshan Sen	Independent Director
9.	Varsha Purandare	Independent Director
10.	Ramanand Mundkur	Independent Director

Shareholding Pattern

The shareholding pattern of Federal Bank as of June 30, 2023 is as provided below:

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 Equity Shares underlying Depository Receipts (VI)	Total number of Equity Shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of Equity Shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)				Number of Equity Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted equity share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								Number of Voting Rights			Total as a % of (A+B + C)			Number (a)	As a % of total Equity Shares held (b)	Number (a)	As a % of total Equity Shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: others	Total								
(A)	**Promoter and Promoter Group**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(B)	**Public**	809,396	2,093,359,599	-	-	2,093,359,599	100.00	-	-	-	100.00	-	100.00	-	-	-	-	2,077,825,934
(C)	**Non-Promoter – Non Public**	-	-	-	24,656,664	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	**Equity Shares underlying depository receipts**	1	-	-	24,656,664	24,656,664	-	-	-	-	-	-	-	-	-	-	-	24,656,664
(C2)	**Equity Shares held by employee trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**809,397**	**2,093,359,599**	-	**4,931,3328**	**2,118,016,263**	**100.00**	-	-	-	**100.00**	-	**100.00**	-	-	-	-	**2,102,482,598**

Our Company confirms that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies, Kerala at Ernakulam where Federal Bank is registered, shall be submitted to the BSE and NSE at the time of filing this Draft Red Herring Prospectus.

Details of change in control of Federal Bank

There has been no change in the control of Federal Bank in the last three years preceding the date of this Draft Red Herring Prospectus.

Interests of Promoter

Our Promoter is interested in our Company to the extent that it has promoted our Company and to the extent of its shareholding in our Company, directly and indirectly, the dividend payable, if any, and any other distributions in respect of the Equity Shares held by it in our Company, from time to time. Further, our Promoter is also interested in our Company to the extent of the right to nominate directors on the Board of our Company, pursuant to the SHA. For details of the SHA Agreement and SHA Amendment Agreement, see *"History and Certain Corporate Matters – Shareholders' Agreement"* on page 230.

For details of the shareholding of our Promoter in our Company, see "*Capital Structure – History of the equity share capital held by our Promoter – Build-up of the equity shareholding of our Promoter in our Company*", on page 84.

Our Promoter may also be deemed to be interested in certain borrowings availed by us from, and NCDs issued by us to our Promoter. For further details, see "*Financial Indebtedness*" on page 395.

Our Promoter has no interest in any property acquired by our Company during the three years immediately preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

No sum has been paid or agreed to be paid to our Promoter or to the firms or companies in which our Promoter is interested as member in cash or shares or otherwise by any person, either to induce it to become or to qualify it, as director or promoter or otherwise for services rendered by our Promoter or by such firms or companies in connection with the promotion or formation of our Company.

Except in the ordinary course of business and as disclosed in "*Other Financial Information - Related Party Transactions*" and "*Restated Financial Information –Note 38: - Related Party Disclosures*" on pages 370 and 330, respectively, no amount or benefit has been paid or given to our Promoter or any of the members of the Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoter or any of the members of the Promoter Group other than in the ordinary course of business.

Material guarantees given by our Promoter

Our Promoter has 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 Promoter has disassociated in the last three years

Our Promoter has not disassociated itself from any companies or firms during the three immediately preceding years.

Promoter Group

The following entities constitute our Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations:

1. Federal Operations and Services Limited; and
2. Ageas Federal Life Insurance Company Limited.

OUR GROUP COMPANY

Pursuant to a resolution dated June 21, 2023, our Board formulated a policy for identification of group companies and has noted that in accordance with the SEBI ICDR Regulations and for the purpose of disclosure in this Draft Red Herring Prospectus, group companies of our Company shall include (i) the companies (other than our Promoter) with which there were related party transactions as per the Restated Financial Information read with "*Other Financial Information – Related Party Transactions*" on page 370, during any of the last three Fiscals, in respect of which, the Restated Financial Information is included; or (ii) the companies considered material by our Board and to be disclosed as group companies, i.e. companies forming part of the Promoter Group with whom our Company has entered into one or more transactions during Fiscal 2023, if any, the monetary value of which individually or cumulatively exceeds 10% of the total revenue of our Company for Fiscal 2023 as per the Restated Financial Information.

Accordingly, in terms of the policy adopted by the Board for identification of group companies, our Board has identified Niva Bupa Health Insurance Company Limited as the Group Company of our Company.

Details of our Group Company

1. Niva Bupa Health Insurance Company Limited ("Niva Bupa")

The registered office of Niva Bupa (formerly known as Max Bupa Health Insurance Company Limited) is situated at C-98, First Floor, Lajpat Nagar, Part 1, New Delhi, South Delhi, Delhi-110024, India.

In accordance with the SEBI ICDR Regulations, the details of the reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share derived from the audited financial statements of Niva Bupa for the financial years ended March 31, 2023, 2022 and 2021 are available on the website of Niva Bupa at https://transactions.nivabupa.com/pages/public-disclosures.aspx.

Niva Bupa has raised an aggregate sum of ₹ 2,500 million by listing its unsecured, subordinated, rated, redeemable, taxable, non-cumulative, non-convertible debentures in the nature of 'subordinated debt' in accordance with the Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015. These debt securities issued by Niva Bupa are listed on NSE.

It is clarified that such details available in relation to Niva Bupa on its website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information would be doing so at their own risk. The link above has been provided solely to comply with the requirements of the SEBI ICDR Regulations.

Nature and extent of interest of our Group Company

a. *In the promotion of our Company*

Our Group Company does 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*

Our Group Company is not interested in the properties acquired by us in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on the date of this Draft Red Herring Prospectus.

c. *In transactions for acquisition of land, construction of building and supply of machinery*

Our Group Company is not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common pursuits between our Group Company and our Company

Our Group Company is not in the same line of business as our Company and there are no common pursuits between our Group Company and our Company.

Related business transactions with the Group Company and significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Restated Financial Information –Note 38: - Related Party Disclosures*" on page 330, there are no other related business transactions with our Group Company.

Business interest of our Group Company in our Company

Except for the group health insurance cover and group critical cover provided by Niva Bupa to our customers and other than the transactions disclosed in the section "*Restated Financial Information –Note 38: - Related Party Disclosures*" on page 330, Niva Bupa has no business interest in our Company.

Litigation

Our Group Company is not party to any pending litigations which will have a material impact on our Company.

DIVIDEND POLICY

The declaration and payment of dividends 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 laws, including the Companies Act, 2013 and provisions of the SEBI Listing Regulations. Our Company has no formal dividend policy as on the date of this Draft Red Herring Prospectus.

Our ability to pay dividends in the future, if any, will depend on a number of factors, including but not limited to, our earnings and financial condition, working capital requirements, capital expenditures and restrictive covenants of our financial arrangements. Our Company may also, from time to time, pay interim dividends. Our past practices with respect to the declaration of dividends are not necessarily indicative of our future dividend declaration. There is no guarantee that any dividends will be declared or paid in the future. For details in relation to risks involved in this regard, see "*Risk Factors – 72. We cannot assure payment of dividends on the Equity Shares in the future.*" on page 59.

Our Company has not declared and paid any dividends on the Equity Shares in the three Fiscals preceding the date of this Draft Red Herring Prospectus and the period from April 1, 2023 until the date of this Draft Red Herring Prospectus.

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our "Restated Financial Information" on page 275 as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 184 and 371, respectively.

*Certain non-GAAP measures such as, average cost of borrowing, net NPA on AUM, provision coverage ratio, net worth, return on equity, total borrowings to equity ratio, operating expenses to net income, return on total average assets, operating expenses to average total assets, pre provision operating profit, credit cost to average total assets, average yield on gross loan book, net interest margin to average total assets, net asset value per equity share, operating expenses, total borrowings to net worth, return on net worth and EBITDA ("**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 periods 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 standardized term, hence a direct comparison of similarly-titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, 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. For reconciliation of Non-GAAP Measures, see "-Non-GAAP reconciliations" on page 272.*

Return on Equity and Assets

The following table sets forth, for the periods indicated selected financial information relating to the return on equity and assets for our Company:

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages and per share data)		
Profit After Tax	1,801.33	1,034.59	616.84
Total Assets	90,709.91	65,557.07	54,663.05
Average Total Assets(1)	78,133.49	60,110.06	47,762.48
AUM(2)	90,696.04	61,872.04	48,624.31
Average AUM(3)	76,284.04	55,248.18	43,503.02
Net Worth(4)	13,556.82	11,535.18	8,347.34
Average Equity or Average Net Worth(5)	12,546.00	9,941.26	7,629.48
Total Borrowings(6)	71,358.23	50,168.35	43,280.92
Average Total Borrowings(7)	60,763.29	46,724.64	37,728.42
Basic Earnings Per Equity Share(8)	5.60	3.32	2.19
Diluted Earnings Per Equity Share(8)	5.59	3.31	2.18
Net Asset Value Per Equity Share(9)	42.11	35.88	28.79

Figures disclosed in the above table, except Profit after Tax, Total Assets and Basic and Diluted Earnings Per Equity Share, are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies. For reconciliation of Non-GAAP Measures, see "-Non-GAAP reconciliation" on page 272.

(1) Average Total Assets represents the simple average of our Total Assets as of the last day of the relevant period and our Total Assets of the last day of the previous period.

(2) AUM represents aggregate of Gross Loan book and the derecognized portion of loans which have been transferred by our Company by way of direct assignment and are outstanding as of the last day of the relevant period.

(3) Average AUM represents the simple average of our AUM as of the last day of the relevant period and our AUM of the last day of the previous period.

(4) Net worth is the aggregate of our equity share capital and other equity.

(5) Average Equity or Average Net Worth represents the simple average of our equity or Net Worth as of the last day of the relevant period and our equity or Net Worth as of the last day of the previous period.

(6) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities outstanding as of the last day of the relevant period.

(7) Average Total Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant period and our Total Borrowings outstanding as of the last day of the previous period.

(8) Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).

(9) Net Asset Value Per Equity Share is Net Worth as at the end of the relevant period divided by number of equity shares outstanding at the end of the relevant period.

Financial Ratios

The following table sets forth, for the periods indicated, certain financial ratios for our Company:

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages and ratios/time)		
AUM [1]	90,696.04	61,872.04	48,624.31
AUM Growth (%)[2]	46.59%	27.25%	26.68%
Average AUM[3]	76,284.04	55,248.18	43,503.02
Gross Loan Book[4]	81,027.36	57,609.41	46,270.35
Securitized assets[5]	10,925.53	4,931.42	2,959.89
AUM / Net worth	6.69	5.36	5.83
Total Assets[6]	90,709.91	65,557.07	54,663.05
Disbursements[7]	107,486.80	74,697.95	58,936.71
Total Revenue from Operations	11,788.00	8,693.15	6,918.25
Other Income	358.80	143.22	57.41
Total Revenue	12,146.80	8,836.37	6,975.66
Finance Costs	4,721.50	3,476.52	3,131.91
Operating Expenses[8]	4,352.36	3,128.98	2,362.25
Operating Expenses to Average Total Assets (%) [9]	5.57%	5.21%	4.95%
Operating Expenses Per Branch [10]	7.57	6.06	6.58
Pre Provision Operating Profit (PPOP)[11]	3,072.94	2,230.87	1,481.50
Pre Provision Operating Profit (PPOP) to Average Total Assets (%)	3.93%	3.71%	3.10%
Credit Cost[12]	489.04	838.78	712.22
Credit Cost to Average Total Assets (%)[13]	0.63%	1.40%	1.49%
Gross NPA [14]	1,645.03	1,285.82	468.08
Gross NPA (%)[15]	2.03%	2.23%	1.01%
NPA Provision[16]	365.18	283.73	139.86
Net NPA[17]	1,279.85	1,002.09	328.22
Net NPA (%)[18]	1.59%	1.75%	0.71%
Provision Coverage Ratio (%)[19]	22.19%	22.07%	29.88%
Total Loan Loss Provision (LLP) [20]	1,104.51	1,161.32	748.94
Total LLP to Gross Loan Book (%)	1.36%	2.02%	1.62%
Operating Expenses to Net Income (%)[21]	58.62%	58.38%	61.46%
Gross Loan Book[4]/ Net Worth	5.98	4.99	5.54
Average Gross Loan Book[22]/ Average Net Worth	5.53	5.22	5.47
Net Loan Book[23]	79,996.96	56,448.09	46,130.49
Net NPAs to Net Loan Assets (%)	1.59%	1.75%	0.71%
Adjusted Spread (%) [24]	7.54%	6.49%	5.73%

Figures disclosed in the above table, except Total Revenue from Operations, Other Income, Total Revenue, Finance Costs and Total Assets, are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies. For reconciliation of Non-GAAP Measures see, "-Non-GAAP reconciliation" on page 272.

(1) *AUM represents aggregate of Gross Loan book and the derecognized portion of loans which have been transferred by our Company by way of direct assignment and are outstanding as of the last day of the relevant period.*
(2) *AUM Growth represents growth in AUM for the relevant period over AUM of the previous period.*
(3) *Average AUM is the simple average of our AUM as of the last day of the relevant period and our AUM of the last day of the previous period.*
(4) *Gross Loan Book represents the aggregate of future principal outstanding, principal overdue, interest overdue and interest accrued but not due from borrowers pertaining to loans held in our books as on the last day of the relevant period. These have been adjusted for expected credit loss on loan assets measured at fair value through other comprehensive income.*
(5) *Securitized assets represents aggregate of future principal outstanding and overdue principal outstanding and interest accrued due and interest accrued not due, if any, for loan assets which have been transferred by our Company by way of securitization and direct assignment (including the minimum retention requirement ("**MRR**") portion retained in the books) and outstanding as of the last day of the relevant period.*
(6) *Total Assets represents Total Assets as of the last day of the relevant period.*
(7) *Disbursements represents the aggregate of all loan amounts extended to our customers in the relevant period.*
(8) *Operating Expenses represents employee benefits expense, depreciation and amortization expense and fees and commission expenses and other expenses for the relevant period.*
(9) *Operating Expenses to Average Total Assets represents operating expenses for the relevant period upon the simple average of our total assets as of the last day of the relevant period and our total assets as of the last day of the previous period, represented as a percentage.*
(10) *Operating Expenses per branch represents operating expenses upon the aggregate number of branches.*
(11) *Pre Provision Operating Profit is the amount of profit earned before tax and exceptional items by our Company, before deduction of impairment on financial instruments, for the period.*
(12) *Credit Cost represents impairment allowance on financial instruments for the relevant period.*
(13) *Credit Cost to Average Total Assets represents credit cost upon simple average of total assets as of the last day of the relevant period and total assets as of the last day of the previous period, represented as a percentage.*
(14) *Gross NPA refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).*
(15) *Gross NPA (%) represents the Gross NPA as of the last day or the relevant day or period to the AUM as of the last day of the relevant period, represented as a percentage of the Gross Loan Book.*
(16) *NPA provision represents total Expected Credit Loss allowance on Stage 3 Loans held in the books as of the last day of the relevant period*

(17) *Net NPA represents Gross NPA reduced by Impairment Loss Allowance (i.e., Expected Credit Loss Allowance or ECLs) made against these loans as of the last day of relevant reporting period.*
(18) *Net NPA % represents the Net NPA as of the last day or the relevant day or period to the net loan book as of the last day of the relevant period, represented as a percentage.*
(19) *Provision Coverage Ratio represents total provisions created on Gross NPA for the period, as a percentage of total Gross NPAs as of the last day of the period.*
(20) *Total Loan Loss Provision (LLP) represents total provision held against the total Gross Loan Book outstanding as of the last day of relevant period.*
(21) *Operating Expenses to Net Income represents the ratio of operating expenses for the relevant period divided by Net Income for the period, expressed as a percentage. Net Income represents Total Revenue less Finance costs for the relevant period.*
(22) *Average Gross Loan Book represents simple average of Gross Loan Book over last period.*
(23) *Net Loan Book represents the Gross Loan Book less NPA provisions made on Gross Loan Book of the last day of the relevant period.*
(24) *Adjusted spread represents interest income less finance cost and credit cost to the average total assets.*

Return Ratios

Particulars	As of and for Fiscal		
	2023	2022	2021
	(in percentages)		
Total Revenue from Operations to Average Gross Loan Book(1)	17.01	16.74	16.58
Other Income to Average Gross Loan Book(2)	0.52	0.28	0.14
Total Revenue to Average Gross Loan Book(3)	17.52	17.01	16.71
Finance cost to Average Gross Loan Book(4)	6.81	6.69	7.50
Net Revenue to Average Gross Loan Book(5)	10.71	10.32	9.21
Operating Expenses to Average Gross Loan Book(6)	6.28	6.02	5.66
Credit cost to Average Gross Loan Book(7)	0.71	1.61	1.71
PBT to Average Gross Loan Book(8)	3.51	2.68	1.84
PAT to Average Gross Loan Book(9)	2.60	1.99	1.48
PAT to Average Net Worth(10)	14.36	10.41	8.08

(1) *Total Revenue from Operations to Average Gross Loan Book represents our total revenue from operations for the period to the Average Gross Loan Book for the period.*
(2) *Other Income to Average Gross Loan Book represents our other income for the relevant period to the Average Gross Loan book for the period.*
(3) *Total Revenue to Average Gross Loan Book represents sum of Total Revenue from operations and other income for the period to the Average Gross Loan book for the period.*
(4) *Finance cost to Average Gross Loan Book represents our total finance costs for the period to the Average Gross Loan book for the period.*
(5) *Net Revenue to Average Gross Loan Book represents the difference between total revenue and finance cost for the period to the Average Gross Loan Book for the period.*
(6) *Operating Expenses to Average Gross Loan Book represents our operating expenses for a period to the Average Gross Loan book for the period.*
(7) *Credit cost to Average Gross Loan Book represents our Credit Cost for a period to the Average Gross Loan book for the period.*
(8) *PBT to Average Gross Loan Book represents our Profit after exceptional items and before tax for a period to the Average Gross Loan book for the period.*
(9) *PAT to Average Gross Loan Book represents our Profit After Tax for a period to the Average Gross Loan book for the period.*
(10) *PAT to Average Net Worth represents our Profit after tax for a period to the Average Net Worth for the period.*

Yields, Spreads and Margins

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages)		
Interest Income*	11,101.68	8,218.93	6,581.08
Finance Cost	4,721.50	3,476.52	3,131.91
Total Interest-earning Assets(1)	75,588.22	59,607.14	52,346.41
Average Interest-earning Assets(2)	67,597.68	55,976.77	45,769.45
Average Total Assets(3)	78,133.49	60,110.06	47,762.48
Average Interest-bearing liabilities(4)	60,763.29	46,724.63	37,728.43
Total Revenue	12,146.80	8,836.37	6,975.66
Net Interest Income(5)	6,380.18	4,742.41	3,449.17
Average yield on Gross Loan Book (6)	15.80%	15.62%	15.50%
Product Average Yield(7) – Gold Loan	16.28%	17.86%	17.85%
Product Average Yield(7) – Mortgage Loan	15.05%	13.73%	13.08%
Product Average Yield(7) – Medium Ticket LAP	12.27%	12.08%	11.63%
Product Average Yield(7) – Small Ticket LAP	19.18%	16.36%	16.61%
Product Average Yield(7) – Housing Loan	14.53%	14.46%	12.26%
Product Average Yield(7) – Unsecured Business Loan	18.34%	16.37%	13.64%
Average Cost of Borrowings (8)	7.77%	7.44%	8.30%
Spread(9)	8.03%	8.17%	7.20%
Net Interest Margin (%)(10)	8.99%	8.92%	8.00%
Incremental Cost of Borrowings(%)(11)	8.02%	7.02%	8.36%
Incremental Borrowings(12)	38,848.30	18,500.00	17,955.00

**Interest income includes loan fees.*

^This is a Non-GAAP Measure. For reconciliation of Non-GAAP Measures, see "-Non-GAAP reconciliation" on page 272.
Figures disclosed in the above table, except "Finance cost" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) *Total Interest-earning Assets represents housing and other loans; balances with banks in deposit accounts with original maturity of less than three months; balances with banks in other deposit accounts with an original maturity of more than three months; fixed deposits with banks; security deposit and non-convertible debentures; investment in bonds and investment in mutual fund as of the last day of the previous period.*
(2) *Average Interest-earning Assets represent the simple average of total interest-earning assets as of the last day of the relevant period and total interest-earning assets outstanding as of the last day of the previous period.*
(3) *Average Total Assets represents the simple average of our Total Assets as of the last day of the relevant period and our Total Assets of the last day of the previous period.*
(4) *Average Interest-bearing Liabilities is the simple average of our total interest-bearing liabilities (which comprises Total Borrowings) outstanding as of the last day of the relevant period and our total interest-bearing liabilities outstanding as of the last day of the previous period.*
(5) *Net Interest Income on loans represents interest income on loan book less finance costs, for the relevant period.*
(6) *Average Yield on Gross Loan Book represents the ratio of interest income on loan assets for a period to the average Gross Loan Book for the period.*
(7) *Product average yield represents the interest income based on contractual rate for the product for a period divided by the average Gross Loan Book for the period, expressed as a percentage.*
(8) *Average cost of borrowings represents finance cost for the relevant period as a percentage of Average Borrowings in such period. Average Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant period and our Total Borrowings outstanding as of the last day of the previous period.*
(9) *Spread represents average yield on Gross Loan Book less average cost of borrowings including securitization.*
(10) *Net Interest Margin represents our net interest income on the loans for a period to the average gross loan book for the period, represented as a percentage.*
(11) *Incremental Cost of Borrowing represents weighted average rate of interest on fresh borrowings in the relevant period.*
(12) *Incremental Borrowings represents borrowings during the period.*

Changes in Net Interest Income

Particulars	Change from Fiscals	
	2022 to 2023	2021 to 2022
	(₹ in million)	
Major category of interest-earning asset: loans, investments and bank balances other than cash and cash equivalents		
1. Change due to changes in volume	1,706.27	1,467.69
2. Change due to changes in rate	1,176.48	170.16
3. Net Change	2,882.75	1,637.85
Major category of interest-bearing liability: Debt securities, borrowings (other than debt securities) and subordinated liabilities		
4. Change due to changes in volume	(1,044.54)	(746.79)
5. Change due to changes in rate	(200.44)	402.18
6. Net Change	(1,244.98)	(344.61)
7. Total Change in Net Interest Income (7=3+6)	1,637.77	1,293.24

Gross Loan Book

Asset Category	As of and for Fiscal					
	2023		2022		2021	
	(₹ in million, except percentages)	% of gross loan book	(₹ in million, except percentages)	% of gross loan book	(₹ in million, except percentages)	% of gross loan book
Gross Loan Book[(1)]	**81,027.36**	**100.00%**	**57609.41**	**100.00%**	**46,270.35**	**100.00%**
Gold Loan	29,860.46	36.85%	22,475.30	39.01%	19,177.87	41.46%
Mortgage Loan	39,019.81	48.16%	25,545.38	44.34%	19,152.16	41.38%
Medium Ticket LAP	19,576.26	24.16%	13,113.60	22.76%	12,333.02	26.65%
Small Ticket LAP	13,925.31	17.19%	9,229.89	16.02%	5,405.77	11.68%
Housing Loan	5,518.23	6.81%	3,201.90	5.56%	1,413.37	3.05%
Unsecured Business Loan	10,921.75	13.48%	8,526.66	14.80%	4,978.89	10.76%
Others[(2)]	1,225.34	1.51%	1,062.07	1.84%	2,961.43	6.40%
Secured credit exposure	85.01%	-	83.36%	-	87.57%	-
Unsecured credit exposure	14.99%	-	16.64%	-	12.43%	-

(1) *Gross Loan Book represents the aggregate of future principal outstanding, principal overdue, interest overdue and interest accrued but not due from borrowers pertaining to loans held in our books as on the last day of the relevant period. These have been adjusted for expected credit loss on loan assets measured at fair value through other comprehensive income.*
(2) *Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Average Gross Loan Book

Asset Category	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Average Gross Loan Book[(1)]			
Gold Loan	26,167.82	20,826.59	14,816.18
Mortgage Loan	32,282.34	22,348.77	18,415.97
Medium Ticket LAP	16,344.74	12,723.31	12,039.94
Small Ticket LAP	11,577.55	7,317.83	5,203.71
Housing Loan	4,360.05	2,307.63	1,172.32
Unsecured Business Loan	9,724.11	6,752.78	4,021.77
Others[(2)]	1,144.14	2,011.75	4,482.49
Total	**69,318.41**	**51,939.88**	**41,736.43**

(1) *Average Gross Loan Book represents simple average of Gross Loan Book over last period.*
(2) *Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Loan Against Property AUM by Property Type

Loan Against Property* AUM by Property Type	As of and for Fiscal		
	2023	2022	2021
	(%)		
Self-Occupied Residential Property	66.32	63.97	58.85
Self-Occupied Commercial Property	11.20	12.10	14.99
Others[#]	22.48	23.93	26.16

* *Loan against property includes the sum of medium ticket LAP and small ticket LAP.*
[#] *This includes rented, vacant, under construction, industrial, residential and commercial properties.*

Asset Quality

Provisioning and Write-Offs

Asset Category (Loan Book)	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Gross Loan Book[(1)]	81,027.36	57,609.41	46,270.35
Gross NPAs[(2)]	1,645.03	1,285.82	468.08
NPA Provisions[(3)]	365.18	283.73	139.86
Net NPAs[(4)]	1,279.85	1,002.09	328.22
Additional Provisions	90.60	179.83	455.80
Bad Debts Write-off[(5)]	532.40	394.99	294.71

(1) *Gross Loan Book represents the aggregate of future principal outstanding, principal overdue, interest overdue and interest accrued but not due from borrowers pertaining to loans held in our books as on the last day of the relevant period. These have been adjusted for expected credit loss on loan assets measured at fair value through other comprehensive income.*
(2) *Gross NPA refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).*
(3) *NPA provisions represents total Expected Credit Loss allowance on Stage 3 Loans held in the books as of the last day of the relevant period.*
(4) *Net NPA represents Gross NPA reduced by Impairment Loss Allowance (i.e., Expected Credit Loss Allowance or ECLs) made against these loans as of the last day of relevant reporting period.*
(5) *This excludes settlement write-off.*

Stage Wise Loans – Details

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages)		
Gross Carrying Amount – Loans			
1. Stage 1[(1)]	75,689.67	51,311.37	44,514.09
2. Stage 2[(2)]	3,766.77	5,012.22	1,288.18
3. Stage 3[(3)]	1,645.03	1,285.82	468.08
4. Total Gross Carrying Amount – Loans[(4)]	81,101.47	57,609.41	46,270.35

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages)		
ECL Allowance – Loans			
5. Stage 1	317.09	252.52	453.56
6. Stage 2	422.24	625.07	155.52
7. Stage 3	365.18	283.73	139.86
8. Total ECL Allowance Loans(5)	1,104.51	1,161.32	748.94
Net Carrying Amount – Loans			
9. Stage 1 (9=1-5)	75,372.58	51,058.85	44,060.53
10. Stage 2 (10=2-6)	3,344.53	4,387.15	1,132.66
11. Stage 3 (11=3-7)	1,279.85	1,002.09	328.22
12. Total Net Carrying Amount - Loans (12=4-8)	79,996.96	56,448.15	45,521.41
13. Ratio of Total ECL Allowance Loans to Total Gross Carrying Amount (13=8/4*100)	1.36%	2.02%	1.62%

Note: For further details, see "Risk Factors – 8. We may be unable to maintain the quality of our loan portfolio or manage the growing loan portfolio which may result in significantly larger NPAs and provisions." and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Financial Condition and Results of Operations – Credit quality and provisioning" on pages 31 and 373, respectively.

*(1) Stage 1 Loans refers to less than 30 Day Past Due ("**DPD**") accounts other than restructured less than 30 DPD accounts and NPA less than 30 DPD accounts.*

(2) Stage 2 Loans refers to 30 to 59 DPD, 60-89 DPD and all loans, restructured under the Resolution Framework, which allowed a one-time restructuring of loans impacted by COVID-19 pandemic, which are Stage 2 or below as per DPD.

(3) Stage 3 Loans refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).

(4) Gross carrying amount – loans means loan assets measured at amortized cost and at fair value through other comprehensive income.

(5) Includes expected credit loss of loan assets measured at amortized cost and fair value through other comprehensive income.

Productivity Ratios – Overall

The following table sets forth, for the periods indicated, certain productivity ratios for our Company:

Particulars	As of and for Fiscal		
	2023	2022	2021
Number of branches(1)	575	516	359
Number of on-roll employees(2)	3,570	2,855	2,125
AUM per branch(3) (₹ in million)	157.73	119.91	135.44
AUM per employee(4) (₹ in million)	25.41	21.67	22.88
Disbursement per branch(5) (₹ in million)	186.93	144.76	164.17
Disbursement per branch per month(6) (₹ in million)	15.58	12.06	13.68
Disbursement per employee(7) (₹ in million)	30.11	26.16	27.73

(1) Number of branches represents aggregate number of branches/business locations of our Company as of the last day of relevant period.

(2) Number of on-roll employees represents aggregate number of employees of our Company as of the last day of relevant period.

(3) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.

(4) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.

(5) Disbursement per branch represents disbursements in the relevant period divided by number of branches.

(6) Disbursement per employee represents disbursements in the relevant period divided by number of on roll employees.

(7) Live Accounts per branch represents live accounts as of the last day of the relevant period divided by number of branches.

Productivity Ratios – Retail Installment Loan

The following table sets forth, for the periods indicated, certain productivity ratios for our retail installment loans. Retail installment loans includes all our loan products excluding gold loans, construction finance and structured finance for our Company:

Productivity Ratios – Retail Installment Loan	As of and for Fiscal		
	2023	2022	2021
Number of branches(1)	142	113	62
Number of on-roll employees(2)	854	645	448
Number of branch with Vintage >=36 Months	58	17	14
Number of branch with Vintage <36 month and >=24 Months	5	41	4
Number of branch with Vintage< 24 months >=12 Months	50	5	39
Number of branch with Vintage <=12 Months	29	50	5
AUM per branch with Vintage >=36 Months	278.17	1,248.47	1,495.16
AUM per branch with Vintage <36 month and >=24 Months	95.80	347.98	640.74
AUM per branch with Vintage< 24 months >=12 Months	27.82	198.82	74.85
AUM per branch with Vintage <=12 Months	21.50	36.99	14.11
AUM per branch(3) (₹ in million)	419.76	339.24	427.18
AUM per employee(4) (₹ in million)	69.80	59.43	59.12

Productivity Ratios – Retail Installment Loan	As of and for Fiscal		
	2023	2022	2021
Disbursement per branch per month(5) (₹ in million)	19.44	14.41	10.00
Disbursal per branch per month with Vintage >=36 Months (₹ in million)	40.30	48.80	29.24
Disbursal per branch per month with Vintage <36 month and >=24 Months (₹ in million)	15.30	13.55	13.22
Disbursal per branch per month with Vintage< 24 months >=12 Months (₹ in million)	5.96	16.05	3.87
Disbursal per branch per month with Vintage <=12 Months (₹ in million)	1.68	3.26	1.33
Disbursement per month per employee(6) (₹ in million)	3.23	2.52	1.38

(1) Number of branches represents aggregate number of branches/business locations of our Company as of the last day of relevant period, excluding dedicated gold loan branches.
(2) Number of on-roll employees represents aggregate number of employees of our retail instalment loan business division, as of the last day of relevant period.
(3) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.
(4) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.
(5) Disbursement per branch represents disbursements in the relevant period divided by number of branches.
(6) Disbursement per employee represents disbursements in the relevant period divided by number of on roll employees.

Productivity Ratios – Mortgage Loan

The following table sets forth, for the periods indicated, certain productivity ratios for our Mortgage Loans which includes medium ticket LAP, small ticket LAP and housing loan for our Company:

Productivity Ratios – Mortgage Loan	As of and for Fiscal		
	2023	2022	2021
Number of branches(1)	142	113	62
Number of on-roll employees(2)	772	579	391
Number of branch with Vintage >=36 Months	58	17	14
Number of branch with Vintage <36 month and >=24 Months	5	41	4
Number of branch with Vintage< 24 months >=12 Months	50	5	39
Number of branch with Vintage <=12 Months	29	50	5
AUM per branch with Vintage >=36 Months	660.96	815.27	813.82
AUM per branch with Vintage <36 month and >=24 Months	262.93	307.84	343.54
AUM per branch with Vintage< 24 months >=12 Months	95.80	198.82	221.97
AUM per branch with Vintage <=12 Months	21.50	36.99	16.30
AUM per branch(3) (₹ in million)	317.35	259.51	346.87
AUM per employee(4) (₹ in million)	58.37	50.65	55.00
Disbursement per branch per month(5) (₹ in million)	12.87	9.47	6.14
Disbursal per branch with Vintage >=36 Months (₹ in million)	24.34	21.95	15.90
Disbursal per branch with Vintage <36 month and >=24 Months (₹ in million)	15.30	11.06	3.25
Disbursal per branch with Vintage< 24 months >=12 Months (₹ in million)	5.81	16.05	3.55
Disbursal per branch with Vintage <=12 Months (₹ in million)	1.68	3.26	1.33
Disbursement per month per employee(6) (₹ in million)	2.37	1.85	0.97

(1) Number of branches represents aggregate number of branches/business locations of our Company offering the defined product as of the last day of relevant period.
(2) Number of on-roll employees represents aggregate number of employees of our mortgage loan business as of the last day of relevant period.
(3) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.
(4) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.
(5) Disbursement per branch represents disbursements in the relevant period divided by number of branches.
(6) Disbursement per employee represents disbursements in the relevant period divided by number of on roll employees.

Productivity Ratios – Small Ticket LAP and Housing Loan

The following table sets forth, for the periods indicated, certain productivity ratios for our loans against property. Loans against property include loans against residential property, loans against commercial property and construction finance, excluding gold loans for our Company:

Productivity Ratios – Small Ticket LAP and Housing Loan	As of and for Fiscal		
	2023	2022	2021
Number of branches(1)	134	107	56
Number of on-roll employees(2)	647	487	324
Number of branch with Vintage >=36 Months	52	13	9
Number of branch with Vintage <36 month and >=24 Months	5	39	3
Number of branch with Vintage< 24 months >=12 Months	50	5	39
Number of branch with Vintage <=12 Months	27	50	5

Productivity Ratios – Small Ticket LAP and Housing Loan	As of and for Fiscal		
	2023	2022	2021
AUM per branch with Vintage >=36 Months	297.40	406.07	514.06
AUM per branch with Vintage <36 month and >=24 Months	262.93	152.40	379.80
AUM per branch with Vintage< 24 months >=12 Months	95.80	198.82	60.14
AUM per branch with Vintage <=12 Months	22.60	36.99	14.11
AUM per branch(3) (₹ in million)	165.52	131.46	146.11
AUM per employee(4) (₹ in million)	34.28	28.88	25.25
Disbursement per branch per month(5) (₹ in million)	6.85	5.96	3.13
Disbursal per branch with Vintage >=36 Months (₹ in million)	9.67	6.12	4.05
Disbursal per branch with Vintage <36 month and >=24 Months (₹ in million)	15.30	8.13	4.34
Disbursal per branch with Vintage< 24 months >=12 Months (₹ in million)	5.81	15.65	3.06
Disbursal per branch with Vintage <=12 Months (₹ in million)	1.80	3.26	1.33
Disbursement per month per employee(6) (₹ in million)	1.42	1.31	0.54

(1) Number of branches represents aggregate number of branches/business locations of our Company offering the defined product as of the last day of relevant period.
(2) Number of on-roll employees represents aggregate number of employees of our Small Ticket LAP business as of the last day of relevant period.
(3) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.
(4) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.
(5) Disbursement per branch represents disbursements in the relevant period divided by number of branches.
(6) Disbursement per employee represents disbursements in the relevant period divided by number of on roll employees.

Productivity Ratios – Gold Loan

The following table sets forth, for the periods indicated, certain productivity ratios for gold loans provided by our Company (excluding all other loans):

Productivity Ratios – Gold Loan	As of and for Fiscal		
	2023	2022	2021
Number of branches(1)	437	407	301
Number of on-roll employees(2)	2,085	1,717	1,236
Number of Customer registered on Digital Platforms	116,247	75,004	22,888
Digitally Active Customers as % of total live (gold loan) customers	60.39%	51.01%	20.93%
AUM per branch(3) (₹ in million)	68.33	55.22	63.71
AUM per employee(4) (₹ in million)	14.32	13.09	15.52
Number of branch with Vintage >=36 Months	250	137	111
Number of branch with Vintage <36 month and >=24 Months	51	113	26
Number of branch with Vintage< 24 months >=12 Months	106	51	113
Number of branch with Vintage <=12 Months	30	106	51
AUM per branch with Vintage >=36 Months (₹ in million)	74.59	64.77	73.09
AUM per branch with Vintage <36 month and >=24 Months (₹ in million)	116.04	68.24	69.79
AUM per branch with Vintage< 24 months >=12 Months (₹ in million)	40.22	60.38	64.49
AUM per branch with Vintage <=12 Months (₹ in million)	34.37	26.51	38.48
Disbursement per branch per month(5) (₹ in million)	14.18	11.29	14.21
Disbursement per employee per month(6) (₹ in million)	2.97	2.68	3.46
Gold Stock Per Branch (Kgs)	18.61	16.85	19.13
Total Gold Stock (Tonnes)	8.13	6.86	5.76

(1) Number of branches represents aggregate number of gold loan branches of our Company as of the last day of relevant period.
(2) Number of on-roll employees represents aggregate number of employees of our Company as of the last day of relevant period.
(3) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.
(4) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.
(5) Disbursement per branch represents disbursements in the relevant period divided by number of branches.
(6) Disbursement per employee represents disbursements in the relevant period divided by number of on roll employees.

Capital Adequacy

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages)		
Tier I Capital	12,279.30	10,868.68	8,043.26
Tier II Capital	2,323.80	2,752.24	3,019.40
Total Capital	14,603.10	13,620.92	11,062.66
Risk Weighted Assets	81,401.60	59,129.76	47,042.90
Capital Adequacy Ratio (%)	17.94%	23.04%	23.52%
Tier I Capital (%)	15.09%	18.38%	17.10%

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages)		
Tier II Capital (%)	2.85%	4.65%	6.42%
Total Borrowings(1) to Equity ratio(2)	5.26	4.35	5.18

(1) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities), and subordinated liabilities outstanding as of the last day of the relevant period.

(2) Total Borrowings to Equity ratio represents Total Borrowings as of the last day of the relevant period upon total equity as of the last day of the relevant period. For reconciliation of Non-GAAP Measures, see "-Non-GAAP reconciliations" on page 272.

Sources of Capital -Borrowing

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Term Loans – Secured			
Banks	57,341.37	40,029.13	31,675.48
NBFCs and Financial Institutions	1,962.15	312.37	499.52
Term Loans – Unsecured			
Banks	-	502.77	500.02
NBFCs and Financial Institutions	250.06	249.23	249.00
Debt Securities – Secured			
Non-Convertible Debentures	4,045.90	2006.78	3,054.48
Subordinated Liabilities			
Non-Convertible Debentures	2,596.67	2590.72	2,584.59
Commercial Papers	2,066.40	3327.39	2,882.50
Working Capital Demand Loan	3,095.68	1149.96	1,663.37
Others			
Liability component of compound financial instruments	-	-	6.17
Collateralized borrowing	-	-	165.79
Total	**71,358.23**	**50,168.35**	**43,280.92**

Sources of Capital –Borrowing mix

Particulars	As of and for Fiscal		
	2023	2022	2021
	(in percentage)		
Term Loans – Secured			
Banks	80.36	79.79	73.19
NBFCs and Financial Institutions	2.75	0.62	1.15
Term Loans – Unsecured			
Banks	-	1.00	1.16
NBFC and Financial Institutions	0.35	0.50	0.58
Debt Securities – Secured			
Non-Convertible Debentures	5.67	4.00	7.06
Subordinated Liabilities			
Non-Convertible Debentures	3.64	5.16	5.97
Commercial Papers	2.90	6.63	6.66
WCDL	4.34	2.29	3.84
Others	-	0.00	0.40
Total	100.00	100.00	100.00

Average cost of borrowing

Particulars	As of and for Fiscal		
	2023	2022	2021
	(in percentage)		
Term Loans*	7.84	7.77	8.57
NCD – Secured*	8.86	8.71	8.73
WCDL*	6.83	6.17	8.05
Commercial Papers*	6.50	6.16	6.63
Unsecured subordinated NCD*	9.90	9.90	9.90
Average Cost of Borrowing^	**7.77**	**7.44**	**8.30**

^ This is a Non-GAAP Measure. For reconciliation of Non-GAAP Measures, see "-Non-GAAP reconciliations" on page 272.

** Calculated based on monthly average method*

Number of entities borrowed from

Particulars	As of and for Fiscal		
	2023	2022	2021
Banks	24	21	18
NBFCs and Financial Institutions	2	5	2
Mutual Funds	0	1	1
Total	26	**27**	**21**

Types of Borrowings

Type of Borrowings	As of and for Fiscal					
	2023		2022		2021	
	Amount	% Share	Amount	% Share	Amount	% Share
	(₹ in million, except percentages)					
Fixed Rate Borrowings	9,622.71	13.49%	9,175.00	18.29%	9,125.00	21.22%
Interest Payable	266.32	77.80%	717.01	21.60%	494.30	16.60%
Floating Rate Borrowings	61,735.52	86.51%	40,993.35	81.71%	33,881.90	78.78%
Interest payable	75.99	22.20%	2,602.65	78.40%	2,483.80	83.40%
Total Borrowings	**71,358.23**	**100.00%**	**50,168.35**	**100.00%**	**43,006.90**	**100.00%**

Average Cost of Borrowings and Tenure

Particulars	As of and for Fiscal		
	2023	2022	2021
	(in months, except percentages)		
Average Tenure of Borrowings	23	22	25.00
Average Cost of Borrowing^	7.77%	7.44%	8.30%

^This is a Non-GAAP Measure. For reconciliation of Non-GAAP Measures, see “-Non-GAAP reconciliations” on page 272.

ALM

	As of March 31,								
	2023			2022			2021		
	Liabilities(1)	Assets(2)	Gap	Liabilities(1)	Assets(2)	Gap	Liabilities(1)	Assets(2)	Gap
	(₹ in million)								
Years									
Up to 1 year	31,327.67	57,557.93	26,230.26	22,442.18	40,001.28	17,559.10	17,480.86	37,908.06	20,427.20
Over 1 year and up to 3 years	29,306.42	19,070.97	(10,235.45)	22,527.64	11,609.17	-10,918.47	18,723.20	7,447.68	(11,275.52)
Over 3 years and up to 5 years	15,521.84	13,209.68	(2,312.16)	5,949.84	8,782.27	2,832.43	7,369.91	4,401.88	(2,968.03)
Over 5 years	15,584.37	10,906.35	(4,678.02)	14,464.00	8,691.16	-5,772.84	11,089.05	10,492.39	(596.66)
Total	**91,740.30**	**1,00,744.93**	**9,004.63**	**65,383.66**	**69,083.88**	**3,700.21**	**54,663.02**	**60,250.01**	**5,586.99**

(1) Liabilities represent Total Financial Liabilities, Total Non-Financial Liabilities and Total Equity.
(2) Assets represents Total Financial Assets, Total Non-Financial Assets and Undrawn Committed Credit Lines.

Product Wise AUM (in terms of Amount)

Product Wise AUM (in terms of Amount)	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Gold Loan	29,860.46	22,475.30	19,177.87
Mortgage Loan	45,063.78	29,324.50	21,506.12
Medium Ticket LAP	22,884.02	15,258.50	13,324.13
Small Ticket LAP	16,661.56	10,864.10	6,768.62
Housing Loan	5,518.20	3,201.90	1,413.37
Unsecured Business Loan	14,542.80	9,010.18	4,978.89

Others*	1,229.12	1,062.06	2,961.43
Total	90,696.04	61,872.04	48,624.31

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Average product wise AUM (in terms of Amount)

Average product Wise AUM (in terms of Amount)	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Gold Loan	26,167.82	20,826.58	14,816.18
Mortgage Loan	37,194.14	25,415.31	20,182.59
Medium Ticket LAP	19,071.26	14,291.32	12,764.51
Small Ticket LAP	13,762.83	8,816.36	6,245.75
Housing Loan	4,360.05	2,307.63	1,172.32
Unsecured Business Loan	11,776.49	6,994.53	4,021.77
Others*	1,145.59	2,011.75	4,482.49
Total	**76,284.04**	**55,248.18**	**43,503.02**

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Product Wise LTV on Gross AUM on Origination Basis (%)

Product Wise LTV on Gross AUM on Origination Basis (%)	As of and for Fiscal		
	2023	2022	2021
	(in percentages)		
Gold Loan	72.33	73.19	72.10
Mortgage Loan	51.12	48.91	47.83
Medium Ticket LAP	51.78	49.53	50.02
Small Ticket LAP	46.58	44.40	40.87
Housing Loan	62.12	61.67	60.50
Overall LTV	**59.57**	**59.44**	**59.27**

Product Wise Tenure of AUM (in Months, on Origination)

Product Wise Tenure of AUM (in Months, on Origination)	As of and for Fiscal		
	2023	2022	2021
	(in months)		
Gold Loan	9	9	10
Mortgage Loan	185	178	161
Medium Ticket LAP	188	176	159
Small Ticket LAP	174	173	157
Housing Loan	209	209	199
Unsecured Business Loan	36	37	36
Others*	46	43	36
Total	**101**	**94**	**81**

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Product Wise Gross NPA

Gross NPA	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Gold Loan	254.60	291.69	34.58
Mortgage Loan	875.33	692.20	301.74
Medium Ticket LAP	422.68	376.17	158.71
Small Ticket LAP	308.89	249.71	115.00
Housing Loan	143.64	66.32	28.03
Unsecured Business Loan	33.85	50.60	23.53
Others*	481.38	251.33	108.23
Total	**1,645.03**	**1,285.82**	**468.08**

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Note: For further details, see "Risk Factors – 8. We may be unable to maintain the quality of our loan portfolio or manage the growing loan portfolio which may result in significantly larger NPAs and provisions." and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Financial Condition and Results of Operations – Credit quality and provisioning" on pages 31 and 373, respectively.

Product Wise % Gross NPA

Product Wise % Gross NPA	As of and for Fiscal		
	2023	2022	2021
	(in percentages)		
Gold Loan	0.85	1.30	0.18
Mortgage Loans	2.24	2.70	1.58
Medium Ticket LAP	2.16	2.87	1.29
Small Ticket LAP	2.22	2.71	2.13
Housing Loan	2.60	2.07	1.98
Unsecured Business Loan	0.31	0.59	0.47
Others*	39.26	23.67	3.65
% Gross NPA	**2.03**	**2.23**	**1.01**

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Note: For further details, see "Risk Factors – 8. We may be unable to maintain the quality of our loan portfolio or manage the growing loan portfolio which may result in significantly larger non-performing assets and provisions." and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Financial Condition and Results of Operations – Credit quality and provisioning" on pages 31 and 373, respectively.

Retail* Gross NPA

Gross NPA	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Gold Loan	254.60	291.69	34.58
Mortgage Loan	875.33	692.20	301.74
Unsecured Business Loan	33.85	50.60	23.53
Total retail Gross NPA	**1,163.79**	**1,034.49**	**359.85**

** Retail Gross NPA is total Gross NPA less others Gross NPA. Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Retail* % Gross NPA

Gross NPA	As of and for Fiscal		
	2023	2022	2021
	(in percentages)		
Gold Loan	0.85	1.30	0.18
Mortgage Loan	2.24	2.7	1.58
Unsecured Business Loan	0.31	0.59	0.47
Total retail Gross NPA	**1.46**	**1.83**	**0.83**

** Retail Gross NPA is total Gross NPA less others Gross NPA. Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Customer Wise % stage 3 mortgage loans

		As of and for Fiscal		
		2023	2022	2021
MSME	ESEI	2.15%	3.02%	1.56%
	Non ESEI	2.12%	1.53%	1.31%
Non MSME	ESEI	6.90%	8.48%	3.27%
	Non ESEI	9.72%	0.00%	1.55%
Total		**2.24%**	**2.71%**	**1.58%**

Customer Wise % stage 3 loans (excluding gold loans and others*)

		As of and for Fiscal		
		2023	2022	2021
MSME	ESEI	1.85%	2.60%	1.37%
	Non ESEI	1.49%	1.15%	1.09%
Non MSME	ESEI	6.76%	8.38%	3.17%
	Non ESEI	8.07%	0.00%	1.30%
Total		**1.82%**	**2.18%**	**1.35%**

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

AUM by Rate Method

Rate Method	As of and for Fiscal					
	2023		2022		2021	
	AUM	% Share	AUM	% Share	AUM	% Share
	(₹ in million, except percentages)					
Fixed	63,708.47	70.24%	41,199.42	66.59%	27,506.62	56.57%
Floating	26,987.57	29.76%	20,672.62	33.41%	21,117.69	43.43%
Total	**90,696.04**	**100.00%**	**61,872.04**	**100.00%**	**48,624.31**	**100.00%**

Product Wise Disbursement

Product Wise Disbursement	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Gold Loan	74,364.60	55,149.69	51,334.60
Mortgage Loan	21,929.72	12,834.97	4,565.71
Medium Ticket LAP	10,907.52	5,181.07	2,462.90
Small Ticket LAP	7,943.22	5,478.76	1,524.88
Housing Loan	3,078.98	2,175.15	577.93
Unsecured Business Loan	11,192.49	6,705.78	2,872.61
Others*	-	7.50	163.79
Total	**1,07,486.80**	**74,697.95**	**58,936.71**

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Product Wise Yield on Disbursement

Product Wise Yield on Disbursement	As of and for Fiscal		
	2023	2022	2021
	(%)		
Gold Loan	15.65	14.87	16.55
Mortgage Loan	13.90	14.20	14.15
Medium Ticket LAP	11.51	11.50	12.51
Small Ticket LAP	17.15	16.77	16.71
Housing Loan	13.97	14.20	14.40
Unsecured Business Loans	17.32	17.08	17.14
Others*	0.00	14.40	12.71
Total	**15.47**	**14.95**	**16.38**

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Product Wise Average Ticket Size on Disbursement

Product Wise Average Ticket Size on Disbursement	As of and for Fiscal		
	2023	2022	2021
	(₹ in million)		
Gold Loan	0.10	0.11	0.12
Mortgage Loan	2.30	2.01	1.70
Medium Ticket LAP	6.95	5.27	3.71
Small Ticket LAP	1.35	1.38	0.96
Housing Loan	1.50	1.54	1.32
Unsecured Business Loan	2.18	2.10	1.77
Others*	0.00	7.50	9.10
Total	**0.14**	**0.14**	**0.13**

** Others includes wholesale portfolio exposure and partnership business, which is being wound down due to reduced focus on these businesses.*

Product Wise Collection Efficiency

Product Wise Collection Efficiency*	Disbursal Period	For the month								
		Mar'21	Jun'21	Sep'21	Dec'21	Mar'22	June'22	Sep'22	Dec'22	Mar'23
		(in percentages)								
Mortgage Loan	Till Mar'20	98.57	92.70	100.09	99.51	102.62	103.95	96.81	100.59	102.48
	Post Mar'20	99.79	99.10	98.98	99.30	99.48	99.52	98.55	98.94	99.02
	Total	**97.73**	**94.21**	**99.74**	**99.42**	**101.01**	**101.37**	**97.92**	**99.45**	**99.91**

Product Wise Collection Efficiency*	Disbursal Period	For the month								
		Mar'21	Jun'21	Sep'21	Dec'21	Mar'22	June'22	Sep'22	Dec'22	Mar'23
		(in percentages)								
Medium Ticket LAP	Till Mar'20	98.67	94.19	100.09	100.14	103.81	108.01	96.39	101.87	97.55
	Post Mar'20	100.15	99.85	98.65	98.92	99.59	100.53	99.96	100.33	99.93
	Total	**98.85**	**95.33**	**99.72**	**99.70**	**102.04**	**104.41**	**98.31**	**100.94**	**99.15**
Small Ticket LAP	Till Mar'20	98.68	90.33	100.89	98.95	101.64	97.93	96.29	98.97	109.42
	Post Mar'20	99.22	98.78	99.42	99.60	99.52	98.90	97.94	98.30	98.43
	Total	**98.76**	**92.48**	**100.39**	**99.26**	**100.43**	**98.55**	**97.44**	**98.47**	**100.86**
Housing Loan	Till Mar'20	96.76	92.28	94.87	96.20	95.90	99.08	105.65	97.25	109.22
	Post Mar'20	100.00	97.15	98.79	99.56	99.07	98.76	96.76	97.14	98.19
	Total	**97.63**	**94.24**	**96.98**	**98.46**	**98.25**	**98.83**	**98.21**	**97.16**	**99.44**
Unsecured Business Loan	Till Mar'20	97.24	95.12	100.82	98.21	100.21	98.84	100.49	99.27	96.22
	Post Mar'20	98.71	99.04	99.90	99.32	99.49	99.39	99.21	98.62	98.58
	Total	**98.72**	**97.24**	**100.24**	**99.04**	**99.63**	**99.32**	**99.34**	**98.67**	**98.47**
TOTAL	Till Mar'20	98.14	93.46	100.31	99.14	101.98	102.70	97.65	100.31	101.43
	Post Mar'20	99.15	99.06	99.54	99.31	99.49	99.45	98.94	98.76	98.76
	Total	**98.36**	**95.52**	**99.96**	**99.24**	**100.35**	**100.36**	**98.64**	**99.05**	**99.16**

**Collection efficiency is computed as (Current month demand collected + Overdues collected) / (Current month demand due for the month), without considering restructured contracts.*
Note: Total collection efficiency above is aggregate of four retail instalment loans only (being medium ticket LAP, small ticket LAP, housing loan and unsecured business loan). Collection efficiency for mortgages loans is aggregate of medium ticket LAP, small ticket LAP and housing loan. Wholesale portfolio and partnership business, which have been wound down due to reduced focus on these businesses, are not covered.

AUM by State/Territory

Our Company does not disburse loans to borrowers in any country other than in India.

AUM by State/ Territory	As of and for Fiscal					
	2023		2022		2021	
	Amount	% Share	Amount	% Share	Amount	% Share
	(₹ in million, except percentages)					
Karnataka	16,894.62	18.63%	13,829.24	22.35%	12,464.75	25.63%
Tamil Nadu	15,063.91	16.61%	11,230.86	18.15%	9,378.86	19.29%
Maharashtra	17,548.46	19.35%	11,159.55	18.04%	9,109.56	18.73%
Gujarat	11,071.91	12.21%	7,980.50	12.90%	6,349.14	13.06%
Telangana	8,186.43	9.03%	5,483.00	8.86%	4,061.77	8.35%
Andhra Pradesh	5,688.76	6.27%	4,154.79	6.72%	2,983.84	6.14%
Delhi	10,816.48	11.93%	4,997.62	8.08%	2,821.69	5.80%
Rajasthan	2,073.85	2.29%	1,268.34	2.05%	736.15	1.52%
Punjab	531.13	0.59%	304.58	0.49%	145.07*	0.30%*
Uttar Pradesh	673.97	0.74%	372.11	0.60%	139.66	0.29%
Haryana	525.21	0.58%	288.56	0.47%	60.73	0.12%
Goa	260.56	0.29%	133.90	0.22%	74.29	0.15%
Madhya Pradesh	651.36	0.72%	180.16	0.29%	118.78	0.24%
Pondicherry	42.02	0.05%	25.55	0.04%	0.04	0.00%
Chandigarh	662.63	0.73%	463.29	0.75%	179.05*	0.37%*
Dadra & Nagar Haveli	4.72	0.01%	0.00	0.00%	0.00	0.00%
Others**	0.00	0.00%	0.00	0.00%	0.93	0.01%
Total	**90,696.04**	**100.00%**	**61,872.04**	**100.00%**	**48,624.31**	**100.00%**

**Figures for Fiscal 2021 have been reclassified to conform to Fiscal 2023 presentation.*
***Others includes states where presence is only via business correspondence channel.*

Collection Efficiency (State Wise)

Product wise collection efficiency* State/Territory	Period	For the month								
		Mar'21	Jun'21	Sep'21	Dec'21	Mar'22	June'22	Sep'22	Dec'22	Mar'23
		(in percentages)								
Andhra Pradesh	Till Mar'20	104.17	89.90	102.94	91.00	96.88	99.74	86.57	84.83	100.29
	Post Mar'20	97.95	96.41	98.02	99.33	98.45	98.78	96.24	97.54	94.47
	Total	**101.80**	**93.47**	**99.66**	**97.47**	**98.19**	**98.89**	**95.22**	**96.47**	**94.87**
Telangana	Till Mar'20	100.08	97.83	99.46	97.94	98.85	98.04	96.36	94.44	100.33
	Post Mar'20	100.07	99.77	99.98	99.75	99.60	99.91	99.33	98.81	99.63
	Total	**100.08**	**98.88**	**99.78**	**99.24**	**99.43**	**99.61**	**98.95**	**98.39**	**99.68**
Karnataka	Till Mar'20	99.60	91.39	100.67	99.46	102.04	103.98	100.50	103.22	97.36
	Post Mar'20	99.71	99.42	98.31	99.12	99.82	99.24	100.13	99.18	99.55
	Total	**99.61**	**93.12**	**100.03**	**99.33**	**101.04**	**101.52**	**100.29**	**100.71**	**98.85**

Product wise collection efficiency* State/Territory	Period	For the month								
		Mar'21	**Jun'21**	**Sep'21**	**Dec'21**	**Mar'22**	**June'22**	**Sep'22**	**Dec'22**	**Mar'23**
		(in percentages)								
Tamilnadu	Till Mar'20	96.57	87.98	98.63	96.56	105.71	109.85	94.72	100.56	104.36
	Post Mar'20	100.22	98.99	98.80	98.83	99.19	100.39	99.14	99.21	98.88
	Total	**97.20**	**91.37**	**98.69**	**97.70**	**101.96**	**103.76**	**97.82**	**99.54**	**99.97**
Maharashtra	Till Mar'20	98.00	97.38	101.84	102.06	102.22	98.21	101.61	103.80	92.34
	Post Mar'20	97.49	99.41	100.23	99.45	99.82	99.02	98.77	99.13	98.46
	Total	**97.89**	**98.17**	**101.06**	**100.44**	**100.53**	**98.83**	**99.33**	**99.87**	**97.78**
Gujarat	Till Mar'20	96.77	98.61	99.79	99.55	97.26	97.24	95.07	96.67	114.79
	Post Mar'20	99.87	99.52	100.71	99.09	99.48	98.94	98.72	98.20	99.15
	Total	**97.28**	**98.87**	**100.15**	**99.31**	**98.59**	**98.37**	**97.67**	**97.84**	**102.40**
Rajasthan	Till Mar'20	98.56	95.99	102.33	111.63	104.35	89.65	89.79	84.97	113.80
	Post Mar'20	100.12	99.26	99.20	99.94	101.05	98.09	97.34	97.70	97.73
	Total	**99.15**	**97.75**	**100.44**	**103.38**	**101.84**	**96.43**	**96.09**	**96.02**	**99.42**
Delhi	Till Mar'20	96.98	96.82	100.94	98.28	98.98	98.43	98.66	97.60	102.88
	Post Mar'20	98.51	98.17	99.87	99.41	98.86	99.71	98.92	98.64	99.45
	Total	**97.72**	**97.71**	**100.14**	**99.22**	**98.87**	**99.59**	**98.91**	**98.58**	**99.56**
Punjab	Till Mar'20	-	-	-	-	-	-	-	-	-
	Post Mar'20	-	-	-	-	-	-	-	100.00	100.00
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.00**	**100.00**
Madhya Pradesh	Till Mar'20	27.21	193.69	100.21	37.89	37.89	37.89	37.89	37.89	37.89
	Post Mar'20	100.00	71.95	84.87	94.27	89.41	96.49	97.46	96.54	97.03
	Total	**82.36**	**98.41**	**88.00**	**89.28**	**86.86**	**94.52**	**96.23**	**95.56**	**96.27**
Chandigarh	Till Mar'20	100.00	100.00	105.06	90.11	98.69	109.20	100.00	100.00	92.81
	Post Mar'20	98.31	99.37	100.00	100.00	100.97	99.11	100.27	97.03	97.67
	Total	**99.02**	**99.49**	**100.76**	**99.03**	**100.80**	**99.55**	**100.26**	**97.13**	**97.52**
Total	Till Mar'20	98.14	93.46	100.31	99.14	101.98	102.70	97.65	100.31	101.43
	Post Mar'20	99.15	99.06	99.54	99.31	99.49	99.45	98.94	98.76	98.76
	Total	**98.36**	**95.52**	**99.96**	**99.24**	**100.35**	**100.36**	**98.64**	**99.05**	**99.16**

** Collection efficiency is computed as (Current month demand collected + Overdues collected)/(Current month demand due for the month), without considering restructured contracts.*

Note: Collection efficiency above is aggregate of four retail instalment loans only (being medium ticket LAP, small ticket LAP, housing loan and unsecured business loan). Wholesale portfolio and partnership business, which have been wound down due to reduced focus on these businesses, are not covered.

Non-GAAP Reconciliations

Below are the reconciliations of the Non-GAAP Measures presented in this section:

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages)		
Average Cost of Borrowing			
Finance costs (A)	4,721.50	3,476.52	3,131.91
Debt securities	6,112.30	5,334.17	5,936.98
Borrowings (other than debt securities)	62,649.26	42,243.46	34,759.35
Others (Subordinated Liabilities)	2,596.67	2,590.72	2,584.59
Total Borrowings (B)(1)	71,358.23	50,168.35	43,280.92
Average Total Borrowing (C)(2)	60,763.29	46,724.64	37,728.43
Average Cost of Borrowing (D=A/C*100)	7.77%	7.44%	8.30%
Net NPA(3) on AUM(4) and Provision Coverage Ratio			
Gross NPA(5) (A)	1,645.03	1,285.82	468.08
Less: Provision against NPA (B)	365.18	283.73	139.86
Net NPA(3) (C=A-B)	1,279.85	1,002.09	328.22
AUM(4) (D)	90,696.04	61,872.04	48,624.31
Net NPA(3)/AUM(4) (E=C/D*100)	1.41%	1.62%	0.68%
Provision Coverage Ratio % (F=B/A)	22.19%	22.07%	29.88%
Net Worth			
Equity share capital (A)	3,219.12	3,215.18	2,899.23
Other equity (B)	10,337.70	8,320.00	5,448.11
Net Worth (C=A+B)	13556.82	11,535.18	8,347.34
Total Borrowings to Equity Ratio(6)			
Debt securities (A)	6,112.30	5,334.17	5,936.98
Borrowings (Other than debt securities) (B)	62,649.26	42,243.46	34,759.35
Subordinated Liabilities (C)	2,596.67	2,590.72	2,584.59
Total Borrowings (1) (D=A+B+C)	71,358.23	50,168.35	43,280.92
Total Equity (E)	13,556.82	11,535.18	8,347.34
Total Borrowings to Equity Ratio (D/E)	5.26	4.35	5.18
Operating Expenses to Net Income(7)			
Total Revenue (A)	12,146.80	8,836.37	6,975.66
Finance costs (B)	4,721.50	3,476.52	3,131.91
Net income (C=A-B)	7,425.30	5,359.85	3,843.75
Employees benefits expense (D)	2,476.04	1,754.11	1,315.90
Depreciation and amortisation expense (E)	418.70	366.97	272.69
Fees and commission and Other expenses (F)	1,457.62	1,007.90	773.66
Operating Expenses (G=D+E+F)	4,352.36	3,128.98	2,362.25
Operating Expenses to Net Income (H=G/C*100)	58.62%	58.38%	61.46%
Operating Expenses to Average Total Assets(8)			
Employee benefits expense (A)	2,476.04	1,754.11	1,315.90
Depreciation and amortisation expense (B)	418.70	366.97	272.69
Fees and commission and Other expenses (C)	1,457.62	1,007.90	773.66
Operating expenses (D=A+B+C)	4,352.36	3,128.98	2,362.25
Average total assets (E)	78,133.49	60,110.06	47,762.48
Operating Expenses to Average Total Assets (F=D/E*100)	5.57%	5.21%	4.95%
Pre Provision Operating Profit(9)			
Profit before tax for the period (A)	2,430.20	1,392.09	769.28
Exceptional items	153.70	-	-
Impairment on financial instruments (B)	489.04	838.78	712.22
Pre Provision Operating Profit (C=A+B)	3,072.94	2,230.87	1,481.50
Credit Cost(10) to Average Total Assets			
Impairment on financial instruments (A)	489.04	838.78	712.22
Average Total Assets(11) (B)	78,133.49	60,110.06	47,762.48
Credit Cost to Average Total Assets (C=A/B)	0.63%	1.40%	1.49%

Particulars	As of and for Fiscal		
	2023	2022	2021
	(₹ in million, except percentages)		
Average Yield on Gross Loan Book ***(12)***			
Interest on Loans(13) (A)	10,952.18	8,110.49	6,470.17
Loan - Net (B)	79,996.96	56,448.09	45,521.41
Impairment loss allowance (C)	1,030.40	1,161.32	748.94
–Gross Loan Book(14) (D=B+C)	81,027.36	57,609.41	46,270.35
Average Loans (E)	69,318.41	51,939.88	41,736.44
Average Yield on Gross Loan Book (F=A/E*100)	15.80%	15.62%	15.50%
Net Interest Margin to Average Total Assets			
Interest on Loans(13) (A)	10,952.18	8,110.49	6,470.17
Finance Costs (B)	4,721.50	3,476.52	3,131.91
Net Interest Margin on loans(15) (C=A-B)	6,230.68	4,633.97	3,338.26
Average Total Assets(11) (D)	78,133.49	60,110.06	47,762.48
Net Interest Margin to Average Total Assets (E=C/D*100)	7.97%	7.71%	6.99%
Net asset value per equity share ***(16)***			
Total Equity (A)	13,556.82	11,535.18	8,347.34
Number of equity shares (B)	32,19,11,605	32,15,17,605	28,99,23,425
Net asset value per equity share (C=A/B)	42.11	35.88	28.79
Operating Expenses			
Employee benefits expense (A)	2,476.04	1,754.11	1,315.90
Depreciation and amortisation expense (B)	418.70	366.97	272.69
Fees and commission and Other expenses (C)	1,457.62	1,007.90	773.66
Operating Expenses (D=A+B+C)	4,352.36	3,128.98	2,362.25
Total Borrowings(1) to Net Worth			
Debt securities	6,112.30	5,334.17	5,936.98
Borrowings (other than debt securities)	62,649.26	42,243.46	34,759.35
Subordinated Liabilities	2,596.67	2,590.72	2,584.59
Total Borrowings(1) (A)	71,358.23	50,168.35	43,280.92
Equity share capital	3,219.12	3,215.18	2,899.23
Other Equity	10,337.70	8,320.00	5,448.11
Net Worth (B)	13,556.82	11,535.18	8,347.34
Total Borrowings(1) to Net Worth (C=A/B)	5.26	4.35	5.18
Return on Net Worth (%)(76)			
Profit for the period (A)	1,801.33	1,034.59	616.84
Equity share capital	3,219.12	3,215.18	2,899.23
Other Equity	10,337.70	8,320.00	5,448.11
Total equity (B)	13,556.82	11,535.18	8,347.34
Return on Net Worth (%) (C=A/B)	13.29%	8.97%	7.39%
Earnings before interest, tax, depreciation and amortisation (EBITDA)(18)			
Profit for the period (A)	1,801.33	1,034.59	616.84
Income Tax Expense (B)	628.87	357.50	152.44
Depreciation and amortisation expense (C)	418.70	366.97	272.69
Finance Costs (D)	4,721.50	3,476.52	3,131.91
Earnings before interest, tax, depreciation and amortisation (EBITDA) (E=A+B+C+D)	7,570.40	5,235.58	4,173.88

(1) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities), and subordinated liabilities outstanding as of the last day of the relevant period.

(2) Average Total Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant period and our Total Borrowings outstanding as of the last day of the previous period.

(3) Net NPA represents the closing balance of the Net NPA of our Gross Loan Book as of the last day of the relevant period.

(4) AUM represents aggregate of Gross Loan book and the derecognized portion of loans which have been transferred by our Company by way of direct assignment and are outstanding as of the last day of the relevant period.

(5) Gross NPA refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).

(6) Total Borrowings to Equity ratio represents Total Borrowings as of the last day of the relevant period upon total equity as of the last day of the relevant period.

(7) Operating Expenses to Net Income represents employee benefits expense, depreciation and amortization expense and fees and commission expenses and other expenses for the relevant period to total revenue for the relevant period, represented as a percentage.
(8) Operating Expenses to Average Total Assets represents operating expenses for the relevant period upon the simple average of our total assets as of the last day of the relevant period and our total assets as of the last day of the previous period, represented as a percentage.
(9) Pre Provision Operating Profit is the amount of profit earned before tax and exceptional items by our Company, before deduction of impairment on financial instruments, for the period.
(10) Credit Cost represents impairment on financial instruments for the relevant period.
(11) Average Total Assets represents the simple average of our Total Assets as of the last day of the relevant period and our Total Assets as of the last day of the previous period.
(12) Average Yield on Gross Loan Book represents the interest income for a period to the average Gross Loan Book for the period, represented as a percentage.
(13) Interest on loans assets represents interest income earned on loans including income on direct assignment.
(14) Gross Loan Book represents the aggregate of future principal outstanding, principal overdue, interest overdue and interest accrued but not due from borrowers pertaining to loans held in our books as on the last day of the relevant period. These have been adjusted for expected credit loss on loan assets measured at fair value through other comprehensive income.
(15) Net Interest Margin on loans represents interest income on loan book less finance costs, for the relevant period.
(16) Net asset value per equity share (NAV) is Net Worth as at the end of the relevant period divided by number of equity shares outstanding at the end of the relevant period.
(17) Return on Net Worth (RoNW) is computed as the profit for the period divided by our Total Equity as of the last day of the relevant period, represented as a percentage.
(18) EBITDA is calculated as profit for the period plus income tax expense, depreciation and amortization expense, and finance costs.

SECTION V: FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

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B S R & Co. LLP

Chartered Accountants

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Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400063, India
Telephone: +91 (22) 6257 1000
Fax: +91 (22) 6257 1010

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

The Board of Directors
Fedbank Financial Services Limited
Kanakia Wall Street
Andheri Kurla Road
Andheri (East)
Mumbai - 400093

Dear Sirs,

1. We have examined the attached Restated Financial Information of Fedbank Financial Services Limited (the "Company"), comprising the Restated Statement of Assets and Liabilities as at 31 March 2023, 31 March 2022 and 31 March 2021, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the years ended 31 March 2023, 31 March 2022 and 31 March 2021, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 21 June 2023 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with the Issuer's proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act");

   b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("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 "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 relevant stock exchanges, where the equity shares of the Company are proposed to be listed, in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2.1 to the Restated Financial Information. The Board of Directors of the Company 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 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 09 June 2023 and addendum to engagement letter dated 14 June 2023 in connection with the proposed IPO of equity shares of the Company;

   b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; 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 Guidance Note in connection with the IPO.

4. These Restated Financial Information have been compiled by the management from audited Ind AS financial statements of the Company as at and for the year ended 31 March 2023, 31 March 2022 and 31 March 2021 which were prepared in accordance with 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 meeting held on 26 May 2023, 18 May 2022 and 12 May 2021 respectively.

5. For the purpose of our examination, we have relied on:

   a) Auditors' report issued by us dated 26 May 2023 on the financial statements of the Company as at and for the year ended 31 March 2023 as referred in Paragraph [4] above;

   b) Auditors' report issued by us dated 18 May 2022 on the financial statements of the Company as at and for the year ended 31 March 2022 as referred in Paragraph [4] above; and

   c) Auditors' Report issued by the Previous Auditors dated 12 May 2021 on the financial statements of the Company as at and for the year ended 31 March 2021, as referred in Paragraph [4] above.

The audit for the financial year ended 31 March 2021 was conducted by the Company's auditors, [Varma & Varma Chartered Accountants], (the "Previous Auditors"), and accordingly reliance has been placed on the Restated Statement of Assets and Liabilities and the Restated Statement of Profit and Loss (including Other Comprehensive Income), Restated Statement of Changes in Equity and Restated Cash Flow Statement, the Summary Statement of Significant Accounting Policies, and other explanatory information (hereinafter referred as the "March 2021 Restated Financial Information") examined by them for the said year. The examination report included for the said year is based solely on the examination report dated 21 June 2023 submitted by the Previous Auditors. They have also confirmed that the March 2021 Restated Financial Information:

i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended 31 March 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the financial year ended 31 March 2023;

ii) does not contain any qualifications requiring adjustments, further the matter(s) giving rise to emphasis of matter paragraph and other matter paragraph mentioned in paragraph [6] below does not require any adjustment; and

iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

6. i) The Audit report on the financial statements as at and for the year ended 31 March 2022 issued by us, as referred in paragraph 4 above, contained the following Other Matter paragraph:

The financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor who had expressed an unmodified opinion vide their report dated 12 May 2021.

Our opinion is not modified in respect of above matter.

ii) The examination report on the restated financial information as at and for the year ended 31 March 2021 issued by the previous auditor dated 21 June 2023, as referred in paragraph 5 above, contained the following Emphasis of Matters paragraph:

We draw attention to Note 47.28 to the financial statements, which describe the extent to which the COVID-19 pandemic will impact the Company's financial performance will depend on future developments, which are highly uncertain. The financial statements do not include any adjustments that might result form the outcome of this uncertainty except to the extent stated in the said note.

Our opinion is not modified in respect of this matter.

iii) The examination report on the restated financial information as at and for the year ended 31 March 2021 issued by the previous auditor dated 21 June 2023, as referred in paragraph 5 above, contained the following Other Matter paragraph:

During the current financial year, Non-Convertible Debentures (Debt) issued by the Company by private placement were listed on the Bombay Stock Exchange. However, as per the amendment to Section 2 (52) of the Companies Act, 2013 and insertion of Rule 2A in the Companies (Specification of Definitions Details) Rules, 2014, companies that have issued non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 are not considered as Listed Companies. Accordingly, Standard on Auditing (SA) 701 - Communicating Key Audit Matters in the Independent Auditor's Report - is not considered applicable and hence not reported.

Our Opinion is not modified in respect of this matter.

7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditor, 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 31 March 2022 and 31 March 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the financial year ended 31 March 2023;

   b) does not contain any qualification, further the matter(s) giving rise to emphasis of matter paragraph and other matter paragraph mentioned in paragraph [6] above does not require any adjustment; and

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements 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 this examination report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India and relevant stock exchanges in connection with the proposed IPO where the equity shares of the Company are proposed to be listed. 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 B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Ashwin Suvarna
Partner
Membership Number: 109503
UDIN: 23109503BGXUPM5455
Place of Signature: Mumbai
Date: 21 June 2023

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
RESTATED STATEMENT OF ASSETS & LIABILITIES

(INR in Millions)

	Particulars	Note	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	4	939.57	659.63	5,260.32
	(b) Bank balances other than cash and cash equivalents	5	6.63	766.40	1,547.56
	(c) Receivables				
	(i) Trade receivables	7(i)	148.50	118.37	11.73
	(ii) Other receivables	7(ii)	47.62	38.60	31.95
	(d) Loans	8	79,996.96	56,448.09	45,521.41
	(e) Investments	9	6,806.27	5,143.25	324.93
	(f) Other financial assets	10	644.51	117.70	135.29
	TOTAL FINANCIAL ASSETS		**88,590.06**	**63,292.04**	**52,833.19**
(2)	**Non-financial assets**				
	(a) Current tax assets (net)	11	119.72	119.22	98.59
	(b) Deferred tax assets (net)	12	218.36	314.98	203.79
	(c) Property, Plant and Equipment	14.1	306.69	308.63	188.56
	(d) Right Of Use Assets	14.4	1,119.40	1,196.97	1,118.48
	(e) Capital work in progress	14.3	5.22	6.56	9.63
	(f) Other Intangible assets	14.2	32.01	30.64	23.14
	(g) Other non- financial assets	13	318.45	288.03	187.67
	TOTAL NON FINANCIAL ASSETS		**2,119.85**	**2,265.03**	**1,829.86**
	TOTAL ASSETS		**90,709.91**	**65,557.07**	**54,663.05**
II.	**LIABILITIES & Equity**				
(1)	**Financial liabilities**				
	(a) Derivative financial instruments	6	48.23	-	-
	(b) Payable				
	Trade payables	15			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-	0.01
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		260.92	64.30	43.24
	Other payables	15.1			
	(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	16	6,112.30	5,334.17	5,936.98
	(d) Borrowings (other than debt securities)	17	62,649.26	42,243.46	34,759.35
	(e) Subordinated Liabilities	18	2,596.67	2,590.72	2,584.59
	(f) Lease Liability	19	1,340.40	1,370.43	1,246.26
	(g) Other financial liabilities	20	3,507.89	2,109.67	1,581.11
	TOTAL FINANCIAL LIABILITIES		**76,515.67**	**53,712.75**	**46,151.54**
(2)	**Non-financial liabilities**				
	(a) Provisions	21	61.99	31.34	30.27
	(b) Other non-financial liabilities	22	575.43	277.80	133.90
	TOTAL NON FINANCIAL LIABILITIES		**637.42**	**309.14**	**164.17**
	Equity				
	(a) Equity share capital	23	3,219.12	3,215.18	2,899.23
	(b) Other equity	24	10,337.70	8,320.00	5,448.11
	TOTAL EQUITY		**13,556.82**	**11,535.18**	**8,347.34**
	TOTAL LIABILITIES AND EQUITY		**90,709.91**	**65,557.07**	**54,663.05**
	Corporate Information & Significant Accounting Policies	1-3			
	The accompanying notes are an integral part of these restated financial informations	4-59			

For and on behalf of Board of Directors

C. V. Ganesh
Chief Financial Officer

Rajaraman Sundaresan
Company Secretary & Compliance officer
M.No. F3514

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
FRN: 101248W/W-100022

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Ashwin Suvarna
Partner
M. No. 109503

Place: Mumbai
Date: June 21, 2023

Place: Mumbai
Date: June 21, 2023

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
RESTATED STATEMENT OF PROFIT & LOSS

(INR in Millions)

		Note	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
I.	**Revenue from operations**				
	(a) Interest income	25	11,101.68	8,218.93	6,581.08
	(b) Fee and commission income	26	560.10	428.85	317.36
	(c) Net gain on fair value changes	27	126.22	45.37	19.81
	Total Revenue from operations		**11,788.00**	**8,693.15**	**6,918.25**
II.	**Other income**	28	358.80	143.22	57.41
III.	**Total Revenue**		**12,146.80**	**8,836.37**	**6,975.66**
IV.	**Expenses**				
	(a) Finance costs	29	4,721.50	3,476.52	3,131.91
	(b) Fees and commission expenses	30	232.82	147.02	120.37
	(c) Impairment on financial instruments	31	489.04	838.78	712.22
	(d) Employee benefits expenses	32	2,476.04	1,754.11	1,315.90
	(e) Depreciation, amortisation and impairment	14	418.70	366.97	272.69
	(f) Other expenses	33	1,224.80	860.88	653.29
	Total expenses		**9,562.90**	**7,444.28**	**6,206.38**
V.	**Profit before exceptional items and tax (III-IV)**		**2,583.90**	**1,392.09**	**769.28**
VI	**Exceptional Items**		**(153.70)**	**-**	**-**
VII	**Profit before tax**		**2,430.20**	**1,392.09**	**769.28**
VIII	Tax expenses:	34			
	Current tax				
	(1) Current tax		573.82	471.02	292.36
	Deferred tax				
	(1) Deferred tax (net)		55.05	(113.52)	(139.92)
IX	**Profit for the year**		**1,801.33**	**1,034.59**	**616.84**
	Other Comprehensive Income/(Loss)				
	(a) Items that will not be reclassified to profit or loss				
	(i) Remeasurement gain / (loss) on defined benefit plans (OCI)		1.55	9.22	4.40
	(ii) Tax effect on Remeasurement gain / (loss) on defined benefit plans (OCI)		(0.40)	(2.38)	(1.10)
	Total		**1.15**	**6.84**	**3.30**
	(b) Items that will be reclassified to profit or loss				
	(i) Fair value gain - OCI - Loans		163.38	-	-
	(ii) Fair value gain - OCI - Investment in Government Securities		0.56	-	-
	(iii) Tax effect on above (i) and (ii)		(41.24)	-	-
	Total		**122.70**	**-**	**-**
	Other Comprehensive Income/(Loss)		**123.85**	**6.84**	**3.30**
	Total Comprehensive Income		**1,925.18**	**1,041.43**	**620.14**
	Earnings per equity share (EPS)				
	(1) Basic (INR)	36	5.60	3.32	2.19
	(2) Diluted INR)	36	5.59	3.31	2.18
	Face value per share (in ₹)		10.00	10.00	10.00
	Corporate Information & Significant Accounting Policies	1-3			
	The accompanying notes are an integral part of these restated financial informations	4-59			

For and on behalf of Board of Directors

C. V. Ganesh
Chief Financial Officer

Rajaraman Sundaresan
Company Secretary & Compliance officer
M.No. F3514

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
FRN: 101248W/W-100022

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Ashwin Suvarna
Partner
M. No. 109503

Place: Mumbai
Date: June 21, 2023

Place: Mumbai
Date: June 21, 2023

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
RESTATED CASH FLOW STATEMENT

(INR in Millions)

		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before tax	**2,430.20**	**1,392.09**	**769.28**
	Adjustments for :			
	Finance cost	4,721.50	3,476.52	3,131.91
	Share based payment to employee	79.58	24.86	26.20
	Depreciation	418.70	366.97	272.69
	Interest from Debentures	(95.43)	(8.93)	(15.80)
	Liability no longer required, written back	-	(0.32)	(1.10)
	Interest on Fixed Deposit ('FD')	(45.73)	(81.76)	(87.90)
	(Profit)/Loss on sale of tangible assets/write off	0.18	7.50	1.30
	Profit on Sale Of Mutual Fund units (Net) - Realised	(127.16)	(44.43)	(19.80)
	Gain/(Loss) on fair valuation of mutual fund - Unrealised	0.94	(0.94)	-
	Security deposit - Fair Valuation	2.93	1.34	1.70
	EIR impact on Loans	55.22	23.23	(30.90)
	Interest on NPA income booked under IND AS	-	-	10.30
	Direct Assignment Transaction (net)	(348.07)	(70.36)	(75.90)
	Impairment on financial instrument	489.03	838.78	712.22
	Provision for Doubtful Interest	-	-	8.60
	CWIP written off	-	-	0.60
	Operating profit before working capital changes	**7,581.89**	**5,924.55**	**4,703.40**
	Adjustments for working capital:			
	- (Increase)/decrease in loans	(23,568.24)	(11,703.85)	(8,858.25)
	- (Increase)/decrease in financial asset and non financial asset	(59.64)	(84.03)	(310.10)
	- (Increase)/decrease in trade receivables	(44.36)	(127.96)	(6.60)
	- Increase/(decrease) in trade payables	196.61	(35.30)	11.40
	- Increase/(decrease) in provisions	32.20	10.27	11.05
	- Increase/(decrease) in financial liabilities and non financial liabilities	1,695.83	729.00	890.25
	Cash generated from operating activities	**(14,165.71)**	**(5,287.32)**	**(3,558.85)**
	Direct taxes paid (net)	(574.30)	(491.61)	(153.45)
	Net cash generated / (used in) from operating activities	**(14,740.01)**	**(5,778.93)**	**(3,712.30)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of tangible assets	(133.94)	(246.08)	(111.53)
	Sale of tangible assets	0.30	0.52	0.40
	Interest on Fixed Deposit ('FD')	61.91	98.05	87.90
	Purchase of intangible assets	(17.05)	(22.78)	-
	Investment in Government securities	(10,720.91)	(4,187.41)	-
	Redemption of Government securities	8,253.20	150.00	-
	Investment/Collection in/from NCD	-	-	29.70
	Investment in Mutual Fund	(83,795.81)	(39,338.03)	(26,912.80)
	Redemption in Mutual fund	84,752.69	38,602.60	26,982.65
	Investment of fixed deposit	(7,403.67)	(11,455.53)	(10,038.69)
	Redemption of fixed deposit	7,646.50	12,220.53	9,241.29
	Interest from Debentures	61.50	8.93	15.84
	Net cash generated from / (used in) investing activities	**(1,295.28)**	**(4,169.20)**	**(705.24)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Debt Securities availed	8,350.00	(500.00)	9,975.00
	Debt Securities repaid	(7,750.00)	-	(5,435.30)
	Borrowings availed	2,64,197.96	18,500.00	12,580.00
	Borrowings repaid	(2,43,830.21)	(11,000.99)	(8,905.20)
	Subordinate borrowing	-	-	2,499.90
	Finance Cost	(4,356.79)	(3,491.85)	(3,021.55)
	Lease Payment Principal	(218.61)	(185.02)	(127.63)
	Lease Payment Interest	(94.26)	(90.05)	(100.30)
	Share application money pending allotment	-	(0.36)	0.36
	Equity Shares Issued	4.04	288.64	165.00
	Share Premium	13.10	-	627.02
	Money received on partly paid OCRPS (being fully paid)	-	189.66	-
	Redemption of OCRPS	-	(84.20)	-
	Share Issue Expenses	-	1,721.61	(2.30)
	Net cash generated / used in financing activities	**16,315.23**	**5,347.44**	**8,255.00**
	Net increase / (decrease) in cash and cash equivalents	**279.94**	**(4,600.69)**	**3,837.46**
	Cash and cash equivalents as at the beginning of the year	**659.63**	**5,260.32**	**1,422.86**
	Closing balance of cash and cash equivalents (A+B+C)	**939.57**	**659.63**	**5,260.32**
	Components of cash and cash equivalents:			
	Cash on hand	**133.90**	**168.40**	**74.69**
	Balances with banks			
	- in current accounts	**805.67**	**491.23**	**1,085.63**
	- in fixed deposit with maturity less than 3 months	**-**	**-**	**4,100.00**
	Cash and cash equivalents	**939.57**	**659.63**	**5,260.32**

Note:
The above Standalone Statement of cash flow has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow
Refer note 35 for cash flow related disclosure as per Ind AS 7

For and on behalf of Board of Directors

C. V. Ganesh
Chief Financial Officer

Rajaraman Sundaresan
Company Secretary & Compliance officer
M.No. F3514

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
FRN: 101248W/W-100022

Anil Kothuri
MD & CEO
DIN:00177945

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Non Executive Chairman
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Gauri Rushabh Shah
Independent Director
DIN:06625227

Ashwin Suvarna
Partner
M. No. 109503

Place: Mumbai
Date: June 21, 2023

Place: Mumbai
Date: June 21, 2023

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
RESTATED STATEMENT OF CHANGE IN EQUITY

Equity Share Capital *(INR in Millions)*

Particulars	Number of shares	Amount
Balance at the beginning of the current reporting year - 1 April, 2022	**32,15,17,605**	**3,215.18**
Changes in Equity Share Capital due to prior year errors	**-**	**-**
Restated balance at the beginning of the reporting year	**32,15,17,605**	**3,215.18**
Changes in equity share capital during the year	**3,94,000**	**3.94**
Balance at the end of the current reporting year - 31 March, 2023	**32,19,11,605**	**3,219.12**

Particulars	Number of shares	Amount
Balance at the beginning of the current reporting year - 1 April, 2021	**28,99,23,425**	**2,899.23**
Changes in Equity Share Capital due to prior year errors	**-**	**-**
Restated balance at the beginning of the reporting year	**28,99,23,425**	**2,899.23**
Changes in equity share capital during the year	**3,15,94,180**	**315.95**
Balance at the end of the current reporting year - 31 March, 2022	**32,15,17,605**	**3,215.18**

Particulars	Number of shares	Amount
Balance at the beginning of the current reporting year - 1 April, 2020	**27,34,23,425**	**2,734.23**
Changes in Equity Share Capital due to prior year errors	**-**	**-**
Restated balance at the beginning of the reporting year	**27,34,23,425**	**2,734.23**
Changes in equity share capital during the year	**1,65,00,000**	**165.00**
Balance at the end of the current reporting year - 31 March, 2021	**28,99,23,425**	**2,899.23**

Other Equity

(INR in Millions)

Particulars	Share application money pending allotment	Debt component of compound financial instruments	Equity component of compound financial instruments	Reserves and Surplus						Total
				Securities Premium Account	Employee Stock Option Outstanding	Capital Redemption Reserve	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	General reserve	Retained earnings	
Balance at 31 March, 2020	-	-	**3.96**	**2,730.73**	**25.44**	**-**	**329.00**	**1.03**	**1,087.23**	**4,177.39**
Addition	0.36	-	-	627.02	26.17	-	-	-	-	**653.55**
Utilised (share issue expense)	-	-	(0.67)	(2.30)	-	-	-	-	-	**(2.97)**
Transferred from retained earnings	-	-	-	-	-	-	123.40	-	(123.40)	**-**
Profit for the year	-	-	-	-	-	-	-	-	616.84	**616.84**
Other comprehensive income/ (loss) for the year	-	-	-	-	-	-	-	-	3.30	**3.30**
Balance at 31 March, 2021	**0.36**	**-**	**3.29**	**3,355.45**	**51.61**	**-**	**452.40**	**1.03**	**1,583.97**	**5,448.11**
Addition	-	-	-	1,873.54	24.76	-	-	-	-	**1,898.30**
Utilised (share issue expense)	(0.36)	-	-	-	-	-	-	-	-	**(0.36)**
Transferred from retained earnings	-	-	-	-	-	20.00	206.92	-	(226.92)	**-**
Transferred to securities premium	-	-	-	3.67	(3.67)	-	-	-	-	**-**
Impact of OCPRS due to redemption	-	-	(3.29)	-	-	-	-	-	(64.19)	**(67.48)**
Profit for the year	-	-	-	-	-	-	-	-	1,034.59	**1,034.59**
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	-	-	-	-	6.84	**6.84**
Balance at 31 March, 2022	-	**-**	**-**	**5,232.66**	**72.70**	**20.00**	**659.32**	**1.03**	**2,334.29**	**8,320.00**
Addition	-	-	-	13.10	79.48	-	-	-	-	**92.58**
Utilised (share issue expense)	-	-	-	-	-	-	-	-	-	**-**
Transferred from retained earnings	-	-	-	-	-	-	360.17	-	(360.17)	**-**
Transferred to securities premium	-	-	-	3.96	(3.96)	-	-	-	-	**-**
Impact of OCPRS due to redemption	-	-	-	-	-	-	-	-	-	**-**
Profit for the year	-	-	-	-	-	-	-	-	1,801.33	**1,801.33**
Remeasurement gain/(loss) on defined benefit plans	-	-	-	-	-	-	-	-	1.15	**1.15**
Fair value gain/(loss) on financial assets	-	122.71	-	-	-	-	-	-		**122.71**
Balance at 31 March, 2023	-	122.71	-	5,249.72	148.22	20.00	1,019.49	1.03	3,776.70	**10,337.87**

Corporate Information & Significant Accounting Policies 1-3
The accompanying notes are an integral part of these restated financial informations 4-59

For and on behalf of Board of Directors

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
FRN: 101248W/W-100022

C. V. Ganesh
Chief Financial Officer

Rajaraman Sundaresan
Company Secretary & Compliance Officer
M.No. F3514

Anil Kothuri
MD & CEO
DIN:00177945

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Non Executive Chairman
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Independent Director
DIN:06625227

Ashwin Suvarna
Partner
M. No. 109503

Place: Mumbai
Date: June 21, 2023

Place: Mumbai
Date: June 21, 2023

1. Corporate information

Fedbank Financial Services Limited ('the Company') is a Public Limited Company incorporated on 17 April, 1995 in India and is a subsidiary of The Federal Bank Limited. Its registered office is located in Mumbai. The Company is in the business of lending and has a diversified lending portfolio consisting of Gold Loans, Loan against Property, Home Loans, SME Loans and Wholesale Finance. The Company also extends Micro Loans through tie ups with sourcing and servicing agents. The Company is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC) vide Registration No-N16.00187 and is presently categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) in accordance with the guidelines of Reserve Bank of India.

2. Basis of preparation and presentation of Restated Financial Information

2.1 Basis of preparation of Restated Financial Information

The Restated Statement of Assets and Liabilities of the Company as at 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 year 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") 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 on June 21, 2023.

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 provisions 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

Audited Ind AS 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 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 meeting held on May 26, 2023, May 18, 2022 and May 12, 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.

Since there are no differences in the Equity and Profit (Loss) as per the Audited Financial Statements and the restated financial information, no reconciliation is furnished in these restated financial statements.

These Restated Financial Information has been prepared by the Management from the Audited Financial Statements for respective years and

(a) there were no changes in accounting policies during the years of these financial statements;

(b) there were no material amounts which have been adjusted for in arriving at profit/ loss of the respective years and

(c) there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements for the year ended March 31, 2023 of the Company and the requirements of the SEBI Regulations;

Division III- Schedule III to the Companies Act, 2013 has been amended vide the Government Notification dated March 24, 2021 to include certain additional presentation and disclosures requirements and changes to some of the existing requirements. These changes needs to be applied in preparation of financial statements for the financial year commencing on or after April 1, 2021. Accordingly, this restated financial information has been prepared based on the above requirements. The adoption of the said amendment does not impact recognition and measurement principles followed for preparation of the financial statements.

2.2 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.

Financial assets and financial liabilities are generally reported on a gross basis in the Restated Statement of Assets and Liabilities. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.3 Functional and presentation currency

These Restated Financial Information are presented in Indian Rupees ('₹' or INR or Rs.) which is also the Company's functional currency. All amounts are rounded-off to the nearest millions, unless otherwise indicated.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS basis.

2.5 Critical accounting estimates and judgments

The preparation of the Restated Financial Information requires management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements that are used for various line items in the Restated financial Information are as follows:

Effective Interest Rate (EIR) Method:
The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Contingencies:
Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Useful lives of property, plant and equipment and Intangible assets:
Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

Defined employee benefit obligation:
The cost of post-employment benefits is 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 rates, 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 annually.

Fair value measurement
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation technique that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement 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.

Business model assessment
Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (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 particular business objective. This assessment includes judgment 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 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.

Income taxes
Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Expected credit losses on financial assets
The impairment provisions of financial assets and contract assets are based on assumptions about risk of default, expected recovery through liquidations of collateral, and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Estimation of impairment allowance on financial assets affected by COVID-19 pandemic (relevant for financial year 2020-2021 and 2021-2022)
The Covid-19 pandemic has impacted most countries including India. The nationwide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing onetime restructuring to eligible borrowers (OTR).

Further the second wave of COVID-19 pandemic in April-May 2021 led to re- imposition of localised /regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second waive subsided from June 2021 onwards and there has been gradual lifting of lock downs and increase in economic activities. However, the uncertainty around the third wave of Covid-19 pandemic in future and its impact on the economic activities are not known. Accordingly, the Company's results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of Restated Financial Information on the reporting date.

Estimates and associated assumptions used for determining the impairment allowance on the Company's financial assets, are based on historical experience and other emerging factors emanating from the COVID-19 pandemic which may also influence the expected credit loss. The Company has used One Time Restructuring (OTR) scheme under the RBI resolution frame-work 1.0 and 2.0 and repayment moratorium on loans as early indicators suggesting higher flow rates and probability of default and accordingly accounted for commensurate expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances and information available. However, the uncertainty caused by COVID-19 pandemic and related events could further influence the estimate of credit losses.

Leases

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassesses the option when significant events or changes in circumstances occur that are within the control of the lessee.

3. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Restated Financial Information.

3.1 Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regularly reviews significant unobservable inputs and valuation adjustments.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

3.2 Revenue Recognition

Interest income

Interest income is recognized in Statement of Profit and Loss using the effective interest rate (EIR) method for all financial instruments which are measured either at amortised cost or at fair value through other comprehensive income. The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and transaction costs that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is accounted as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the Statement of Profit and Loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit- impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets, if any, required to be measured at FVTPL is recognized using the contractual interest rate as net gain on fair value changes.

Fee, commission and distribution income
The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a assessment model as set out in Ind AS 115 'Revenue from contracts with customers. Revenue from contract with customer for rendering services is recognized at a point in time when performance obligation is satisfied.

Fees and commission income are measured at an amount that reflects the fair value of the consideration received or receivable, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Dividend and interest income on investments:
Dividends are recognized in Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Net gain on fair value changes
The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

Income from direct assignment

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the Statement of Profit and Loss. EIS is evaluated and adjusted for ECL and expected prepayment.

Other income and expenses

All other income and expense are recognized in the period in which they occur.

3.3 Property plant and equipments

Property, plant and equipment ("PPE") are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes after deducting trade discount and rebates, any directly attributable cost incidental to acquisition and installation, up to the point the asset is ready for its intended use.

Advances paid towards the acquisition of PPE outstanding at each reporting date are shown under other non-financial asset. Assets acquired but not ready for intended use or assets under construction at the reporting date are classified under capital work in progress.

Subsequent expenditure related to the asset are added to its carrying amount or recognized as a separate asset only if 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.

Depreciation

Depreciation on property, plant and equipment is provided on straight-line method in case of Computer Equipment & Server and on Written Down Value (WDV) method in case of Office Equipment, Furniture & fixtures & Vehicles. Depreciation is charged over the useful lives of assets as prescribed under Schedule II of the Companies Act 2013.

The estimated useful lives used for computation of depreciation are as follows:

	Useful Life (in years)
Computer equipment	3
Server	6
Office equipment	5
Furniture and fixtures	10
Vehicles	8

Leasehold improvements are amortized over the period of the lease.

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. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

PPE is derecognized on disposal or when no future economic benefits are expected from it use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income / netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is derecognized. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

3.4 Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

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 accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

Intangible assets comprise of software which is amortized using the straight-line method over a period of three years commencing from the date on which such asset is first recognized.

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.

3.5 Foreign exchange transactions & translations

a) Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

3.6 Financial instruments

a) Initial recognition and measurement:

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. The Company follows trade date method of accounting for purchase and sale of investments. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of Profit and Loss.

b) Initial classification and subsequent measurement of financial assets:

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and Company's business model for managing financial assets. On initial recognition, a financial asset is classified as measured at:

- Amortised cost;

- Fair Value through Other Comprehensive Income (FVOCI) - debt instruments;

- FVOCI - equity instruments;

- Fair Value Through Profit and Loss (FVTPL)

Amortised cost

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. These financial assets comprise bank balances, loans, trade receivables and other financial instruments.

Debt instruments measured at amortized cost where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payment of principal and interest (SPPI) on the principal amount outstanding; and
b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These financial assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment provision are recognized in Statement of Profit and Loss. Any gain and loss on derecognition are recognized in Statement of Profit and Loss.

FVOCI - debt instruments

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment provision are recognized in Statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit and Loss.

FVOCI - equity instruments

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI.

These elected investments are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognized in Statement of Profit and Loss.

FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL. This includes all derivative financial assets.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognized in Statement of Profit and Loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of Profit and Loss.

c) Initial classification and subsequent measurement of financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

d) Reclassification of financial assets and liabilities:

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. Financial liabilities are never reclassified.

e) Derecognition of financial assets and liabilities:

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation in respect of 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 financial liability and the consideration paid is recognised in Statement of Profit and Loss.

f) Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognized in Statement of Profit and Loss.

g) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

h) Derivatives and hedging activity:

The company uses derivative contracts like cross currency interest rate swaps, forward contracts, options contracts, to hedge its risk associated with foreign currency and interest rate fluctuation relating to foreign currency floating rate borrowings. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain/loss 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 nature and type of the hedge relationship designated.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses).

Amounts previously recognized in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a nonfinancial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or nonfinancial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately in profit or loss.

<u>Fair value hedges that qualify for hedge accounting</u>

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

i) <u>Restructured, rescheduled and modified loans</u>

Restructured loans (other than OTR) where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation of period, typically 12 months- post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Rollovers/repledges in case of gold loans are not considered as restructured provided no concession are allowed and the LTV is maintained at less than or equal to prescribed regulatory guidelines.

For loans restructured under the RBI Resolution Framework (OTR), the Company, basis credit assessment, the terms of restructuring, repayment behavior of borrowers and other qualitative factors, has considered all loans restructured as an early indicator of significant increase in credit risk and accordingly classified such loans as Stage 2.

j) Impairment of financial assets

<u>Overview of the Expected Credit Loss (ECL) allowance principles:</u>

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on loans measured at amortised cost and FVOCI and other debt financial assets not held at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is calculated to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12 months ECL.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Estimation of Expected Credit Loss (ECL):
The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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.

Exposure at default (EAD): The Exposure at Default is an estimate of the exposure at a default date taking into account the repayment of principal and interest until the reporting date.

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, including from the realisation of any collateral.

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, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Based on the above process, the Company categorizes its loans into three stages as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the life time ECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: Financial assets are classified as stage 3 when there is objective evidence of impairment as result of one or more loss events that have occurred after the initial recognition. The Company records an allowance for the life time ECL. The method is similar to that for Stage 2 assets, with the PD set at 100%.

For gold loans, when a loan remains overdue for 90 days or more and does not fulfil the conditions for minimum collateral cover, such loans are classified as Stage 3.

The Company has considered additional ECL provision by applying management overlays to model derived PDs and LGDs for certain pool of loans where it believes that there is a need for further adjustments given the uncertainty on forward looking risks.

k) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 – Revenue from contracts with customers.

3.7 Impairment of assets other than financial assets

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

3.8 Employee benefits

a) Short-term employee benefits
All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of Profit and Loss. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Defined contribution plan (provident fund and ESIC)
Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the respective funds as expenditure, when an employee renders the related service.

c) Defined benefit plan (Gratuity)
Payment of gratuity to employees is covered by the defined benefit scheme and the company makes contribution under the said scheme.

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains/losses - Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of Profit and Loss in the subsequent period.

d) Compensated Absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

3.9 Share-based payments

Equity-settled share-based payments to employees are recognized as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding adjustment in equity.

3.10 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortized cost. Financial instruments include subordinated debts, term loans and working capital loans from Banks, Financial Institutions and NBFCs and Commercial Papers. Finance costs are charged to the Statement of Profit and Loss.

3.11 Securities issue expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against securities premium reserve.

3.12 Income taxes

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively. The 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

b) Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax. Liabilities and assets, and they relate to income taxes levied by the income tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balances with banks in current accounts, short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

3.14 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation 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, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would 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.. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

Contingent assets are not recognized in the Restated Financial Information. However, it is disclosed only when an inflow of economic benefits is probable.

3.15 Leases

Contracts/arrangements, or part of a contract/arrangement meeting the definition of "lease" and falling within the scope of Ind AS 116 "Leases" to follow accounting policies mentioned below

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using incremental borrowing rate (because the implicit rate in the lease contracts is not available). The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of Profit and Loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. When the company is an intermediate lessor it accounts, for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

3.16 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equities shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.18 Segment information

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and accordingly the Company has classified its operations into three segments – Distribution (retail loan/insurance products), Retail Finance and Wholesale Finance. For presentation of segment information, directly attributable income and assets are allocated as such and the other income, expenses and other assets and liabilities are apportioned on appropriate basis.

Notes to restated financial information *(Continued)*

(INR in Millions)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
4	**Cash and cash equivalents**			
	Cash in hand	133.90	168.40	74.69
	Balances with banks			
	- in current accounts	805.67	491.23	1,085.63
	- in fixed deposits with original maturity less than 3 months	-	-	4,100.00
		939.57	**659.63**	**5,260.32**
5	**Bank balances other than cash and cash equivalents**			
	Fixed deposit with maturity of more than 3 months and less than 12 months			
	- Free	-	766.40	1,532.53
	- Under Lien **(Refer note 5.1, and 5.2)**	**6.63**	-	15.03
		6.63	**766.40**	**1,547.56**

5.1 Pledged against Securtised pool (PTC) facility from Federal Bank (March 31, 2023 : Nil, March 31, 2022 : Nil, March 31, 2021 : INR 15.03 Million)

5.2 Fixed deposit amounting to INR 6.63 millions (March 31, 2022 : Nil, March 31, 2021 : Nil) is lien marked towards forward contract entered into to hedge against foreign currency denominated borrowing.

6 Derivative financial instruments

	As at March 31,2023		
Part I	**Notional amounts**	**Fair Value - Assets**	**Fair Value-Liabilities**
(i) Currency derivatives			
- Spot and forwards	3,004.00	-	48.23
- Currency futures	-	-	-
- Currency swaps	-	-	-
- Options purchased	-	-	-
- Options sold (written)	-	-	-
- Others	-	-	-
(ii) Interest Rate Derivatives	-	-	-
- Forward rate agreements and interest rate swaps	-	-	-
- Options purchased	-	-	-
- Options sold (written)	-	-	-
- Futures	-	-	-
- Others	-	-	-
(iii) Credit Derivatives	-	-	-
(iv) Equity Linked Derivatives	-	-	-
(v) Other Derivatives	-	-	-
	-	-	-
Total	**3,004.00**	**-**	**48.23**

Part II
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:

(i) Fair value hedging			
- Currency derivatives	-	-	-
- Interest Rate Derivatives	-	-	-
- Credit Derivatives	-	-	-
- Equity Linked Derivatives	-	-	-
- Others	-	-	-
(ii) Cash flow hedging			
- Currency derivatives	-	-	-
- Interest Rate Derivatives	-	-	-
- Credit Derivatives	-	-	-
- Equity Linked Derivatives	-	-	-
- Others	-	-	-
(iii) Net investment hedging	-	-	-
(iv) Undesignated derivatives	3,004.00	-	48.23
Total	**3,004.00**	**-**	**48.23**

There were no derivative contracts entered by the Company for the year ended March 31, 2022 and March 31, 2021.
The Company uses Forward Exchange Contracts to hedge its risks associated with currency risk arising from the foreign currency loans. These contracts are stated at fair value at each reporting date. (Refer note 48.03)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
7	**Receivables**			
	(i) Trade receivables			
	Receivables considered good - Unsecured*	154.19	133.18	11.82
	Trade Receivables which have significant increase in credit risk	12.34	-	-
		166.53	**133.18**	**11.82**
	Less: Impairment Loss Allowance	(18.03)	(14.81)	(0.09)
		148.50	**118.37**	**11.73**
	(ii) Other receivables			
	Receivables considered good - Unsecured	49.59	38.60	31.95
		49.59	**38.60**	**31.95**
	Less: Impairment Loss Allowance	(1.97)	-	-
		47.62	**38.60**	**31.95**
		196.12	**156.97**	**43.68**

*Includes unbilled revenue amounting to INR 81.70 Million, At March 31, 2022: INR 0.4 Million and At March 31,2021 : INR 4.1 Million.

Outstanding as on March 31, 2023 from due date of payment	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years
Undisputed trade & other receivables- Considered good	**122.08**	122.08	-	-	-
Undisputed trade & other receivable which have significant increase in credit risk	**12.35**	-	0.51	11.84	-
Undisputed trade receivables –credit impaired	-	-	-	-	-
Disputed trade receivables –considered good	-	-	-	-	-
Disputed trade receivables –which have significant increase in credit risk	-	-	-	-	-
Disputed trade receivables –credit impaired	-	-	-	-	-
Total	**134.43**	**122.08**	**0.51**	**11.84**	-
Less: Impairment Loss Allowance	**(20.00)**	(7.66)	(0.51)	(11.84)	-
	114.42	**114.42**	-	-	-
Unbilled receivable	**81.70**				
	196.12				

Outstanding as on March 31, 2022 from due date of payment	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years
Undisputed trade & other receivable - Considered good	**171.38**	159.54	11.84	-	-
Undisputed trade & other receivable which have significant increase in credit risk	-	-	-	-	-
Undisputed trade receivables –credit impaired	-	-	-	-	-
Disputed trade receivables –considered good	-	-	-	-	-
Disputed trade receivables –which have significant increase in credit risk	-	-	-	-	-
Disputed trade receivables –credit impaired	-	-	-	-	-
Total	**171.38**	**159.54**	**11.84**	-	-
Less: Impairment Loss Allowance	**(14.81)**	(2.97)	(11.84)	-	-
	156.57	**156.57**	-	-	-
Unbilled receivable	**0.40**				
	156.97				

Outstanding as on March 31, 2021 from due date of payment	Total	Less than 6 months	6 months - 1 year	1 -2 years	2 -3 years
Undisputed trade & other receivable - Considered good	**39.67**	39.67	-	-	-
Undisputed trade & other receivable which have significant increase in credit risk	-	-	-	-	-
Undisputed trade receivables –credit impaired	-	-	-	-	-
Disputed trade receivables –considered good	-	-	-	-	-
Disputed trade receivables –which have significant increase in credit risk	-	-	-	-	-
Disputed trade receivables –credit impaired	-	-	-	-	-
Total	**39.67**	**39.67**	-	-	-
Less: Impairment Loss Allowance	**(0.09)**	(0.09)	-	-	-
	39.58	**39.58**	-	-	-
Unbilled receivable	**4.10**				
	43.68				

7.1 No trade receivables and other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(INR in Millions)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
8	**Loans**			
	Measured at amortised cost			
	(i) Term Loans	75,164.90	57,609.41	46,270.35
	Gross carrying amount of loans	75,164.90	57,609.41	46,270.35
	Less: Impairment Loss Allowance	(1,030.40)	(1,161.32)	(748.94)
	Total Net (A)	**74,134.50**	**56,448.09**	**45,521.41**
	(i) Secured by tangible assets (Refer Note 44.1.2)	67,309.21	48,273.64	39,907.34
	(ii) Secured by intangible assets	-	-	-
	(iii) Covered by gurantees (Refer Note 44.1.2)	257.59	486.08	611.69
	(iv) Unsecured	7,598.10	8,849.69	5,751.32
	Total Gross (B)	**75,164.90**	**57,609.41**	**46,270.35**
	Less: Impairment Loss Allowance	(1,030.40)	(1,161.32)	(748.94)
	Total Net (B)	**74,134.50**	**56,448.09**	**45,521.41**
	Loans in India			
	(i) Public sector	-	-	-
	(ii) Others*	75,164.90	57,609.41	46,270.35
	Total Gross (C)	**75,164.90**	**57,609.41**	**46,270.35**
	Less: Impairment Loss Allowance	(1,030.40)	(1,161.32)	(748.94)
	Total Net (C)	**74,134.50**	**56,448.09**	**45,521.41**
	* Includes loans given to private sector			
	Measured at Fair Value through other comprehensive income (FVOCI)			
	(i) Term Loans	5,862.46	-	-
	Gross carrying amount of loans	5,862.46	-	-
	Less: Impairment Loss Allowance	-	-	-
	Total Net (A)	**5,862.46**	**-**	**-**
	(i) Secured by tangible assets (Refer Note 44.1.2)	2,357.16	-	-
	(ii) Secured by intangible assets	-	-	-
	(iii) Covered by gurantees (Refer Note 44.1.2)	-	-	-
	(iv) Unsecured	3,505.30	-	-
	Total	**5,862.46**	**-**	**-**
	Loans in India			
	(i) Public sector	-	-	-
	(ii) Others *	5,862.46	-	-
	Total	**5,862.46**	**-**	**-**
	* Includes loans given to private sector			

8.1 The Company has not advanced any loans to the promoters, directors, KMPs and the related parties either severally or jointly with any other person.

8.2 **Disclosure required as per Non-Banking Finanial Company - Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Loans against collateral of gold jewellery (Gross)	29,860.46	22,475.30	19,177.88
Total assets of the Company	90,709.90	65,557.07	54,663.05
Percentage of Loans against collateral of gold jewellery to Total assets of the Company	32.92%	34.28%	35.08%

Notes to restated financial information *(Continued)*

8.3 The table below shows the credit quality and the maximum exposure to credit risk based on the Company's impairment assessment and stage classification.
The amounts presented are gross of impairment allowances.

(a) Gross carrying amount of loan assets allocated to Stage 1, Stage 2 and Stage 3

(INR in Millions)

Loans (at amortised cost)	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Stage 1	69,775.70	51,311.37	44,514.09
Stage 2	3,746.10	5,012.22	1,288.18
Stage 3	1,643.10	1,285.82	468.08
Total	**75,164.90**	**57,609.41**	**46,270.35**

(b) Reconciliation of gross carrying amount of loan assets measured at amortised cost is given below:

(INR in Millions)

	Year Ended 31 March 2023				Year Ended 31 March 2022				Year Ended 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	51,311.37	5,012.22	1,285.82	57,609.41	44,514.09	1,288.18	468.08	46,270.35	35,490.90	1,176.22	535.40	37,202.52
Transfers to Stage 1	612.98	(463.89)	(149.09)	-	84.14	(76.42)	(7.72)	-	495.88	(489.04)	(6.84)	-
Transfers to Stage 2	(1,181.34)	1,233.86	(52.52)	-	(3,141.47)	3,144.15	(2.68)	-	(836.29)	836.41	(0.12)	-
Transfers to Stage 3	(538.01)	(523.45)	1,061.46	-	(662.31)	(436.18)	1,098.49	-	(160.02)	(80.71)	240.73	-
Assets derecognised (excluding write offs)	(25,254.52)	(2,325.22)	(132.54)	(27,712.28)	(22,928.06)	(450.75)	(74.19)	(23,453.00)	(14,076.39)	(562.13)	(80.27)	(14,718.79)
Asset written off	-	-	(581.76)	(581.76)	-	-	(394.99)	(394.99)	-	-	(290.40)	(290.40)
Loan Repaid *	(8,201.38)	(234.33)	(101.16)	(8,536.87)	(4,783.93)	99.74	51.44	(4,632.75)	(3,391.35)	50.33	28.53	(3,312.49)
New assets originated or purchased	53,026.60	1,046.91	312.89	54,386.40	38,228.91	1,443.50	147.39	39,819.80	26,991.36	357.10	41.05	27,389.51
Gross carrying amount closing balance	**69,775.70**	**3,746.10**	**1,643.10**	**75,164.90**	**51,311.37**	**5,012.22**	**1,285.82**	**57,609.41**	**44,514.09**	**1,288.18**	**468.08**	**46,270.35**

*Movement covers repayment of loan, change in exposure on account of restructuring, change in exposure for partly disbursed loans and change in staging

(c) Reconciliation of ECL balance of loan assets measured at amortised cost is given below:

(INR in Millions)

	Year Ended 31 March 2023				Year Ended 31 March 2022				Year Ended 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	252.52	625.07	283.73	1,161.32	453.56	155.52	139.86	748.94	136.50	64.13	136.73	337.36
Transfers to Stage 1	101.18	(75.41)	(25.77)	-	14.04	(12.23)	(1.81)	-	46.59	(44.93)	(1.66)	-
Transfers to Stage 2	(8.54)	17.39	(8.85)	-	(207.84)	208.40	(0.56)	-	(11.11)	11.11	-	-
Transfers to Stage 3	(36.96)	(64.23)	101.19	-	(56.55)	(80.90)	137.45	-	(0.88)	(8.26)	9.14	-
Assets derecognised (excluding write offs)	(60.66)	(253.89)	(78.39)	(392.94)	(61.44)	(10.78)	(9.11)	(81.33)	(22.42)	(4.15)	(0.83)	(27.40)
Assets written off	-	-	(289.18)	(289.18)	-	-	(119.22)	(119.22)	-	-	(76.80)	(76.80)
Loan Repaid *	(264.57)	(27.86)	(30.05)	(322.48)	(25.87)	283.85	130.50	388.48	216.89	135.10	70.24	422.23
New assets originated or purchased	263.64	197.85	412.19	873.68	136.62	81.21	6.62	224.45	87.99	2.52	3.04	93.55
ECL allowance - closing balance	**246.61**	**418.92**	**364.87**	**1,030.40**	**252.52**	**625.07**	**283.73**	**1,161.32**	**453.56**	**155.52**	**139.86**	**748.94**

*Movement covers release of provision on account of repayment, increase in provision on account of restructuring, increase in provision on account of disbursement of partly disbursed loans and change in staging.

(d) Loan assets measured at fair value through OCI allocated to Stage 1, Stage 2 and Stage 3

Loans (at FVOCI)	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Stage 1	5,913.97	-	-
Stage 2	20.67	-	-
Stage 3	1.93	-	-
Total	**5,936.57**	**-**	**-**

(e) Loan assets measured at fair value through OCI is given below:

	Year Ended 31 March 2023				Year Ended 31 March 2022				Year Ended 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Assets derecognised (excluding write offs)	-	-	-	-	-	-	-	-	-	-	-	-
Asset written off	-	-	-	-	-	-	-	-	-	-	-	-
Loan Repaid	-	-	-	-	-	-	-	-	-	-	-	-
New assets originated or purchased	5,913.97	20.67	1.93	5,936.57	-	-	-	-	-	-	-	-
Closing balance	**5,913.97**	**20.67**	**1.93**	**5,936.57**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(f)

ECL attributable to loan assets measured at fair value through OCI :

	Year Ended 31 March 2023				Year Ended 31 March 2022				Year Ended 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Transfers to Stage 1	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Assets derecognised (excluding write offs)	-	-	-	-	-	-	-	-	-	-	-	-
Asset written off	-	-	-	-	-	-	-	-	-	-	-	-
Loan Repaid*	-	-	-	-	-	-	-	-	-	-	-	-
New assets originated or purchased	70.48	3.32	0.31	74.11	-	-	-	-	-	-	-	-
ECL allowance - closing balance	**70.48**	**3.32**	**0.31**	**74.11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

*Movement covers release of provision on account of repayment, increase in provision on account of restructuring, increase in provision on account of disbursement of partly disbursed loans and change in staging.

(INR in Millions)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
9	**Investments**			
9.1	**At Amortised Cost**			
	Investment in Non Convertible Debentures (NCD)	83.28	83.28	83.28
	Less: Allowance for impairment loss	(16.66)	(8.33)	(8.48)
		66.62	**74.95**	**74.80**
9.2	**At Fair value through OCI**			
	Investments in Government Securities	6,539.62	-	-
		6,539.62	**-**	**-**
9.3	**At Fair Value Through Profit & Loss**			
	Mutual Funds	200.03	1,030.88	250.13
	As on March 31, 2023 (Units : No. 1,67,907 and Cost INR 200 Million)			
	As on March 31, 2022 (Units : No. 19,21,595 and Cost INR 1,029.90 Million)			
	As on March 31, 2021 (Units : No. 2,27,739 and Cost: INR 250.0 Million)			
	Investments in Government Securities	-	4,037.42	-
		200.03	**5,068.30**	**250.13**
	Total Investment	**6,806.27**	**5,143.25**	**324.93**

Note: All the investment are held in India.

(INR in Millions)

10	**Other financial assets**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
	Security Deposits	133.38	117.17	95.08
	Ex-Gratia Receivable *	-	-	40.19
	Full and final recovery from employees	10.38	10.04	0.82
	Less: Impairment Loss Allowance	-	(9.50)	(0.80)
	Full and final recovery from employees (net of impairment allowance)	10.38	0.53	0.02
	Bank deposits with more than 12 months maturity	500.75	-	-
		644.51	**117.70**	**135.29**

*Claim recoverable on account of Moratorium (Covid 19 relief) under Government of India Ex-Gratia scheme.

Notes to restated financial information *(Continued)*

(INR in Millions)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
11	**Current tax assets (net)**			
	Advance income taxes (net of provision for taxes)	119.72	119.22	98.59
		119.72	**119.22**	**98.59**
12	**Deferred tax assets (net)**			
	Deferred tax assets (net)	218.36	314.98	203.79
		218.36	**314.98**	**203.79**

Note: For disclosure relating to movement in deferred tax assets / liabilities, refer note **34.3**

Notes to restated financial information *(Continued)*

(INR in Millions)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
13	**Other non-financial assets**			
	Input tax credit (Net)	85.40	47.73	70.14
	Prepaid expenses	144.75	218.64	68.88
	Advance to Suppliers	78.00	11.66	38.64
	Advances to employees (other than loans)	10.20	10.00	5.78
	Others	0.10	-	4.23
		318.45	**288.03**	**187.67**

FEDBANK FINANCIAL SERVICES LIMITED

Notes to the financial statements *(Continued)*

14 Property, Plant & Equipment **March 31,2023**

14.1 Property, Plant and Equipment ***(INR in Millions)***

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Property, Plant and Equipment
Gross Block as at April 1, 2022	91.45	134.40	199.97	89.70	1.59	11.34	528.45
Gross Block as at April 1, 2021	(53.86)	(50.51)	(122.02)	(52.63)	(1.59)	(11.34)	(291.95)
Additions during year ended Mar 31, 2023	43.38	32.66	37.20	22.13	-	-	135.37
Additions during year ended Mar 31, 2022	(37.59)	(86.84)	(79.45)	(37.88)	-	-	(241.76)
Deductions during year ended Mar 31, 2023	1.76	0.73	3.72	0.31	-	-	6.52
Deductions during year ended Mar 31, 2022	-	(2.95)	(1.50)	(0.81)	-	-	(5.26)
Gross Block as at Mar 31, 2023	133.07	166.33	233.45	111.52	1.59	11.34	657.30
'Gross Block as at Mar 31, 2022	(91.45)	(134.40)	(199.97)	(89.70)	(1.59)	(11.34)	(528.45)
Accumulated depreciation as at April 1, 2022	45.11	57.34	75.16	34.92	1.24	5.98	219.75
Accumulated depreciation as at April 1, 2021	(22.13)	(21.45)	(38.97)	(15.62)	(0.96)	(4.26)	(103.39)
Additions during year ended Mar 31, 2023	29.14	45.39	40.65	19.77	0.14	1.72	136.81
Additions during year ended Mar 31, 2022	(22.98)	(38.55)	(37.89)	(19.71)	(0.28)	(1.72)	(121.13)
Deductions during year ended Mar 31, 2023	1.61	0.58	3.56	0.20	-	-	5.95
Deductions during year ended Mar 31, 2022	-	(2.66)	(1.70)	(0.41)	-	-	(4.77)
Accumulated depreciation at Mar 31, 2023	72.64	102.15	112.25	54.49	1.38	7.70	350.61
Accumulated depreciation at Mar 31, 2022	(45.11)	(57.34)	(75.16)	(34.92)	(1.24)	(5.98)	(219.75)
Net block as at Mar 31, 2023	60.43	64.18	121.20	57.03	0.21	3.64	306.69
Net block as at Mar 31, 2022	(46.34)	(77.06)	(124.78)	(54.74)	(0.35)	(5.36)	308.63

14.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2022	60.22
Gross Block as at April 1, 2021	(37.47)
Additions during year ended Mar 31, 2023	17.13
Additions during year ended Mar 31, 2022	(22.75)
Deductions during year ended Mar 31, 2023	-
Deductions during year ended Mar 31, 2022	-
Gross Block as at Mar 31, 2023	**77.35**
Gross Block as at Mar 31, 2022	**(60.22)**
Accumulated depreciation as at April 1, 2022	29.58
Accumulated depreciation as at April 1, 2021	(14.33)
	-
Additions during year ended Mar 31, 2023	15.76
Additions during year ended Mar 31, 2022	(15.25)
	-
Deductions during year ended Mar 31, 2023	-
Deductions during year ended Mar 31, 2022	-
Accumulated depreciation at Mar 31, 2023	**45.34**
Accumulated depreciation at Mar 31, 2022	**(29.58)**
Net block as at Mar 31, 2023	**32.01**
Net block as at Mar 31, 2022	**(30.64)**

14.3 Capital Work in progress

Particulars	CWIP
Gross Block as at April 1, 2022	6.56
Gross Block as at April 1, 2021	(9.63)
Additions during year ended Mar 31, 2023	29.25
Additions during year ended Mar 31, 2022	(127.30)
Deductions during year ended Mar 31, 2023	30.59
Deductions during year ended Mar 31, 2022	(130.37)
Gross Block as at Mar 31, 2023	**5.22**
Gross Block as at Mar 31, 2022	**(6.56)**

14.4 Right-Of-Use (ROU) Asset

Particulars	ROU
ROU as at Apr 01, 2022	**1,196.97**
ROU as at Apr 01, 2021	(1,118.48)
Additions during year ended Mar 31, 2023	188.62
Additions during year ended Mar 31, 2022	(309.15)
	-
Deductions during year ended Mar 31, 2023	-
Deductions during year ended Mar 31, 2022	-
	-
Amortisation during year ended Mar 31, 2023	266.19
Amortisation during year ended Mar 31, 2022	(230.66)
ROU as at Mar 31, 2023	**1,119.40**
ROU as at Mar 31, 2022	**(1,196.97)**

14.3.1 Ageing of Capital Work in progress (CWIP)

CWIP	Amount in CWIP - March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3.48	1.23	0.51	-	**5.22**

CWIP	Amount in CWIP - March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.45	2.11	-	-	**6.56**

FEDBANK FINANCIAL SERVICES LIMITED

Notes to the financial statements (Continued)

14 Property, Plant & Equipment — **March 31,2022**

14.1 Tangible Assets — ***(INR in Millions)***

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets
Gross Block as at April 1, 2021	53.86	50.51	122.02	52.63	1.59	11.34	291.95
Gross Block as at April 1, 2020 *	(44.80)	(34.34)	(95.43)	(38.78)	(1.09)	(10.85)	(225.29)
Additions during the year ended March 31, 2022	37.59	86.84	79.45	37.88	-	-	241.76
Additions during the year ended March 31, 2021	(13.85)	(21.99)	(34.18)	(20.40)	(0.50)	(0.49)	(91.41)
Deletions during the year ended March 31, 2022	-	2.95	1.50	0.81	-	-	5.26
Deletions during the year ended March 31, 2021	(4.79)	(5.82)	(7.59)	(6.55)	-	-	(24.75)
Gross Block as at March 31, 2022	**91.45**	**134.40**	**199.97**	**89.70**	**1.59**	**11.34**	**528.45**
Gross Block as at March 31, 2021	**(53.86)**	**(50.51)**	**(122.02)**	**(52.63)**	**(1.59)**	**(11.34)**	**(291.96)**
Accumulated depreciation as at April 1, 2021	22.13	21.45	38.97	15.62	0.96	4.26	103.39
Accumulated depreciation as at April 1, 2020	(10.92)	(10.71)	(19.70)	(9.43)	(0.62)	(2.54)	(53.92)
Additions during the year ended March 31, 2022	22.98	38.55	37.89	19.71	0.28	1.72	121.13
Additions during the year ended March 31, 2021	(15.84)	(16.14)	(26.50)	(12.15)	(0.34)	(1.72)	(72.69)
Deletions during the year ended March 31, 2022	-	2.66	1.70	0.41	-	-	4.77
Deletions during the year ended March 31, 2021	(4.63)	(5.40)	(7.23)	(5.96)	-	-	(23.22)
Accumulated depreciation as at March 31, 2022	**45.11**	**57.34**	**75.16**	**34.92**	**1.24**	**5.98**	**219.75**
Accumulated depreciation as at March 31, 2021	**(22.13)**	**(21.45)**	**(38.97)**	**(15.62)**	**(0.96)**	**(4.26)**	**(103.39)**
Net block as at March 31, 2022	**46.34**	**77.06**	**124.78**	**54.74**	**0.35**	**5.36**	**308.63**
Net block as at March 31, 2021	**(31.73)**	**(29.06)**	**(83.05)**	**(37.01)**	**(0.63)**	**(7.08)**	**(188.56)**

14.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2021	37.47
Gross Block as at April 1, 2020 *	(28.52)
Additions during the year ended March 31, 2022	22.75
Additions during the year ended March 31, 2021	(13.84)
Deletions during the year ended March 31, 2022	-
Deletions during the year ended March 31, 2021	(4.89)
Gross Block as at March 31, 2022	**60.22**
Gross Block as at March 31, 2021	(37.47)
Accumulated depreciation as at April 1, 2021	14.33
Accumulated depreciation as at April 1, 2020	(8.71)
Additions during FY 2021-22	15.25
Additions during FY 2020-21	(10.28)
Deletions during the year ended March 31, 2022	-
Deletions during the year ended March 31, 2021	(4.66)
Accumulated depreciation as at March 31, 2022	**29.58**
Accumulated depreciation as at March 31, 2021	**(14.33)**
Net block as at March 31, 2022	**30.64**
Net block as at March 31, 2021	**(23.14)**

14.3 Capital work in progress

Particulars	CWIP
Gross Block as at April 1, 2021	9.63
Gross Block as at April 1, 2020 *	(4.23)
Additions during the year ended March 31, 2022	127.30
Additions during the year ended March 31, 2021	(35.94)
Deletions during the year ended March 31, 2022	130.37
Deletions during the year ended March 31, 2021	(30.54)
Gross Block as at March 31, 2022	**6.56**
Gross Block as at March 31, 2021	**(9.63)**

14.4 Right Of Use Assets

Particulars	ROU
ROU as at Apr 01, 2021	1,118.48
ROU as at Apr 01, 2020	(875.26)
Additions during the year ended March 31, 2022	309.15
Additions during the year ended March 31, 2021	(432.90)
Deletions during the year ended March 31, 2022	-
Deletions during the year ended March 31, 2021	-
Amortisation during the year ended March 31, 2022	230.66
Amortisation during the year ended March 31, 2021	(189.68)
ROU as at March 31, 2022	**1,196.97**
ROU as at March 31, 2021	**(1,118.48)**

14.3.1 Ageing of Capital Work in progress (CWIP)

CWIP	Amount in CWIP for the year ended March 31,2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	4.45	2.11	-	-	**6.56**
Projects temporarily suspended	-	-	-	-	-

* As per the options available under the transition provision to Ind AS, the Company had chosen to consider the carrying value of PPE under previous GAAP as the deemed cost of PPE for its opening balance sheet under Ind AS. Accordingly the same is reflected in previous year balances in Note 14.1 and 14.2.

FEDBANK FINANCIAL SERVICES LIMITED
CIN : U65910MH1995PLC364635
Notes to restated financial information *(Continued)*

14 Property, Plant & Equipment
14.1 Tangible Assets

March 31,2021
(INR in Millions)

Particulars	Computer Equipments	Office Equipments	Lease Hold improvements (Interior Furnishings)	Furniture & Fixtures	Vehicles - Cars	Server	Total Tangible Assets
Gross Block as at April 1, 2020	44.80	34.34	95.43	38.78	1.09	10.85	225.29
Gross Block as at April 1, 2019	(10.02)	(11.64)	(25.21)	(9.82)	(1.09)	(6.38)	(64.16)
Additions during the year ended March 31, 2021	13.85	21.99	34.18	20.40	0.50	0.49	91.41
Additions during the year ended March 31, 2020	(34.79)	(25.80)	(74.66)	(31.24)	-	(4.47)	(170.96)
Deletions during the year ended March 31, 2021	4.79	5.82	7.59	6.55	-	-	24.75
Deletions during the year ended March 31, 2020	(0.01)	(3.10)	(4.44)	(2.28)	-	-	(9.83)
Gross Block as at March 31, 2021	**53.86**	**50.51**	**122.02**	**52.63**	**1.59**	**11.34**	**291.95**
Gross Block as at March 31, 2020	**(44.80)**	**(34.34)**	**(95.43)**	**(38.78)**	**(1.09)**	**(10.85)**	**(225.29)**
Accumulated depreciation as at April 1, 2020	10.92	10.71	19.70	9.43	0.62	2.54	53.92
Accumulated depreciation as at April 1, 2019	(2.32)	(2.49)	(5.50)	(2.41)	(0.35)	(0.97)	(14.04)
Additions during the year ended March 31, 2021	15.84	16.14	26.50	12.15	0.34	1.72	72.69
Additions during the year ended March 31, 2020	(8.61)	(11.15)	(18.27)	(9.09)	(0.27)	(1.57)	(48.96)
Deletions during the year ended March 31, 2021	4.63	5.40	7.23	5.96	-	-	23.22
Deletions during the year ended March 31, 2020	(0.01)	(2.93)	(4.07)	(2.07)	-	-	(9.08)
Accumulated depreciation as at March 31, 2021	**22.13**	**21.45**	**38.97**	**15.62**	**0.96**	**4.26**	**103.39**
Accumulated depreciation as at March 31, 2020	**(10.92)**	**(10.71)**	**(19.70)**	**(9.43)**	**(0.62)**	**(2.54)**	**(53.92)**
Net block as at March 31, 2021	**31.73**	**29.06**	**83.05**	**37.01**	**0.63**	**7.08**	**188.56**
Net Block as at March 31, 2020	**(33.88)**	**(23.63)**	**(75.73)**	**(29.35)**	**(0.47)**	**(8.31)**	**(171.37)**

14.2 Intangible Assets

Particulars	Computer Software
Gross Block as at April 1, 2020	28.52
Gross Block as at April 1, 2019	(10.22)
Additions during the year ended March 31, 2021	13.84
Additions during the year ended March 31, 2020	(21.69)
Deletions during the year ended March 31, 2021	4.89
Deletions during the year ended March 31, 2020	(3.39)
Gross Block as at March 31, 2021	**37.47**
Gross Block as at March 31, 2020	**(28.52)**
Accumulated depreciation as at April 1, 2020	8.71
Accumulated depreciation as at April 1, 2019	(2.20)
Additions during the year ended March 31, 2021	10.28
Additions during the year ended March 31, 2020	(8.60)
Deletions during the year ended March 31, 2021	4.66
Deletions during the year ended March 31, 2020	(2.09)
Accumulated depreciation as at March 31, 2021	14.33
Accumulated depreciation as at March 31, 2020	(8.71)
Net block as at March 31, 2021	**23.14**
Net Block as at March 31, 2020	**(19.81)**

14.3 Capital work in progress

Particulars	CWIP
Gross Block as at April 1, 2020	4.23
Gross Block as at April 1, 2019	(3.09)
Additions during the year ended March 31, 2021	35.94
Additions during the year ended March 31, 2020	(55.05)
Deletions during the year ended March 31, 2021	30.54
Deletions during the year ended March 31, 2020	(53.91)
Gross Block as at March 31, 2021	**9.63**
Gross Block as at March 31, 2020	**(4.23)**

14.4 Right Of Use Assets

Particulars	ROU
ROU as at April 1, 2020	875.26
ROU as at April 1, 2019	(402.56)
Additions during the the year ended March 31, 2021	432.90
Additions during the the year ended March 31, 2020	(613.15)
Depreciation during the the year ended March 31, 2021	189.68
Depreciation during the the year ended March 31, 2020	(140.45)
ROU as at March 31, 2021	**1,118.48**
ROU as at March 31, 2020	**(875.26)**

14.3.1 Ageing of Capital Work in progress (CWIP)

CWIP	Amount in CWIP for the year ended March 31,2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	7.95	1.68	-	-	**9.63**
Projects temporarily suspended	-	-	-	-	-

(INR in Millions)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
15	**Trade Payables**			
	(i) Total outstanding dues of micro enterprises and small enterprises	-	-	0.01
	(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	260.92	64.30	43.24
		260.92	**64.30**	**43.25**
15.1	**Other payables**			
	(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	-	-	-
		-	-	-

Outstanding as on 31 March 2023 from due date of payment					
Particulars	**Total**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 year**
MSME	-	-	-	-	-
Others	260.92	240.53	5.96	7.37	7.06
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Outstanding as on 31 March 2022 from due date of payment					
Particulars	**Total**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 year**
MSME	-	-	-	-	-
Others	64.30	54.07	8.25	1.98	-
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Outstanding as on 31 March 2021 from due date of payment					
Particulars	**Total**	**Less than 1 year**	**1 -2 years**	**2 -3 years**	**More than 3 years**
MSME	0.01	0.01	-	-	-
Others	43.24	36.00	4.52	2.72	-
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

15.2 The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforementioned is based on responses received by the Company to its enquiries with the suppliers with regard to applicability under the said Act. The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Principal amount remaining unpaid as at the end of the accounting period	-	-	0.01
Interest due on above and remaining unpaid as at the end of the period			
Amount of interest paid along terms of section 16 of the Micro, Small and MediumEnterprises Development Act, 2006, with amount of payment made to supplier beyond the appointed day.	-	-	0.00
Interest due and payable on principal amounts for the period of delay in making the payment paid beyond the due date during the year but without the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 amounts under this Act.	-	-	-
Interest accrued and remaining unpaid at the end of each period	-	-	-
The amount of further interest remaining due and payable even in the succeeding period, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

16	Debt securities	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	At amortised cost			
	Secured			
	Non-convertible redeemable debentures - Others (refer note 16.1, 16.2, 17.4 and 17.3)	4,045.90	2,006.78	3,054.48
	Non-convertible redeemable debentures - Related Party	-	-	-
	Unsecured			
	Non-convertible redeemable debentures	-	-	-
	Interest accrued on debt securities	-	-	-
	Commercial paper (refer note 16.1, 16.2, 16.3, 17.4 and 17.3)	2,100.00	3,500.00	3,000.00
	Less : Unamortised discount	(33.60)	(172.61)	(117.50)
		6,112.30	**5,334.17**	**5,936.98**
	Debt Securities in India	6,112.30	5,334.17	5,936.98
	Debt Securities outside India	-	-	-
		6,112.30	**5,334.17**	**5,936.98**

16.1 Details of security cover provided for borrowings

Security Clause	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Secured by First Pari Passu Charge by way of hypothecation of all book debt receivables, Current Assets and Investments	3,875.00	1,875.00	1,875.00
Secured by First Pari Passu Charge by way of hypothecation of all book debt receivables, Current Assets	-	-	1,000.00
Subtotal	**3,875.00**	**1,875.00**	**2,875.00**
Adjustments to carrying value	**170.90**	**131.78**	**179.48**
Total	**4,045.90**	**2,006.78**	**3,054.48**

16.2 Contractual Terms of repayment of Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Issued on Private Placement Basis			
I. Secured			
Repayable on Maturity			
Maturing within 1 year (8.10% to 9.00%)	1,875.00	-	-
Maturing Between 1 year to 3 Years (8.10% to 9.00%)	-	1,875.00	2,875.00
Maturing Between 3 year to 5 Years (8.3%)	2,000.00	-	-
Maturing more than 5 Years	-	-	-
Total Payable on Maturity	**3,875.00**	**1,875.00**	**2,875.00**
Unamortised Cost	(0.16)	(0.91)	(3.14)
Interest Accrued	171.06	132.69	182.62
Total Carrying amount	**4,045.90**	**2,006.78**	**3,054.48**
II. Unsecured			
Repayable on Maturity			
Maturing within 1 year (5.89% to 8.14%)	2,100.00	3,500.00	3,000.00
Maturing Between 1 year to 3 Years	-	-	-
Maturing Between 3 year to 5 Years	-	-	-
Maturing more than 5 Years	-	-	-
Total Payable on Maturity	**2,100.00**	**3,500.00**	**3,000.00**
Unamortised Discount	(33.60)	(172.61)	(117.50)
Interest Accrued	-	-	-
Total Carrying amount	**2,066.40**	**3,327.39**	**2,882.50**

16.3 The commercial papers issued by the Company have maturity less than a year with carrying interest rate @ 8.14% p.a (March 2022: 6.04 % to 6.25 % p.a, March 2021: 5.50 % to 6.25 % p.a) and maximum amount outstanding during the year ended March 31, 2023 was INR 2,100 Million (March 31, 2022 - INR 3,500 Million, March 2021: INR 4,850 Million).

(INR in Millions)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
17	**Borrowings (other than debt securities)**			
	Term Loan At amortised cost			
	Secured			
	Term loans from bank	54,853.23	34,925.01	23,814.19
	Term loan from Related Party	2,488.14	5,104.12	7,861.29
	Term loans from other Parties	1,962.15	312.37	499.52
		59,303.52	**40,341.50**	**32,175.00**
	Unsecured			
	Term loans from bank	-	502.77	500.02
	Term loans from other Parties	250.06	249.23	249.00
		250.06	**752.00**	**749.02**
	Loans repayable on demand			
	Secured			
	From Bank	2,253.21	550.08	963.39
	From other Parties	-	-	100.00
	From Related Party	842.47	599.88	599.98
	Other - Unsecured			
	Liability component of compound financial instrument	-	-	6.17
	Collateralized Borrowing	-	-	165.79
		62,649.26	**42,243.46**	**34,759.35**
	Borrowings in India	62,649.26	42,243.46	34,759.35
	Borrowings outside India	-	-	-
		62,649.26	**42,243.46**	**34,759.35**

			As at	As at	As at
17.1	**Contractual terms of repayment of borrowings**				
	Particulars	**Interest Rate Range**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
	I. Secured				
	1. Repayable in Installments				
	i. on Monthly basis				
	Maturing within 1 year	6.21% to 8.23%	550.00	300.00	58
	Maturing Between 1 year to 3 Years	8.10% to 8.23%	1,100.00	600.00	-
	Maturing Between 3 year to 5 Years	8.10% to 8.23%	466.67	600.00	-
	Maturing more than 5 Years			-	-
	Subtotal (A)		**2,116.67**	**1,500.00**	**58.00**
	i. on quarterly basis				
	Maturing within 1 year	6.90% to 9.60%	16,428.83	13,237.17	9,456.42
	Maturing Between 1 year to 3 Years	6.90% to 9.60%	27,356.30	19,088.27	16,365.34
	Maturing Between 3 year to 5 Years	7.65% to 9.20%	9,637.47	4,496.09	5,489.17
	Maturing more than 5 Years	8% to 8.55%	1,300.00	425.00	350.00
	Subtotal (A)		**54,722.60**	**37,246.53**	**31,660.93**
	ii. On half-yearly basis				
	Maturing within 1 year	8.30%	83.33	-	-
	Maturing Between 1 year to 3 Years	8.30%	416.67	-	-
	Subtotal (B)		**500.00**	**-**	**-**
	iii. on Yearly basis				
	Maturing within 1 year	7.82% to 9.08%	603.30	516.70	100.00
	Maturing Between 1 year to 3 Years	7.82% to 8.65%	1,039.89	883.30	200.00
	Maturing Between 3 year to 5 Years	7.82%	336.35	250.00	200.00
	Subtotal (C)		**1,979.54**	**1,650.00**	**500.00**
	2. Repayable on Maturity				
	Maturing within 1 year	6.50% to 9.65%	3,095.37	1,150.00	1,663.00
	Maturing Between 1 year to 3 Years		-	-	-
	Maturing Between 3 year to 5 Years		-	-	-
	Subtotal (D)		**3,095.37**	**1,150.00**	**1,663.00**
	Unamortised Cost		(62.35)	(65.67)	(80.76)
	Interest Accrued		47.35	10.60	37.20
	Total Secured		**62,399.17**	**41,491.46**	**33,838.37**
	II. Unsecured				
	Repayable on Maturity				
	Maturing within 1 year	6.25% to 8.25%	-	500.00	500.00
	Maturing Between 1 year to 3 Years	7.90% to 9.80%	250.00	-	-
	Maturing Between 3 year to 5 Years	7.90% to 9.80%	-	250.00	250.00
	Maturing more than 5 Years		-	-	-
	Unamortised Cost		-	(0.82)	(0.98)
	Interest Accrued		0.09	2.82	-
	Total Unsecured		**250.09**	**752.00**	**749.02**

17.2 During the year ended March 31, 2023, the Company had borrowed INR 3,348.30 Million as Foreign Currency (USD) denominated Term Loan. These borrowings are currently carried at INR 2,953.70 Million as at March 31, 2023.
The foreign currency exposure on these borrowings have been economically hedged through forward contracts. (Refer note 49.03)

17.3 There is no borrowing measured at FVTPL or designated as FVTPL.

17.4 No term loan, commercial paper or any other borrowing is guaranteed by promoter or directors of the company.

17.5 Details of security cover provided for borrowings

Security Clause	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
First Pari Passu Charge on all present and future standard business receivables (except receivables hypothecated by way of exclusive charge, if any, to any of the Identified Lenders) and current assets including investments to the extent of security cover of each lender	62,414.20	41,546.60	-
Secured by First Pari Passu charge by way of hypothecation of book debt receivables (Except Gold Loan receivable)	-	-	9,537.07
Secured by First Pari Passu charge by way of hypothecation of book debt receivables of Loan Against Property and Construction Finance products	-	-	233.82
Secured by First Pari Passu charge by way of hypothecation of book debt receivables of Loan Against Property	-	-	-
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables	-	-	18,326.98
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables, Current Assets & Investments	-	-	1,000.00
Secured by First Pari Passu charge by way of hypothecation of all book debt receivables, Current Assets	-	-	3,650.00
Secured by First Pari Passu charge by way of hypothecation of book debt receivables of Secured Loans to MSME borrowers	-	-	1,134.00
Overdraft Against Fixed Deposit	-	-	-
Subtotal	**62,414.20**	**41,546.60**	**33,881.87**
Adjustments to carrying value	**(15.03)**	**(55.14)**	**(43.50)**
Total	**62,399.17**	**41,491.46**	**33,838.37**

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
18	**Subordinated Liabilities**			
	At amortised cost			
	Unsecured			
	Non-convertible redeemable debentures - Related Party	2,443.67	2,430.03	2,476.36
	Non-convertible redeemable debentures - Others	153.00	160.69	108.23
		2,596.67	**2,590.72**	**2,584.59**

18.1 There is no subordinated liability measured at FVTPL or designated at FVTPL.

		Interest Rate Range			
18.2	**Contractual terms of repayment of subordinated liabilities**	**Interest Rate Range**			
	Particulars				
	Issued on Private Placement Basis				
	Repayable on Maturity				
	Maturing within 1 year		-	-	-
	Maturing Between 1 year to 3 Years		-	-	-
	Maturing Between 3 year to 5 Years	9.90%	2,500.00	-	-
	Maturing more than 5 Years	9.90%	-	2,500.00	2,500.00
	Total Payable on Maturity		**2,500.00**	**2,500.00**	**2,500.00**
	Unamortised Cost		(27.42)	(33.47)	(39.50)
	Interest Accrued		124.09	124.19	124.09
	Total Carrying amount		**2,596.67**	**2,590.72**	**2,584.59**

19	**Lease Liability**			
	Lease Liability*	1,340.40	1,370.43	1,246.26
		1,340.40	**1,370.43**	**1,246.26**

*Refer note 47 for the contractual maturities of lease liabilities

20	**Other financial liabilities**			
	Book overdraft	2,739.76	1,462.10	1,113.13
	Assignee related payable	55.18	104.55	56.36
	Employee related payable	278.42	167.46	136.33
	Auction Related Payables	0.19	6.95	11.90
	Commission Payable	198.13	151.24	100.93
	Account Payable - Stale Cheque	31.17	19.08	9.15
	Provision for expense	197.20	185.29	143.57
	Other payables*	7.84	13.00	9.74
		3,507.89	**2,109.67**	**1,581.11**

* Includes auction deposit

(INR in Millions)

		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
21	**Provisions**			
	Provision for Gratuity	17.50	0.39	1.58
	Provision for Compensated leave absences	33.60	30.72	28.53
	Provision for others	10.89	0.23	0.16
		61.99	**31.34**	**30.27**
22	**Other non-financial liabilities**			
	Advances from customers	531.23	251.00	115.10
	Others	-	-	0.14
	Statutory Dues Payable	44.20	26.80	17.41
	Others Payable	-	-	1.39
		575.43	**277.80**	**133.90**

(INR in Millions)

	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
23 Equity share capital			
Authorised :			
As on March 31,2023 - 99,00,00,000 Equity Shares of INR. 10 each As on March 31, 2022 - 99,00,00,000 Equity Shares of INR. 10 each As on March 31, 2021 - 99,00,00,000 Equity Shares of INR. 10 each	9,900.00	9,900.00	9,900.00
As on March 31 , 2023 - 1,00,00,000 Optionally Cummulative Redeemable Preference Shares of INR.10 each As on March 31, 2022 - 1,00,00,000 Optionally Cummulative Redeemable Preference Shares of INR.10 each As on March 31, 2021 - 1,00,00,000 Optionally Cummulative Redeemable Preference Shares of INR.10 each	100.00	100.00	100.00
	10,000.00	**10,000.00**	**10,000.00**
Issued, Subscribed and Paid up:			
As on March 31, 2023 - 32,19,11,605 Equity Shares of INR. 10 each fully paid up As on March 31, 2022 - 32,15,17,605 Equity Shares of INR. 10 each fully paid up As on March 31, 2021 - 28,99,23,425 Equity Shares of INR. 10 each fully paid up	3,219.12	3,215.18	2,899.23
	3,219.12	**3,215.18**	**2,899.23**
Equity component of compound financial instruments **Issued, subscribed and partly paid up**			
As on March 31 , 2023 - NIL As on March 31, 2022 - Nil As on March 31, 2021 - 47,29,730 0.01% Non Cumulative Optionally Convertible Redeemable Preference Shares of INR. 10 each partly paid paid up Rs 2 each	-	-	3.29
	-	**-**	**3.29**

(a) Reconciliation of the number of shares outstanding and amount of share capital at the beginning and at the end of the reporting year

(i) Reconciliation of the number of equity shares outstanding and amount of share capital at the beginning and at the end of the reporting year

Particulars	**As at March 31, 2023**		**As at March 31, 2022**		**As at March 31, 2021**	
	Number of Shares	**Rupees in Millions**	**Number of Shares**	**Rupees in Millions**	**Number of Shares**	**Rupees in Millions**
Balance at the beginning of the year	32,15,17,605	3,215.18	28,99,23,425	2,899.23	27,34,23,425	2,734.23
Add: Issued during the year	-		2,85,71,450	285.71	1,65,00,000	165.00
Add: ESOP exercised	3,94,000	3.94	2,93,000	2.93	-	-
Add: Conversion of OCPRS to equity shares	-		27,29,730	27.30	-	-
Balance at the end of the year	**32,19,11,605**	**3,219.12**	**32,15,17,605**	**3,215.18**	**28,99,23,425**	**2,899.23**

Reconciliation of equity component of compound financial instrument outstanding at the beginning and at the end of the reporting year

Particulars	**As at March 31, 2023**		**As at March 31, 2022**		**As at March 31, 2021**	
	Number of Shares	**Rupees in Millions**	**Number of Shares**	**Rupees in Millions**	**Number of Shares**	**Rupees in Millions**
Balance at the beginning of the year	-	-	47,29,730	3.29	47,29,730	3.96
Add: Issued during the year	-	-	-	-	-	-
Less: Transferred to Financial Liability	-	-	-	-	-	(0.67)
Less: Shares converted during the year	-	-	27,29,730	1.90	-	-
Less: Shares redeemed during the year	-	-	20,00,000	1.39	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**	**47,29,730**	**3.29**

(ii) During the year ended March 31, 2023 company issued NIL shares.
During the year ended March 31, 2022 company issued 2,85,71,450 number of equity share of face value of Rs 10/- each vide right issue to existing shareholders in their holding proportion for a consideration of INR 2,000 Million.
During the year ended March 31, 2021 company issued 1,65,00,000 number of equity share of face value of Rs 10/- each vide right issue to existing shareholders in their holding proportion for a consideration of INR 792 Million.

(b) Rights, preferences and restrictions attached to equity shares

(i) For Equity shares :The Company has only one class of Equity shares having face value of INR 10/- each per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of Equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts if any. The distribution will be in proportion to the number of shares held.

(ii) For Preference Shares : The preference shares shall carry the voting rights which are provided in the Companies Act and shall not have any other voting rights. However, preference shareholders shall have voting rights on any matter affecting the preference shares holder directly or indirectly. Preference shares shall be non-participating and the no participation in surplus fund shall be given to preference shares .No participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid shall be given to preference shares .The payment of dividend on preference shares shall be on non-cumulative basis

(c) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Particulars	As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	Percentage Of Holding	Rupees in Millions	Percentage Of Holding	Rupees in Millions	Percentage Of Holding	Rupees in Millions
Equity Shares						
Equity Shares Held by holding company - Federal Bank Limited (Including 405 shares held by nominees)	73.22%	2,356.85	73.30%	2,356.85	74.00%	2,145.43
- True North Fund VI LLP	25.72%	828.08	25.76%	828.08	26.00%	753.80
Total	**98.94%**	**3,184.93**	**99.06%**	**3,184.94**	**100.00%**	**2,899.23**

(d) Details of equity shares held by Promoters in the Company

As at March 31, 2023

Promoters Name	No. of Shares	% of Total Shares	% Changes during year ended 31 March 2023
Federal Bank Limited	**23,56,85,332**	**73.22%**	**0.00%**

As at March 31, 2022

Promoters Name	No. of Shares	% of Total Shares	% Changes during year ended 31 March 2022
Federal Bank Limited	**23,56,85,332**	**73.30%**	**(0.70%)**

As at March 31, 2021

Promoters Name	No. of Shares	% of Total Shares	% Changes during year ended 31 March 2021
Federal Bank Limited	**21,45,43,334**	**74.00%**	**0.00%**

(e) Number of shares reserved for ESOPs

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Equity Shares of Rs. 10 fully paid up			
Number of shares reserved for ESOPs **(Refer note 46)**	1,34,76,351	78,70,351	81,51,351

(f) Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date

• March 31, 2023- Nil
• March 31, 2022- During the year 47,29,730 OCRPS held by the Managing Director of the Company were converted into 27,29,730 Equity Shares vide Board Approval dated February 14, 2022.
Further 20,00,000 OCRPS were redeemed vide Board Approval dated February 14, 2022.
• March 31, 2021 - Out of the total OCRPS of 47,29,730 shares, certain OCRPS will be eligible for conversion into equity shares on the lapsation of time (40,20,270 OCRPS) and certain OCRPS will be eligible to convert into equity shares on the occurrence of an Exit Linked Event of the Investor (7,09,460 OCRPS).
• Each time based OCRPS shall be convertible into 1(one) Equity Share at the option of the Subscriber

24 Other components of Equity

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Securities Premium	5,249.78	5,232.66	3,355.45
Share Application Money Pending Allotment	-	-	0.36
Employee stock option outstanding	148.02	72.70	51.61
Debt instruments through OCI	133.27	-	-
Statutory Reserve	1,019.59	659.32	452.40
Equity component of Compound Financial Instrument	-	-	3.29
General Reserve	1.03	1.03	1.03
Capital Redemption Reserve	20.00	20.00	-
Surplus in the statement of profit and loss	3,766.01	2,334.29	1,583.97
Total	**10,337.70**	**8,320.00**	**5,448.11**

24.1 Nature and purpose of reserves

a) General Reserve
The reserve is a distributable reserve maintained by the company out of transfers made from annual profits.

b) Statutory Reserve
Statutory Reserve represents the Reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934. During the year ended March 31, 2023 - 360.27 Million, March 31, 2022 -INR 206.92 Million, March 31, 2021- INR 123.40 Million has been transferred to the said reserve.

c) Securities Premium
Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

d) Surplus in the statement of profit and loss
Surplus in the statement of profit and loss pertain to the Company's undistributed earnings after taxes.

e) Impairment Reserve
Impairment Reserve is appropriated from net profit after tax when charge of impairment allowance is lower than the provisioning required under Income Recognition, Assset Classification and Provisioning ('IRACP') norms prescribed by Reserve Bank of India ('RBI')

f) Equity component of Compound Financial Instrument
This is equity component of compound financial instruments as per Ind AS 32 Financial Instruments: Presentation (refer to note 23(a) for details)

g) Other Comprehensive Income
It represents the fair value gains/(losses) on loans and investments.

h) Employee Stock Option outstanding
The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of share options granted to the eligible employees of the Company in pursuance of the Employee Stock Option Plan.

i) Capital Redemption Reserve
Capital Redemption Reserve represents the reserve created for a sum equal to nominal value of the preference share redeemed.

24.2 Details of movement in other equity

	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Securities Premium Account	5,232.66	3,355.45	2,730.73
Add : Additions during on issue of Equity Shares	17.12	1,877.21	627.02
Less : Share issue expenses	-	-	(2.30)
	5,249.78	**5,232.66**	**3,355.45**
Share Application Money Pending Allotment	-	0.36	-
Add : Additions during year	-	(0.36)	0.36
	-	**-**	**0.36**
Employee Stock Option Outstanding	72.70	51.61	25.44
Add : Additions during the year	75.32	21.10	26.17
	148.02	**72.70**	**51.61**
Other Comprehensive Income	9.52	2.68	(0.62)
Add : Additions during the year	123.75	6.84	3.30
	133.27	**9.52**	**2.68**
Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	659.32	452.40	329.00
Add : Additions during the year	360.27	206.92	123.40
	1,019.59	**659.32**	**452.40**
Compound Financial Instrument	-	3.29	3.96
Less : Transferred (to)/from Financial Liability	-	(3.29)	(0.67)
	-	**-**	**3.29**
General Reserve	1.03	1.03	1.03
Add : Additions during the year	-	-	-
	1.03	**1.03**	**1.03**
Capital Redemption Reserve	20.00	-	-
Add : Additions during the year	-	20.00	-
	20.00	**20.00**	**-**
Retained Earning - Opening Balance	2,324.95	1,583.97	1,087.23
Add: Profit for the year	1,801.33	1,041.43	620.14
Less : Redemption of OCRPS	-	(64.19)	-
Less : Transfer to CRR on redemption of OCRPS	-	(20.00)	-
Less: Transferred to Statutory Reserve	(360.27)	(206.92)	(123.40)
	3,766.01	**2,334.29**	**1,583.97**
Other Equity	**10,337.70**	**8,320.00**	**5,448.11**

		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
25	**Interest Income**			
	Interest on loans	10,346.30	7,949.70	6,371.94
	Interest on fixed deposits	45.73	81.85	87.93
	Income on direct assignment	605.88	160.79	98.23
	Interest income from investments	95.43	17.25	15.80
	Interest income on Security Deposit	8.34	9.34	7.18
		11,101.68	**8,218.93**	**6,581.08**
	Note: No loans have been measured at FVTPL			
26	**Fee income and Commission Income**			
	Income From Distribution service	340.75	260.27	237.65
	Loan Servicing Fee	5.78	2.60	1.63
	Other fee and charges	213.57	165.98	78.08
		560.10	**428.85**	**317.36**
27	**Net gain on fair value changes**			
	Net gain on financial instrument at fair value through profit or loss	126.22	45.37	19.81
		126.22	**45.37**	**19.81**
	Fair value changes:			
	- Realised	127.16	44.43	19.79
	- Unrealised	(0.94)	0.94	0.02
	Total Net gain/loss on fair value changes	**126.22**	**45.37**	**19.81**
28	**Other income**			
	Fees for Provision of Facilities/ Services	331.50	137.52	44.42
	Liability no longer required, written back	-	0.32	1.15
	Interest On Income Tax Refunds	11.96	-	-
	Sublease Income	-	-	10.85
	Profit from sale of G-sec	0.20	-	-
	Miscellaneous Income *	15.34	5.38	0.99
		358.80	**143.22**	**57.41**

* Includes notice pay recoveries from employees

		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
29	**Finance costs**			
	Interest on borrowings (other than debt securities)	3,774.40	2,709.77	2,564.88
	Interest on debt securities	630.23	533.32	328.81
	Foreign currency translation loss *	71.50	-	-
	Interest on subordinated liabilities	124.15	124.09	124.09
	Interest on Lease Liability	94.26	90.05	100.30
	Other interest expense	26.96	19.29	13.83
		4,721.50	**3,476.52**	**3,131.91**

* It represents net fair value changes on foreign currency borrowings INR 23.30 Million and derivative instruments INR 48.20 Million.

30	**Fees and commission expenses**			
	Commission and brokerage	232.82	147.02	120.37
		232.82	**147.02**	**120.37**
31	**Impairment on financial instruments and other receivables**			
	Bad debts and write off			
	Bad debts - Loan written off	532.40	394.99	290.41
	Others written off	-	-	4.30
	Settlement write off	-	25.40	2.19
	On Loans	(56.88)	412.38	411.58
	On Investment	8.33	(0.16)	7.47
	On Trade receivable and others	5.19	6.17	(3.73)
		489.04	**838.78**	**712.22**

Note: Other than financial instuments measured at amortized cost and FVOCI, there are no other financial instrument measured at FVTPL.

32	**Employee benefit expenses**			
	Salaries and wages			
	Salaries and wages	2,210.81	1,588.52	1,190.84
	Contribution to provident and other funds	109.70	85.04	63.00
	Share Based Payments to employees (Refer note 46)	79.58	24.86	26.17
	Staff welfare expenses	75.95	55.69	35.89
		2,476.04	**1,754.11**	**1,315.90**

		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
33	**Other expenses**			
	Advertisement and business promotion	17.51	8.03	8.80
	Auditors' remuneration (refer note 33.1)	10.08	7.39	2.93
	Directors' sitting fees	3.11	2.79	1.57
	Insurance	21.88	12.49	14.14
	Legal and professional fees	332.41	192.70	77.51
	Printing and stationery	26.14	18.88	15.75
	Rates and taxes	7.60	11.11	6.46
	Rent	27.88	14.97	1.63
	Repairs and maintenance - Machinery	0.39	0.30	0.05
	Technology Cost	234.84	109.68	36.19
	Electricity charges	29.55	20.19	11.31
	Corporate social responsibility (refer note 33.2)	13.63	6.80	10.56
	Sourcing Expenses	27.48	15.45	9.33
	Office expenses	35.96	26.54	19.14
	Postage and courier	48.69	41.14	25.33
	Goods and Service tax expenses	170.46	127.59	95.40
	CWIP written off	-	-	0.64
	Travelling and conveyance	128.27	65.80	22.81
	Recruitment Charges	18.58	6.96	7.17
	Servicing Fees - MFI	(73.07)	36.07	151.01
	Valuation Charges	18.87	16.05	4.43
	Housekeeping and security charges	82.18	89.87	100.61
	Loss On Sale Of Assets	0.18	7.45	1.28
	Miscellaneous Expenses	8.24	11.83	10.89
	Securitisation Expenses	12.08	10.80	8.29
	Provision for Doubtful Interest	-	-	8.56
	Penalty and Fines	-	-	1.50
	Provision for Operational Loss	21.86	-	-
		1,224.80	**860.88**	**653.29**

33.1	**Auditors' remuneration:**			
	As Statutory Audit	5.00	4.19	2.00
	For Limited Review	3.88	2.60	0.60
	For Other Matters*	10.00	11.10	0.20
	For Out of pocket expenses*	0.90	1.10	0.13
		19.78	**18.99**	**2.93**
	Less: Amount expensed and disclosed as exceptional item in Statement of Profit and Loss for the year ended 31 March, 2023 (cummulative for the year ended 31 March 2022 and 31 March 2023-refer note 59)	**(9.70)**	**(11.60)**	**-**
		10.08	**7.39**	**2.93**

* Includes amount of INR 9.7 Million as on March 31, 2023 (March 31, 2022 - INR 11.6 Million) pertaining to Initial Public Offer (IPO) related work relating to public issuance , both of which has been expensed in current year as Exceptional Item in the Statement of Profit and Loss (refer note 59). During the previous year, the Company had filed the Draft Red Herring Prospectus dated 18 February 2022, with SEBI, for the purpose of raising equity capital. However, due to various internal and external considerations, the IPO plan to issue equity shares to public has been currently put on hold.

33.2	**Corporate Social Responsibility Expenditure**			
	Particulars			
	Amount required to be spent	13.63	11.40	10.30
	Amount spent during the period		-	-
	(a) Construction / acquisition of asset	-	-	-
	(b) On purpose other than (a) above	13.63	6.80	10.56
	Excess / (shortfall)	**-**	**(4.60)**	**0.26**
	Amount required to be contributed to specified fund u/s 135(6)			
	Amount required to be contributed to specified fund u/s 135(6)	-	(4.60)	-

Note: CSR projects undertaken by the Company falls under definition of 'Ongoing-Project'.

		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
34	**Income Taxes**			
34.1	**Tax Expense**			
	Current Tax Expense			
	Current Tax for the period	584.62	471.02	292.36
	Adjustment of tax relating to earlier periods	(10.80)		-
		573.82	**471.02**	**292.36**
	Deferred Taxes			
	Change in deferred tax assets	55.05	(113.52)	(139.92)
	Change in deferred tax liabilities	-	-	-
	Net deferred tax expense	**55.05**	**(113.52)**	**(139.92)**
	Total Income Tax Expense	**628.87**	**357.50**	**152.44**
34.2	**Reconciliation of tax charge**			
	Profit/(loss) before income tax expense	2,430.20	1,392.09	769.28
	Enacted Tax Rate	25.17%	25.17%	25.17%
	Income tax expense calculated based on this rate	611.66	350.36	193.63
	Adjustment in respect of current income tax of previous years			-
	Tax effect of amounts not deductible/not taxable in calculating taxable income			
	Impact due to change in tax rate	-	-	-
	Deferred tax relating to previously unrecognised item	-	-	(50.00)
	Tax on expense not tax deductible	(10.80)	7.14	11.41
	Tax on income not subject to tax	28.01	-	(2.60)
	Income tax expense	**628.87**	**357.50**	**152.44**

The effective income tax rate for the year ended March 31, 2023 is 25.88% (March 31, 2022 is 25.85%, March 31, 2021 is 19.82%)

34.3 Movement of Deferred tax assets / Liabilities

(INR in millions)

For the year ended March 31, 2023	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Total Movement	Deferred tax asset/ liability Closing
Deferred taxes in relation to :					
Deferred Tax Assets					
Depreciation and Amortisation	39.10	12.75	-	12.75	51.85
Provision for Employee benefits	6.57	5.03	(0.40)	4.63	11.20
Provision for Expected Credit Loss	273.16	(16.19)	-	(16.19)	256.97
Lease	42.73	8.72	-	8.72	51.45
Effective interest rate on Financial assets	25.96	10.99	-	10.99	36.95
Fair Valuation of financial assets measured at FVOCI	-	-	(41.24)	(41.24)	(41.24)
Effective interest rate on Financial liabilities	11.96	10.96	-	10.96	22.92
Fair valuation of security deposit	1.18	0.74	-	0.74	1.92
Foreign currency translation gain/(loss)	-	7.83	-	7.83	7.83
Other timing differences	2.26	-	-	-	2.26
Total Deferred Tax Assets	**402.92**	**40.83**	**(41.64)**	**(0.81)**	**402.17**
Deferred Tax Liabilities					
Interest income on NPA	4.66	-	-	-	4.66
Gain/(Loss) on fair valuation of mutual fund	0.30	-	-	-	0.30
Effective interest rate on Financial Liabilities	20.25	8.32	-	8.32	28.57
Interest/Other Charges on Direct Assignment Transaction	62.79	87.56	-	87.56	150.35
Total Deferred Tax Liabilities	**87.99**	**95.88**	**-**	**95.88**	**183.81**
Total	**314.98**	**(55.05)**	**(41.64)**	**(96.69)**	**218.36**

(INR in millions)

For the year ended March 31, 2022	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Total Movement	Deferred tax asset/ liability Closing
Deferred taxes in relation to :					
Deferred Tax Assets					
Depreciation and Amortisation	26.70	12.40	-	12.40	39.10
Provision for Employee benefits	6.02	2.93	(2.38)	0.55	6.57
Provision for Expected Credit Loss	192.55	80.61	-	80.61	273.16
Lease	31.43	11.30	-	11.30	42.73
Effective interest rate on Financial assets	14.01	11.95	-	11.95	25.96
Effective interest rate on Financial liabilities	-	11.96	-	11.96	11.96
Fair valuation of security deposit	0.87	0.31	-	0.31	1.18
Other timing differences	2.26	-	-	-	2.26
Total Deferred Tax Assets	**273.84**	**131.46**	**(2.38)**	**129.08**	**402.92**
Deferred Tax Liabilities					
Interest income on NPA	4.66	-	-	-	4.66
Gain/(Loss) on fair valuation of mutual fund	0.06	0.24	-	0.24	0.30
Effective interest rate on Financial Liabilities	20.25	-	-	-	20.25
Interest/Other Charges on Direct Assignment Transaction	45.08	17.71	-	17.71	62.79
Total Deferred Tax Liabilities	**70.05**	**17.94**	**-**	**17.94**	**87.99**
Total	**203.79**	**113.52**	**(2.38)**	**111.14**	**314.98**

(INR in millions)

For the year ended March 31, 2021	Deferred tax asset/ liability Opening	In Profit or Loss	In OCI	Total Movement	Deferred tax asset/ liability Closing
Deferred taxes in relation to :					
Deferred Tax Assets					
Depreciation and Amortisation	17.82	8.88	-	8.88	26.70
Provision for Employee benefits	4.26	2.85	(1.10)	1.76	6.02
Provision for Expected Credit Loss	34.52	158.03	-	158.03	192.55
Lease Equalisation Credit	15.55	15.88	-	15.88	31.43
Effective interest rate on Financial assets	21.79	(7.78)	-	(7.78)	14.01
Fair valuation of security deposit	0.45	0.42	-	0.42	0.87
Gain/(Loss) on fair valuation of mutual fund		(0.06)	-	(0.06)	(0.06)
Other timing differences	2.68	(0.42)	-	(0.42)	2.26
Total Deferred Assets	**97.07**	**177.80**	**(1.10)**	**176.71**	**273.78**
Deferred Tax Liabilities					
Interest income on NPA	4.66	-	-	-	4.66
Effective interest rate on Financial Liabilities	1.47	18.78	-	18.78	20.25
Interest/Other Charges on Direct Assignment Transaction	25.98	19.10	-	19.10	45.08
Total Deferred Liabilities	**32.11**	**37.88**	**-**	**37.88**	**69.99**
Total	**64.96**	**139.92**	**(1.10)**	**138.83**	**203.79**

35 Change in Liabilities arising from Financing activities

(INR in millions)

Particulars	As at April 01, 2022	As represented in Cash Flow Statement	Others #	As at March 31, 2023
Debt securities	5,334.17	600.00	178.13	6,112.30
Borrowings (other than debt securities)	42,243.46	20,367.76	38.04	62,649.26
Sub ordinated liabilites	2,590.72	-	5.95	2,596.67
Lease Liabilties	1,370.43	(312.90)	282.87	1,340.40
	51,538.78	**20,654.86**	**504.99**	**72,698.63**

Particulars	As at April 01, 2021	As represented in Cash Flow Statement	Others #	As at March 31, 2022
Debt securities	5,936.98	(500.00)	(102.81)	5,334.17
Borrowings (other than debt securities)	34,759.35	7,499.01	(14.89)	42,243.46
Sub ordinated liabilites	2,584.59	-	6.13	2,590.72
Lease Liabilties	1,246.26	(275.07)	399.24	1,370.43
	44,527.18	**6,723.94**	**287.67**	**51,538.78**

Particulars	As at April 01, 2020	As represented in Cash Flow Statement	Others #	As at March 31, 2021
Debt securities	1,217.80	4,539.70	179.48	5,936.98
Borrowings (other than debt securities)	30,958.13	3,674.80	126.42	34,759.35
Sub ordinated liabilites	-	2,499.90	84.69	2,584.59
Lease Liabilities	897.70	(227.95)	576.51	1,246.26
	33,073.63	**10,486.45**	**967.10**	**44,527.18**

Other includes effect of accrued interest but not paid interest on borrowing, amortisation of processing fees,fair value changes on foreign currency denominated term loan and interest on lease liabilities and other adjustments as required under Ind AS.

36 Earnings Per Share ('EPS')

Particulars	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Net Profit from operations attributable to equity holders	1,801.33	1,034.59	**616.84**
Weighted average number of equity shares outstanding	32,17,93,337	31,18,87,141	27,34,23,425
Add: Effect arising from further equity shares issued during the year	-	-	77,30,137
Weighted average number of equity shares for Basis Earnings per share	**32,17,93,337**	**31,18,87,141**	**28,11,53,562**
Basic EPS	**5.60**	**3.32**	**2.19**
Number of shares for Preference Dilution	-	-	9,45,946
Number of shares for ESOP dilution	3,03,397.00	3,82,482.00	5,06,141
Weighted average number of equity shares for Diluted Earnings per share	**32,20,96,734**	**31,22,69,623**	**28,26,05,649**
Dilution effect on EPS after ESOP and Preference Shares	**5.59**	**3.31**	**2.18**
Earnings per share			
Basic Earnings per share	5.60	3.32	2.19
Diluted Earnings per share	5.59	3.31	2.18

[Nominal value of shares Rs. 10 each for the year ended March 31, 2023, March 31, 2022 and March 31, 2021]

37 Retirement benefit plans

Defined Contribution Plan (INR in Millions)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Provident Fund	104.08	79.67	58.50
Employee State Insurance	5.55	5.37	4.50
	109.63	**85.04**	**63.00**

The Company has contributed INR NIL towards Gratuity trust during Year ended March 31, 2023 , INR 7 millions during financial year ended March 31, 2022; INR 6.90 millions during financial year ended March 31, 2021

Defined Benefit Obligation and Compensated Absences

(1) **Contribution to Gratuity fund (funded scheme)**
The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:-

(INR in Millions)

	Particulars	GRATUITY			COMPENSATED ABSENCE		
		31 March 2023	31 March 2022	31 March 2021	31 March 2023	31 March 2022	31 March 2021
(i)	**Actuarial assumptions**						
	Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.	IALM (2012-14) Ult.
	Interest/ Discount rate	7.13%	6.03%	5.60%	7.13%	6.03%	5.60%
	Rate of increase in compensation	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
	Expected average remaining service	4.24	4.27	4.33	4.25	4.27	4.33
	Employee Attrition Rate(Past Service (PS))	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%	PS: 0 to 5 : 39.11%
		PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%	PS: 5 to 40 : 0.89%
(ii)	**Changes in the present value of obligation**						
	Present value of obligation at the beginning of the year	31.87	24.88	18.08	30.72	23.64	11.97
	Interest expense	1.82	1.36	0.98	1.52	1.09	0.55
	Current service cost	21.82	16.22	9.89	8.31	7.72	15.21
	Past service cost	-	-	-	-	-	-
	Actuarial (gain) /loss	(3.32)	(9.37)	(2.98)	2.26	(1.74)	(4.10)
	Benefits paid	(2.90)	(1.22)	(1.08)	-	-	-
	Benefits paid by the company	(3.13)	-		(9.19)		
	Present Value of obligation at the end of the year	**46.16**	**31.87**	**24.89**	**33.62**	**30.72**	**23.64**
(iii)	**Changes in the Fair value of Plan Assets**						
	Fair value of plan assets at beginning of the year	30.67	23.28	14.94	-	-	-
	Adjustment to Opening Fair Value of Plan Asset	0.89	-	-	-	-	-
	Return on Plan Assets excl. interest income	(1.77)	(0.1)	1.4	-	-	-
	Interest income	1.82	1.7	1.1	-	-	-
	Contributions by Employer	-	7.03	6.93	9.19	-	-
	Contributions by Employee	-	-	-	-	-	-
	Benefits Paid	(2.90)	(1.22)	(1.08)	-	-	-
	Fair Value of Plan Assets at the end of the year	**28.71**	**30.67**	**23.29**	**9.19**	**-**	**-**
(iv)	**Assets and liabilities recognised in the balance sheet**						
	Present value of the obligation at the end of the year	46.16	31.87	24.89	33.62	30.72	23.64
	Less: Fair value of plan assets at the end of the year	28.71	30.67	23.29	-	-	-
	Net liability recognised	**(17.45)**	**(1.20)**	**(1.60)**	**(33.62)**	**(30.72)**	**(23.64)**
	Recognised under provisions						
	Current provisions	3.44	1.61	1.35	12.52	16.69	13.13
	Non-current provisions	42.78	30.26	23.53	21.10	19.82	15.39
	Short Term Compensated Absence Liability*	-	-	-	-	-	(4.88)
	(*Not included in Net Liability recognised in the Balance sheet.)						

(v) Expenses recognised in the Statement of Profit and Loss (INR in Millions)

Particulars	GRATUITY 31 March 2023	GRATUITY 31 March 2022	GRATUITY 31 March 2021	COMPENSATED ABSENCE 31 March 2023	COMPENSATED ABSENCE 31 March 2022	COMPENSATED ABSENCE 31 March 2021
Current Service Cost	21.82	16.22	9.89	8.31	7.72	15.21
Past service cost	-	-	-	-	-	-
Net interest (income)/ expense	0.06	(0.36)	(0.10)	1.52	1.09	0.55
Return on Plan Assets excluding net interest	-	-	-	-	-	-
Actuarial gain/ loss on post employment benefit obligation	-	-	-	2.26	(1.74)	(4.10)
Net cost recognised in the year	**21.88**	**15.86**	**9.79**	**12.09**	**7.07**	**11.66**
Included in note 32 'Employee benefits expense'						

(INR in Millions)

(vi) Expenses recognised in the Statement of Other comprehensive income (OCI)	GRATUITY			COMPENSATED ABSENCE		
Particulars	**31 March 2023**	**31 March 2022**	**31 March 2021**	**31 March 2023**	**31 March 2022**	**31 March 2021**
Actuarial gain/ loss on post employment benefit obligation	(3.32)	(9.37)	(2.98)	-	-	-
Return on Plan Assets excluding net interest	1.77	0.14	(1.42)	-	-	-
Total measurement cost / (credit) for the year recognised in OCI	**(1.55)**	**(9.23)**	**(4.40)**	**-**	**-**	**-**

(INR in Millions)

(vii) Reconciliation of Net asset / (liability) recognised:	GRATUITY			COMPENSATED ABSENCE		
Particulars	**31 March 2023**	**31 March 2022**	**31 March 2021**	**31 March 2023**	**31 March 2022**	**31 March 2021**
Net asset / (liability) recognised at the beginning of the year	1.20	1.60	3.14	30.72	23.64	11.97
Contributions paid	-	(7.03)	(6.93)	(9.19)	-	-
Benefits paid directly by company	(3.13)	-	-	-	-	-
Amount recognised in other comprehensive income	(1.55)	(9.23)	(4.40)	-	-	-
Expenses recognised at the end of the year	20.98	15.86	9.79	12.10	7.07	11.67
Mortality charges and taxes	-	-				
Net asset / (liability) recognised at the end of the year	**17.50**	**1.20**	**1.60**	**33.63**	**30.72**	**23.64**

(viii) **Sensitivity Analysis: (GRATUITY)**

Particulars	DR: Discount Rate		ER: Salary Escalation Rate	
	PVO DR +1%	**PVO DR -1%**	**PVO ER +1%**	**PVO ER -1%**
PVO as at 31 March 2023	41.50	51.84	51.28	41.70
PVO as at 31 March 2022	28.09	36.44	36.17	28.04
PVO as at 31 March 2021	21.70	28.76	28.51	21.84

(ix) **Category of planed assets** (INR in Millions)

Particulars	**31 March 2023**	**% Allocation**	**31 Mar 2022**	**% Allocation**	**31 March 2021**	**% Allocation**
Gratuity Fund (Subscription to HDFC Life Insurance Company Limited)	28.72	100%	30.67	100%	23	100%
Net asset / (liability) recognised at the end of the year	**28.72**	**100%**	30.67	**100%**	**23**	**100%**

(x) Weighted average duration of defined obligation plan	**31 March 2023**	**31 Mar 2022**	**31 Mar 2021**
Weighted average duration of plan (in years)	9.37	10.42	11.34

(xi) **Future commitments and pay-outs** (INR in Millions)

Year	**Pay-outs March 31, 2023**	**Pay-outs March 31, 2022**	**Pay-outs March 31, 2021**
First	3.44	1.61	1.35
Second	6.06	1.79	1.09
Third	3.45	3.01	1.26
Fourth	2.06	1.80	1.75
Fifth	2.50	1.04	1.07
Six to Ten	7.67	3.71	2.53

38 Related Party Disclosures

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below.

38.1 List of related parties

Nature of Relationship	March 31, 2023	March 31, 2022	March 31, 2021
		Name of Related Party	
Holding Company	The Federal Bank Limited	The Federal Bank Limited	The Federal Bank Limited
Enterprises having significant influence	True North Fund VI LLP	True North Fund VI LLP	True North Fund VI LLP
Enterprises over which related party has significant influence	True North Managers LLP Niva Bupa Health Insurance Company Limited (Formerly known as Max Bupa Health Insurance Company Limited)	True North Managers LLP Niva Bupa Health Insurance Company Limited (Formerly known as Max Bupa Health Insurance Company Limited)	True North Managers LLP Niva Bupa Health Insurance Company Limited (Formerly known as Max Bupa Health Insurance Company Limited)
Key Management Personnel	Anil Kothuri, Managing Director C V Ganesh, Chief Financial Officer S Rajaraman, Company Secretary	Anil Kothuri, Managing Director C V Ganesh, Chief Financial Officer (w.e.f 14th Oct, 2020) S Rajaraman, Company Secretary (w.e.f 18th May, 2020)	Anil Kothuri, Managing Director Sudeep Agrawal, Chief Financial Officer (till 13th Oct, 2020) C V Ganesh, Chief Financial Officer (w.e.f 14th Oct, 2020) Ankit Kawa, Company Secretary (till 14th April, 2020) S Rajaraman, Company Secretary (w.e.f 18th May, 2020)

38.2 Transactions during the period with related parties :

Nature of Transactions	March 31, 2023	March 31, 2022	March 31, 2021
The Federal Bank Limited			
Income from distribution business	340.72	260.27	237.65
Interest paid on PTC Transactions	-	5.46	0.83
Sale consideration received on PTC transactions	-	-	203.96
Interest paid on Cash Credit Facility & Term Loan	367.78	532.26	790.84
Issuing & Paying Agent Charges	-	-	0.07
Rent paid	-	0.00	0.10
Processing Fees	-	10.06	53.71
Interest on NCD	232.35	233.53	120.90
Rent for Sub leased premises	-	-	10.85
Servicing Fee Income on Securitisation	-	-	0.50
Interest Received on fixed deposits	-	5.90	1.29
Term Loan Availed	-	-	1,006.25
Term Loan Repaid	2,620.27	2,764.02	3,020.27
Working Capital repaid (net)	-	-	(134.50)
Cash Credit availed	242.58	-	-
Tier II Non Convertible Redeemable Debentures Issued	-	-	2,500.00
Collateralised borrowing availed	-	-	203.96
Collateralised borrowing repaid	-	189.99	20.25
Cash Credit Repaid	313.19		
Bank Charges	0.41	-	-
Enterprises controlling voting power / significant influence			
Investment in Equity Shares by True North Fund VI LLP	-	520.00	205.92
Investment in Equity Shares by The Federal Bank	-	1479.90	586.08
Investment in Preference Shares by Mr. Anil Kothuri	-	189.66	-
Transaction with Key Management Personnel			
Investment in Preference Share	-	189.66	-
Redemption of Optionally Convertible Redeemable Preference Shares "OCRPS"	-	84.20	-
Issuance of Equity shares	-	114.92	-
Enterprises over which related party has significant influence/control			
Re-imbursements of Expenses	2.97	-	-
Other Income	-	-	3.89
Employee Stock Option Scheme - Key Management Personnel			
No.of Options granted under ESOS (in numbers)	20,00,000	-	12,00,000
No.of Options outstanding under ESOS (in numbers)	43,21,351	25,51,351	25,51,351

For transactions related to KMPs refer note 38.4

38.3 Amount due (to) / from related parties:

Balance outstanding as at the year end	March 31, 2023	March 31, 2022	March 31, 2021
The Federal Bank Limited			
Current Account – Receivable/(Payable)	300.52	151.78	666.84
Borrowings			
Term Loan	2,489.15	5,109.42	7,873.44
WCDL	600.00	600.00	600.00
Account Receivable & Reimbursements	49.59	38.60	31.95
PTC (under Trust name Levine Feb 21)	-	-	183.90
Interest payable on PTC transaction	-	-	0.60
Long Term Borrowings	2,347.00	2,347.00	2,395.00
Fixed Deposit - Federal Bank	-	-	3,865.03
Payable under Securitization transaction	-	-	20.30
Advance to Suppliers	2.00	-	-
Cash Credit Facility	242.58	-	-
Max Bupa Health			
Other Income Receivable	-	-	3.89

Maximum outstanding during the year*	March 31, 2023	March 31, 2022
The Federal Bank Limited		
Current Account – Receivable/(Payable)	2,121.37	4,414.32
Borrowings		
Term Loan	5,109.40	7,873.40
WCDL	600.00	600.00
Account Receivable & Reimbursements	83.41	77.01
PTC (under Trust name Levine Feb 21)	-	-
Interest payable on PTC transaction	-	-
Long Term Borrowings	2,347.00	2,395.00
Fixed Deposit - Federal Bank	-	4,115.03
Payable under Securitization transaction	-	-
Account Payable	-	20.90
Advance to Suppliers	2.00	-
Cash Credit Facility	340.48	285.80

*As per RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19,2022 and RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22,2021, NBFCs are required to provide disclosures in accordance with Scale Based Regulation(SBR) framework in their annual financial statements, starting with financial year ended March 31, 2023. These are not applicable for financial year ended March 31, 2021 and hence not provided.

38.4 Details of salary and other emoluments to KMPs of the Company

Key Management Personnel	March 31, 2023	March 31, 2022	March 31, 2021
Salary and employee benefits (Refer note below)	79.31	50.50	57.04

Note -

1. Includes sitting fees paid to independent directors March 31, 2023- INR 3.11 million March 31,2022- INR 2.63 million, March 2021-INR 1.57 million for the year ended respectively.
2. Expenses towards provision for gratuity and leave encashment which are determined on actuarial basis at an overall Company level are not included in the above information.

39 Capital Management

The Company's objectives when managing capital are to
(1) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
(2) Maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.
The Company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by Reserve Bank of India ('RBI').

The Company has complied in full with all its externally imposed capital requirements over the reported period

The primary objectives of the Company's capital management policy are 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. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

39.1 Regulatory Capital

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
CRAR (%)	17.94	23.04	23.52
CRAR - Tier I Capital (%)	15.09	18.38	17.10
CRAR - Tier II Capital (%)	2.85	4.65	6.42
Amount of subordinated debts raised as Tier II capital (INR in millions)	2,077.36	2,590.72	2,584.59

40 Fair value measurement

40.1 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount 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.
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. An explanation of each level is given below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data

40.2 Fair value of financial assets and liabilities

(INR in Millions)

	As at March 31, 2023				
	Carrying Value	Fair Value	Fair value Level 1	Level 2	Level 3
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 40.4(i)]	939.60	939.60	-	-	-
Bank balances other than cash and cash equivalent [refer note 40.4(i)]	6.63	6.63	-	-	-
Trade Receivables [refer note 40.4(i)]	148.50	148.50	-	-	-
Other receivables [refer note 40.4(i)]	47.62	47.62	-	-	-
Loans and advances to customers	74,134.50	76,437.32	-	-	76,437.32
Financial investments	66.55	66.62	-	-	66.62
Other financial assets	644.60	644.60	-	143.85	-
Total	**75,988.00**	**78,290.89**	**-**	**143.85**	**76,503.94**
Financial assets measured at FVOCI					
Loans and advances to customers	5,862.50	5,862.50		-	5,862.50
Financial investments	6,539.62	6,539.62	6,539.62	-	-
Total	**12,402.12**	**12,402.12**	**6,539.62**	**-**	**5,862.50**
Financial assets measured at FVTPL					
Derivative financial instruments	-	-	-	-	-
Financial investments	200.03	200.03	200.03	-	-
Total	**200.03**	**200.03**	**200.03**	**-**	**-**
Financial liabilities measured at amortised cost					
Trade Payables [refer note 40.4(i)]	260.92	260.92	-	-	-
Debt Securities	6,112.30	6,049.42	-	6,049.42	-
Borrowing other than debt securities	62,649.30	60,955.18	-	-	60,955.18
Subordinated Liabilities	2,596.70	1,878.62	-	1,878.62	-
Other financial liabilities	3,507.80	3,507.80	-	3,507.80	-
Total	**75,127.02**	**72,651.94**	**-**	**11,435.84**	**60,955.18**
Financial liabilities measured at FVTPL					
Derivative financial instruments	**48.23**	**48.23**		**48.23**	
	48.23	**48.23**	**-**	**48.23**	**-**

	As at March 31, 2022				
	Carrying Value	Fair Value	Fair value Level 1	Level 2	Level 3
Financial assets measured at amortised cost					
Cash and cash equivalent [refer note 40.4(i)]	659.63	659.63	-	-	-
Bank balances other than cash and cash equivalent [refer note 40.4(i)]	766.40	766.40	-	-	-
Trade Receivables [refer note 40.4(i)]	118.37	118.37	-	-	-
Other receivables [refer note 40.4(i)]	38.60	38.60	-	-	-
Loans and advances to customers	56,448.09	58,875.82	-	-	58,875.82
Financial investments	75.00	75.00	-	-	74.96
Other financial assets	117.71	117.71	-	117.67	-
Total	**58,223.80**	**60,651.53**	**-**	**117.67**	**58,950.77**
Financial assets measured at FVTPL					
Financial investments	5,068.28	5,068.28	5,068.28	-	-
Total	**5,068.28**	**5,068.28**	**5,068.28**	**-**	**-**
Financial liabilities measured at amortised cost					
Trade Payables [refer note 40.4(i)]	64.30	64.30	-	-	-
Other Payables	5,334.17	4,979.03	-	4,979.03	-
Debt Securities	42,243.46	42,165.28	-	-	42,165.28
Borrowing other than debt securities	2,590.72	1,796.11	-	1,796.11	-
Other financial liabilities	2,109.67	2,109.67	-	2,109.70	-
Total	**52,342.33**	**51,114.39**	**-**	**8,884.84**	**42,165.28**

	As at March 31, 2021				
Financial assets measured at amortised cost	Carrying Value	Fair Value	Fair value Level 1	Level 2	Level 3
Cash and cash equivalent [refer note 40.4(i)]	5,260.32	5,260.32	-	-	-
Bank balances other than cash and cash equivalent [refer note 40.4(i)]	1,547.56	1,547.56	-	-	-
Trade Receivables [refer note 40.4(i)]	11.73	11.73	-	-	-
Other receivables [refer note 40.4(i)]	31.95	31.95	-	-	-
Loans and advances to customers	45,521.41	46,015.13	-	-	46,015.13
Financial investments	324.93	324.93	250.13	-	74.80
Other financial assets	135.29	135.29	-	135.29	
Total	**52,833.19**	**53,326.91**	**250.13**	**135.29**	**46,089.93**
Financial liabilities measured at amortised cost					
Financial liabilities measured at amortised cost	43.25	43.25	-	-	-
Trade Payables [refer note 40.4(i)]	-	-	-	-	-
Other Payables	5,936.98	5,423.11	-	5,423.11	-
Debt Securities	34,759.35	34,670.24	-	-	34,670.24
Borrowing other than debt securities	2,584.59	1,595.82	-	1,595.82	-
Other financial liabilities	1,581.11	1,581.11	-	1,581.11	-
Total	**44,905.28**	**43,313.53**	**-**	**8,600.04**	**34,670.24**

40.3 Valuation Techniques

Each class of financial assets/ liabilities	Techniques
Debt Securities	Fair value is estimated by a discounted cash flow model incorporating market interest rates and the company's own credit risk or based on market-observable data.
Security deposit	Fair values of security deposits are based on discounted cash flows using a discount rate determined considering Company's incremental borrowing rate.
Financial investments (FVOCI)	Fair value is quoted market price
Derivative financial instruments	Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date.
Loans and advances (FVOCI)	Fair values of loans are based on discounted cash flows using a discount rate determined considering Company's incremental lending rate.
Loans and advances (Amortised Cost)	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation)
Other financial assets	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation)
Borrowings	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation). Foreign currency denominated term loan borrowing is remeasured at closing exchange rate as on reporting date.
Subordinated Liabilities	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation)
Other financial liabilities	These have been valued at amortised cost (refer note 40.4 for methodologies used for valuation)

40.4 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purpose only. The below methodologies and assumptions relate only to instruments in the above tables and as such may differ from the techniques and assumptions explained in the notes.

(i) Short term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other receivables and trade payables.

(ii) Financial assets meaured at amortised cost and fair value through other comprehensive income (FVOCI)

Valuation technique: Fair values of loans are based on discounted cash flows using a discount rate determined considering the Company's incremental lending rate.
Sensitivity: There is an inverse correlation. Higher the discount rate i.e average lending rate for the disbursed loans, lower the fair value of the assets.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated by a discounted cash flow model incorporating incremental borrowing rate and the Company's own credit risk. The fair value of the long term borrowings carrying floating-rate of interest is not impacted due to interest rate changes and will not be significantly different from their carrying amounts. The significant unobservable inputs are incremental borrowing rate incorporating the counterparties' credit risk

Reconciliation of level 3 fair value measurement is as below :

(INR in Millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	-	-	-
Additions during the year	5,773.28	-	-
MTM gain recognized in OCI	89.18	-	-
MTM gain recognized in P&L	-	-	-
Realised during the year	-	-	-
Balance at the end of the year	5,862.46	-	-

41 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. With regard to loans and advances to customers, the company uses the same basis of repayment as used for contractual maturity analysis

	31 March 2023			31 March 2022			31 March 2021		
Assets	**Within 1 year**	**After 1 year**	**Total**	**Within1 year**	**After 1 year**	**Total**	**Within1 year**	**After 1 year**	**Total**
Financial Assets									
Cash and cash equivalents	939.57	-	939.57	659.63	-	659.63	5,260.32	-	5,260.32
Bank balance other than cash and cash equivalents	6.63	-	6.63	766.40	-	766.40	1,547.56	-	1,547.56
Trade receivables	148.50	-	148.50	118.37	-	118.37	11.73	-	11.73
Other receivables	47.62	-	47.62	38.60	-	38.60	31.95	-	31.95
Loans	39,706.18	40,290.78	79,996.96	29,486.20	26,961.89	56,448.09	23,748.27	21,773.14	45,521.41
Investments	6,739.73	66.54	6,806.27	5,143.25	-	5,143.25	324.93	-	324.93
Other Financial assets	545.56	98.95	644.51	4.20	113.50	117.70	57.81	77.48	135.29
(2) Non-financial Assets									
Current tax assets (net)	-	119.72	119.72	-	119.22	119.22	-	98.59	98.59
Deferred tax Asset (net)	-	218.36	218.36	-	314.98	314.98	-	203.79	203.79
Property, Plant and Equipment	-	306.68	306.68	-	308.63	308.63	-	188.56	188.56
Capital work-in-progress	-	5.22	5.22	-	6.56	6.56	-	9.63	9.63
Other Intangibles assets	-	32.01	32.01	-	30.64	30.64	-	23.14	23.14
Right of Use Assets	-	1,119.30	1,119.30	-	1,196.97	1,196.97	-	1,118.48	1,118.48
Other non-financial assets	243.46	75.10	318.56	200.11	87.92	288.03	94.00	93.67	187.67
Total Assets	**48,377.25**	**42,332.66**	**90,709.91**	**36,416.76**	**29,140.31**	**65,557.07**	**31,076.57**	**23,586.48**	**54,663.05**
Liabilities									
Financial liabilities									
Derivative financial instruments	48.23	-	48.23	-	-	-	-	-	-
Trade Payables	240.42	20.50	260.92	64.30	-	64.30	43.25	-	43.25
Other Payables	-	-	-	-	-	-	-	-	-
Debt Securities	3,941.40	2,170.90	6,112.30	3,327.39	2,006.78	5,334.17	3,882.50	2,054.48	5,936.98
Borrowings (other than Debt securities)	22,229.50	40,419.76	62,649.26	15,703.89	26,539.57	42,243.46	11,814.60	22,944.75	34,759.35
Subordinated Liabilities	-	2,596.67	2,596.67	-	2,590.72	2,590.72	-	2,584.59	2,584.59
Lease liability	252.60	1,087.80	1,340.40	215.69	1,154.74	1,370.43		1,246.26	1,246.26
Other financial liabilities	3,507.88	-	3,507.88	2,109.61	0.06	2,109.67	1,581.11	-	1,581.11
Non-Financial liabilities									
Provisions	15.96	46.03	61.99	18.30	13.04	31.34	14.88	15.39	30.27
Other non-financial liabilities	575.43	-	575.43	277.80	-	277.80	133.90	-	133.90
Total liabilities	**30,811.42**	**46,341.66**	**77,153.08**	**21,716.99**	**32,304.91**	**54,021.89**	**17,470.24**	**28,845.47**	**46,315.71**
Net	**17,565.83**	**(4,009.00)**	**13,556.83**	**14,699.77**	**(3,164.60)**	**11,535.18**	**13,606.33**	**(5,259.00)**	**8,347.34**

42 Segment Information

42.1 Business segment

In terms of the Accounting Standards specified under Section 133 of the Companies Act,2013 read with rule 7 of the Companies (Accounts) Rules, 2014, the company's operations are classified into three business segments as described in the accounting policy and the information on the same is as under:

(INR in Millions)

Business Segments	**Distribution**			**Retail Finance**			**Whole Sale Finance**			**Total**		
	Year ended March 31, 2023	**Year ended March 31, 2022**	**Year ended March 31, 2021**	**Year ended March 31, 2023**	**Year ended March 31, 2022**	**Year ended March 31, 2021**	**Year ended March 31, 2023**	**Year ended March 31, 2022**	**Year ended March 31, 2021**	**Year ended March 31, 2023**	**Year ended March 31, 2022**	**Year ended March 31, 2021**
Segment Revenue	340.70	260.27	237.60	11,147.91	8,158.16	6,361.75	31.90	130.31	396.18	11,520.51	8,548.73	6,995.53
Segment Expenditure	325.58	247.97	224.60	8,083.20	6,339.30	5,746.13	126.57	227.90	420.75	8,535.35	6,815.16	6,391.48
Allocated Expenditure (Net)	-	-	-	736.53	342.91	-	5.82	9.32	-	742.35	352.23	-
Results	**15.12**	**12.30**	**13.00**	**2,328.18**	**1,475.95**	**615.62**	**(100.49)**	**(106.92)**	**(24.57)**	**2,242.81**	**1,381.34**	**604.05**
Unallocated Expenditure (net of unallocated Income)										295.33	(87.95)	77.30
Interest Income on FD & Income Tax Refund										45.76	98.70	87.93
Profit before Tax										**2.583.90**	**1.392.09**	**769.28**
Exceptional Items										**153.70**		
Income Taxes										628.87	357.50	152.44
Profit for the year										**1,801.33**	**1,034.57**	**616.84**
Other Information												
Segment Assets	47.62	40.08	32.90	89,654.30	64,586.15	51,976.74	669.98	496.67	2,653.41	90,371.90	65,122.90	54,663.05
Unallocated Assets	-	-	-	-	-	-	-	-	-	338.01	434.17	-
Total Assets	**47.62**	**40.08**	**32.90**	**89,654.30**	**64,586.15**	**51,976.74**	**669.98**	**496.67**	**2,653.41**	**90,709.91**	**65,557.07**	**54,663.05**
Segment Liabilities	48.35	36.40	11.70	76,575.48	53,336.81	43,133.11	529.30	648.72	3,170.90	77,153.13	54,021.89	46,315.71
Equity & Reserves	-	-	-	-	-	-	-	-	-	13,556.78	11,535.18	8,347.34
Total Liabilities	**48.35**	**36.40**	**11.70**	**76,575.48**	**53,336.81**	**43,133.11**	**529.30**	**648.72**	**3,170.90**	**90,709.91**	**65,557.07**	**54,663.05**
Capital Expenditure	-	0.48	3.20	125.90	264.14	101.00	529.30	-	1.20	125.90	264.61	105.40
Unallocated Capital Expenditure	-	-	-	-	-	-	-	-	-	54.92	-	51.00
Depreciation/ Amortisation	0.68	1.09	0.35	415.81	135.22	81.22	2.35	0.01	1.41	418.84	136.31	82.98
Impairment of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-

The Company has only Domestic Geographic Segment and hence no secondary segment disclosures are made.

Segment Composition

Distribution Segment comprises of Sourcing Business of Home Loans, Auto Loans, Personal Loans & SME Loans for Holding Company.

Retail Finance Segment comprises of Gold Loans, Loan Against Property, MSE Loan against property, Business Loans, Personal Loans & Housing Finance.

Whole Sale Finance Segment comprises of Construction Finance, Loans to Other NBFCs

Note:

Unallocated Income comprises of Other Income earned by the business.

Unallocated Expenses comprises of Tax Expense.

43 Revenue from contracts with customers

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Type of Service			
Fees and commission income (refer note 26)	560.07	428.85	317.36
Other income	331.50	143.20	55.27
Total	**891.57**	**572.05**	**372.63**
Geographical segment			
In India	891.57	572.15	372.63
Outside India	0.00	0.00	0.00
Total	**891.57**	**572.15**	**372.63**
Timing of recognition of revenue			
Performance obligation satisfied at a point in time	0.00	572.15	372.63
Performance obligation satisfied over a period in time	0.00	0.00	0.00
Total	**0.00**	**572.15**	**372.63**
Contract receivables			
Trade receivables	128.80	89.16	0.18
Other receivables	49.59	38.60	31.95
Total	**178.39**	**127.76**	**32.13**

44 Risk Management

The Company has a Board-approved Risk Management Policy that defines the Risk Management Framework, Risk Monitoring Mechanism and Enterprise level Key Risk Areas. The main objective of this policy is to ensure sustainable and prudent business growth. The Risk Management Framework comprises of Risk Management Committee of Board (RMC), Credit Committee of Board, Asset Liability Management Committee (ALCO) and Credit Risk Management Committee (CRMC). The Risk Management Committee (RMC) reviews the overall asset quality and portfolio composition on a periodic basis. Overseeing liquidity risk position of the Company are also part of terms of reference of this committee. Any product policy programs are approved by this Committee. The Credit Risk Management Committee oversees the Operational Risks and any Operating Risk level decisions are approved by this committee. The Company has adopted and laid down operating procedures and guidelines to mitigate Credit, Reputation, Operational, Market and Fraud risks in its business lines where the Risk Function works very closely with the Independent Internal Audit Department (Risk Based Internal Audit). The Company continues to invest in people, processes, training and technology so as to strengthen its overall Risk Management Framework.

Types of Risks

The Company's risk are generally categorised in the following risk types:

(i) **Credit Risk**

The RMC & CRMC oversee the following:
- Detailed review of portfolio quality and triggers to ascertain underlying stress levels in portfolio, in light of micro and macro factors
- Approve necessary amendments or new product & policy programs in light of portfolio behaviour, environmental factors and business opportunities.
- Set-up concentration limits & portfolio caps to ensure prudent diversification.
- Account level review of high value accounts & NPAs and provide necessary guidelines.
- Audit Committee of the Board (ACB) oversees the effective implementation of the Lending Policies approved by the Board.

(ii) **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due, as a result of mismatches in the timing of cash flows.

RBI vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 has issued with guidelines on Liquidity Risk Management (LRM) Framework for NBFCs. It covers various aspects of LRM in NBFCs such as granular level classification of buckets in structural liquidity statement and tolerance limits thereupon, Liquidity risk management tools and principles. The Company has integrated the LRM framework into its Asset Liability Management (ALM) Policy to manage liquidity risk by use of various tools such as Stuctural Liquidity Statement to assess the bucket wise mismatches between inflows and outflows, stress testing of bucket wise mismatches between inflows and outflows in the short term buckets (up to 30 days) by discounting inflows under various stress scenarios, Review of Unencumbered Assets available for future secured borrowing, Review of current & projected (for next 3 months) liquidity position, review of varous financials ratios under the stock approach of LRM, Liquidity Coverage Ratio (LCR), Review of Liqudity in the Banking System. These tools are reviewed by the ALCO every month. To mitigate the liquidity risk further, the Company also has a Contingency Funding Plan which is reviewed by the ALCO at periodic interval.

The Company maintains Liquidity buffers sufficient to meet all its near term obligations. The Liquidity buffers are maintained by a combination of liquid assets (such as Cash & Cash Equivalent, Liquid Investments in callable FDs and Overnight/Liquid Mutual Funds) and Undrawn Committed Credit Lines.

(iii) **Market Risk**

Market Risk is the Risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as Gold prices (relevant to Lending against Gold business of the Company), interest rates, Foreign Currency Rates. (refer note 44.3 for details)

44.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party for financial instrument fails to meet its contractual obligation, and arises principally from the company's placements and balances with other banks, loans to customers, government securities and other financial assets.

The RMC reviews and approves Loan Product programs on an on-going basis. These product programs outline the framework of any Credit Financial Product being offered by the Company. Within this framework, credit policies are incorporated to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, verification, documentation, disbursement procedures, portfolio quality triggers, recovery mechanism, NPA management etc.

The impact of Macroeconomic, regulatory, competition and other high impact variables and portfolios underwritten within the credit policy framework are reviewed on an ongoing basis.

Underwriting comprises of record verification through digital and external agencies, credit bureau check, financial analysis, cash flow assessments, assessing net-worth, leverage and debt service ability etc. through submitted records, personal discussion with borrowers, market reference etc. Collateral verification through independent legal & valuation agencies is a critical aspect in case of secured loans. Legal documentation to create proper charge on mortgaged security, under legal guidance, is another critical aspect.

Whilst ability of a customer to repay a loan can be adequately determined through assessment of financials and cash flows, defaults with the intention of fraud or misreported information are additional challenges to the Company.

(a) Impairment Assessment

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed taking into account historical credit loss experience and/or external benchmarks on loss rates and further adjusted for forward looking information

The expected credit loss is a product of Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD). The Company uses an internal model to compute the PD & LGD based on parameters set out in Ind AS. Accordingly, loans are classified into various stage as follows:

Stages	Internal Rating Description
Stage 1	0 DPD* and 1-29 DPD*
Stage 2	30-59 DPD*, 60-89 DPD* and all loans restructured under One Time Restructuring which are stage 2 or below post restructuring
Stage 3	90 DPD* or more, all linked loans of 90 DPD* or more, all restructured loans other than those restructured under One Time Restructuring #

*DPD means Days Past Due
Also refer accounting policy 3.6 (j), 3.6 (i) and note 48.29

(b) Probability of Default (PD)
The probability of default is the estimation of the likelihood of a loan defaulting over a time horizon. A rebuttable presumption is that a default event cannot be later than 90 days past due. The probability of default analysis should consider not only past history but also current economic conditions and forecasts about the future. Incorporating such economic factors is sometimes done using scientific modelling techniques.
Historical DPD data is utilized to calculate Through the Cycle Probability of Default (TTC PD). PD analysis tracks the migration behaviour of a static pool of loans active at the end of each month across different buckets- Stage 1, Stage 2 and Stage 3 over the 12 month and lifetime period. Transition matrix method is used wherein the historical defaults are mapped in monthly intervals for each of cohort months and then the TTC PD is calculated as the weighted average of default rates with number of loans outstanding as the weights.
Vasicek model is one of the accepted models globally for converting the TTC PD into Point in Time PD (PIT PD). The model calculates an AC (Asset Correlation) factor and converts the probability using the macro-economic variable selected. The basic premise of the model is that the higher the TTC probability the lower the correlation with the macro variable and vice versa. Once the asset correlation is determined, the historical PD is calibrated using the readings of the macro-economic variable for a number of years up to the balance sheet date and for a number of years after the balance sheet date. This calibration reflects the relative macro-economic performance in the respective years with reference to the historical mean.

(c) Loss Given Default (LGD)
LGD is defined as the percentage risk of exposure that is not expected to be recovered in the event of default.
LGD is one of the key components of the credit risk parameters based ECL model. In the context of lifetime ECL calculation, an LGD estimate has to be available for all periods that are part of the lifetime horizon (and not only for the case of a default within the next 12 months).
Wherever possible, workout LGD model is applied to estimate LGD based on past data. The LGD component of ECL is independent of deterioration of asset quality, and thus applied uniformly across various stages with the applicable PD for stage 1, 2 and 3.

(d) Exposure at Default (EAD)
EAD is one of the key components for ECL computation. The Exposure at Default is an estimate of the exposure at a default date taking into account the repayment of principal and interest until the reporting date.

(e) 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. Besides this quantitave factor, the company also assesses Significant Increase in Credit Risk (SICR) based on qualitative factors e.g. One Time Restructuring (OTR) of loans and LTV threshold/margin for gold loan facilities.

44.1.1 Analysis of Risk Concentration

The following table shows the risk by industry for the components of the balance sheet

(INR in Millions)

Industry Analysis	As at March 31, 2023			
	Retail	**Structured Finance (Real Estate and Non Real Estate)**	**Financial Services**	**Total**
Financial assets				
Cash and cash equivalent	-	-	939.57	939.57
Bank balances other than cash and cash equivalent	-	-	6.63	6.63
Trade Receivables	-	-	148.50	148.50
Other receivables	-	-	47.62	47.62
Loans and advances to customers	79,641.47	355.49	-	79,996.96
Financial investments (other than investment in subsidiaries)	-	-	6,806.27	6,806.27
Other Financial Assets	-	-	644.51	644.51
Total	**79,641.47**	**355.49**	**8,593.10**	**88,590.06**

(INR in Millions)

Industry Analysis	As at March 31, 2022			
	Retail	**Structured Finance (Real Estate and Non Real Estate)**	**Financial Services**	**Total**
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	659.63	659.63
Bank balances other than cash and cash equivalent	-	-	766.40	766.40
Trade Receivables	-	-	118.37	118.37
Other receivables	-	-	38.60	38.60
Loans and advances to customers	55,951.42	496.67	-	56,448.09
Financial investments (other than investment in subsidiaries)	-	-	5,143.25	5,143.25
Other Financial Assets	-	-	117.70	117.70
Total	**55,951.42**	**496.67**	**6,843.95**	**63,292.04**

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
Notes to restated financial information *(Continued)*

(INR in Millions)

Industry Analysis	As at March 31, 2021			
	Retail	**Structured Finance (Real Estate and Non Real Estate)**	**Financial Services**	**Total**
Financial assets measured at amortised cost				
Cash and cash equivalent	-	-	5,260.32	5,260.32
Bank balances other than cash and cash equivalent	-	-	1,547.56	1,547.56
Trade Receivables	-	-	11.73	11.73
Other receivables	-	-	31.95	31.95
Loans and advances to customers	43,745.19	1,776.22	-	45,521.41
Financial investments (other than investment in subsidiaries)	-	-	324.93	324.93
Other Financial Assets	-	-	135.29	135.29
Total	**43,745.19**	**1,776.22**	**7,311.78**	**52,833.19**

44.1.2 Collateral Held and Other Credit Enhancements

a) The following table shows the maximum exposure to credit risk by class of financial asset along with details of principal type of collateral

(INR in Millions)

Financial assets measured at amortised cost	Maximum exposure to credit risk (carrying amount before ECL)			
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	
Loans (at amortised cost)	67,566.80	48,759.80	40,519.03	**Property; book receivables, gold jewellery, Covered by guarantee**
Loans (at FVOCI)	2,357.16	-	-	
Total	**69,923.96**	**48,759.80**	**40,519.03**	

b) Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

(INR in Millions)

Financial assets measured at amortised cost	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair Value of Collateral
As at March 31, 2023	1,643.10	364.59	1,276.87	3,638.67
As at March 31 ,2022	1,285.82	283.75	1,002.05	2,064.37
As at March 31 ,2021	468.08	139.86	328.22	852.03

(INR in Millions)

Financial assets measured at FVOCI	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying Amount	Fair Value of Collateral
As at March 31, 2023	1.93	0.31	1.62	2.61
As at March 31 ,2022	-	-	-	-
As at March 31 ,2021	-	-	-	-

44.2 Liquidity Management

Liquidity risk arises because of the possibility that the Company might be unable to meet its payment.

44.2.1 Maturity pattern of certain items of assets and liabilities as at March 31, 2023 **(INR in Millions)**

Particulars	1 day to 30/31 days (one month)	1 month to 2 months	2 months to 3 months	3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 Years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,456.90	770.80	3,424.40	5,360.20	11,217.20	28,676.80	10,457.60	1,300.40	**62,664.30**
Market borrowings	-	-	3,941.40	-	-	-	4,500.00	-	**8,441.40**
Trade payables	233.80	0.20	1.70	-	4.70	13.30	7.20	-	**260.90**
Lease Liability	20.40	20.30	20.60	62.60	128.70	398.10	382.20	307.48	**1,340.38**
Other financial liabilities	-	3,507.80	-	-	-	-	-	-	**3,507.80**
									-
Assets									**-**
Advances	2,459.70	3,128.40	3,981.30	13,908.40	14,904.20	19,071.00	12,670.60	8,720.00	**78,843.60**
Investments	2,342.00	1,089.80	1,094.80	1,602.50	568.00	-	-	-	**6,697.10**

Maturity pattern of certain items of assets and liabilities as at March 31, 2022 **(INR in Millions)**

Particulars	1 day to 30/31 days (one month)	1 month to 2 months	2 months to 3 months	3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 Years to 5 years	Over 5 years	Total
Liabilities									**-**
Borrowings from banks	980.43	1,160.91	2,542.94	2,139.30	8,880.31	20,571.57	5,596.09	425.00	**42,296.55**
Market borrowings	-	-	-	-	3,327.39	1,875.00	-	2,500.00	**7,702.39**
Trade payables	-	64.30	-	-	-	-	-	-	**64.30**
Lease Liability	17.40	17.30	17.58	52.90	110.51	419.67	329.94	405.13	**1,370.43**
Other financial liabilities	-	2,109.70	-	-	-	-	-	-	**2,109.70**
Assets									
Advances	1,576.49	3,601.88	4,844.50	6,697.05	11,702.18	11,608.38	7,889.79	8,344.65	**56,264.90**
Investments	1,771.98	-	-	3,287.33	-	-	75.00	-	**5,134.30**

Maturity pattern of certain items of assets and liabilities as at March 31, 2021 **(INR in Millions)**

Particulars	1 day to 30/31 days (one month)	1 month to 2 months	2 months to 3 months	3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 Years to 5 years	Over 5 years	Total
Liabilities									**-**
Borrowings from banks	1,697.51	558.91	1,644.84	2,392.22	5,483.94	16,565.34	6,089.17	200.00	**34,631.93**
Market borrowings	-	-	493.54	-	3,388.96	1,875.00	-	2,500.00	**8,257.50**
Trade payables	-	43.25	-	-	-	-	-	-	**43.25**
Lease Liability	14.80	15.30	15.10	46.80	96.60	409.60	292.70	355.36	**1,246.26**
Other financial liabilities	-	1,581.11	-	-	-	-	-	-	**1,581.11**
Assets									
Advances	974.09	1,330.90	1,988.39	6,229.80	12,162.20	5,504.67	2,582.30	14,144.90	**44,917.25**
Investments	250.03	20.88	-	41.77	20.63	-	-	-	**333.31**

Note: Above maturity pattern are based on Contractual Maturity.

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
Notes to restated financial information *(Continued)*

44.2.2 Financial assets available to support future funding

Following table sets out availability of Company's financial assets to support funding

(INR in Millions)

As at March 31, 2023	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Others $	Available as collateral	Others #	
Cash and cash equivalent	-	-	188.37	751.20	-	939.57
Bank balances other than cash and cash equivalent	6.63	-	-	-	-	6.63
Derivative financial instruments	-	-	-	-		-
Trade Receivables	-	-	-	148.50	-	148.50
Other Receivables	-	-	-	47.62	-	47.62
Loans and advances to customers	-	-	75,594.95	4,402.01	-	79,996.96
Financial investments (other than investments in subsidiaries	-	-	3,134.30	3,671.97	-	6,806.27
Other Financial Assets	-	-	-	644.51	-	644.51
	6.63	**-**	**78,917.62**	**9,665.81**	**-**	**88,590.06**

(INR in Millions)

As at Mar 31, 2022	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Others $	Available as collateral	Others #	
Cash and cash equivalent	-	-	369.21	290.42	-	659.63
Bank balances other than cash and cash equivalent	-	-	-	766.40	-	766.40
Trade Receivables	-	-	-	118.37	-	118.37
Other Receivables	-	-	-	38.60	-	38.60
Loans and advances to customers	-	-	50,288.57	6,159.53	-	56,448.09
Financial investments (other than investments in subsidiaries	-	-	518.79	4,624.46	-	5,143.25
Other Financial Assets	-	-	-	117.70	-	117.70
	-	**-**	**51,176.57**	**12,115.47**	**-**	**63,292.04**

Fedbank Financial Services Limited
CIN : U65910MH1995PLC364635
Notes to restated financial information *(Continued)*

(INR in Millions)

As at Mar 31, 2021	Encumbered			Unencumbered		Total carrying amount
	Pledged as collateral	Contractually/ Legally restricted assets *	Others$	Available as collateral	Others #	
Cash and cash equivalent	-	-	-	5,260.32	-	5,260.32
Bank balances other than cash and cash equivalent	15.03	-	-	1,532.53	-	1,547.56
Trade Receivables	-	-	-	11.73	-	11.73
Other Receivables	-	-	-	31.95	-	31.95
Loans and advances to customers	-	-	45,521.41	-	-	45,521.41
Financial investments (other than investments in subsidiaries	-	-	-	324.93	-	324.93
Other Financial Assets	-	-	-	135.29	-	135.29
	15.03	**-**	**45,521.41**	**7,296.75**	**-**	**52,833.19**

* Represents assets which are not pledged and Company believes it is restricted from using to secure funding for legal or other

Represents assets which are not restricted for use a collateral, but that the Company would not consider readily available to secure funding in normal course of business

$ Represents assets which are given as security cover against the secured bank borrowings and non-convertible debentures

44.3 Market Risk

Market risk is a risk tha the fair value or furture cash flows of financials instruments will fluctuate due to changes in market variables such as Gold prices (relevant to Lending against Gold business of the Company), interest rates, Foreign Currency Rates.
a) Gold Price Fluctuation Risk :- The Risk Management Committment of the Board does a periodic review of the Gold price movement and trends & its impact on the gold loan margins in present condition as well as under stress scenarios.
b) Interest Rate Risk :- Interest Rate Risk is the risk of change in market interest rates which might adversely affect the Company's profitability.
c) Foreign Currency Rate Fluctuation Risk :- The Company is exposed to risk in fluctuation of Foreign Currency Rates as the Company has borrowings in foreign currency.

44.3.1 Gold Price Fluctuation Risk

Sudden fall in the gold price and fall in the value of the pledged gold ornaments can result in some of the customers to default if the loan amount and interest exceeds the market value of gold. This risk is in part mitigated by a minimum 25% margin retained on the value of gold jewellery for the purpose of calculation of the eligible loan amount. Further, the Company appraises the gold jewellery collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewellery. In addition, the sentimental value of the gold jewellery to the customers may induce repayment and redemption of the collateral even if the value of gold ornaments falls below the value of the repayment amount. An occasional decrease in gold prices will not increase price risk significantly on account of our adequate collateral security margins. However, a sustained decrease in the market price of gold can additionally cause a decrease in the size of the loan portfolio and interest income.

44.3.2 Interest Rate Risk

The immediate impact of changes in interest rates is on the Company's earnings by impacting the Net Interest Income. The Company has set up an Earnings at Risk limit for monitoring and controlling the Interest Rate Risk which is monitored by the Asset Liability Management Committee (ALCO) of the Company.

The following table demonstrates the sensitivity to reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss

For the period / year ended	Increase / (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax
Loans			
March 31, 2023	25/(25)	40.80	(40.80)
March 31, 2022	25/(25)	31.50	(31.50)
March 31, 2021	25/(25)	38.95	(38.95)
Borrowings			
March 31, 2023	25/(25)	(108.92)	108.92
March 31, 2022	25/(25)	(75.80)	75.80
March 31, 2021	25/(25)	(60.27)	60.27

44.3.3 Exposure to Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from Banks.
The Company has hedged its foreign currency exposure through Forwards in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company’s profit before tax (PBT).

44.3.2 Total Market Risk Exposure

(INR in Millions)

Particulars	As at March 31, 2023			As at March 31, 2022			As at March 31, 2021		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Assets									
Cash and cash equivalent	939.57	-	939.57	659.63	-	659.63	5,260.32	-	5,260.32
Bank balances other than cash and cash equivalent	6.63	-	6.63	766.40	-	766.40	1,547.56	-	1,547.56
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Trade Receivables	148.50	-	148.50	118.37	-	118.37	11.73	-	11.73
Other Receivables	47.62	-	47.62	38.60	-	38.60	31.95	-	31.95
Loans and advances to customers	79,996.96	-	79,996.96	56,448.09	-	56,448.09	45,521.41	-	45,521.41
Financial investments (other than investments in subsidiaries)	6,806.27	6,739.65	66.62	5,143.25	5,068.30	74.95	324.93	250.13	74.80
Other Financial Assets	644.51	-	644.51	117.70	-	117.70	135.29	-	135.29
Total	**88,590.06**	**6,739.65**	**81,850.41**	**63,292.04**	**5,068.30**	**58,223.73**	**52,833.20**	**250.13**	**52,583.06**

Particulars	As at March 31, 2023			As at March 31, 2022			As at March 31, 2021		
	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk	Carrying Amount	Traded Risk	Non-traded Risk
Financial Liabilities									
Derivative financial instruments	48.23	-	48.23	-	-	-	-	-	-
Trade payables	260.92	-	260.92	64.30	-	64.30	43.25	-	43.25
Other payables	-	-	-	-	-	-	-	-	-
Debt Securities	6,112.30	6,112.30	-	5,334.17	5,334.17	-	5,936.98	5,936.98	-
Borrowings other than debt securities	62,649.26	-	62,649.26	42,243.46	-	42,243.46	34,759.35	-	34,759.35
Subordinated liabilities	2,596.67	2,596.70	(0.03)	2,590.72	2,590.72	-	2,584.59	2,584.59	-
Lease Liability	1,340.40	-	1,340.40	1,370.43	-	1,370.43	1,246.26	-	1,246.26
Other Financial liabilities	3,507.89	-	3,507.89	2,109.67	-	2,109.67	1,581.11	-	1,581.11
Total	**76,515.67**	**8,709.00**	**67,806.67**	**53,712.75**	**7,924.89**	**45,787.86**	**46,151.55**	**8,521.57**	**37,629.97**

45 Trade Receivables and Other Receivables

Provision matrix for Trade Receivables and Other Receivables

Particulars	**Trade receivable days past due**	**0-90 days**	**91-180 days**	**181-360 days**	**more than 360 days**	**Total**
ECL rate		**1.89%**	**10.03%**	**100.00%**	**100.00%**	**9.24%**
	Estimated total gross carrying amount at default	156.88	46.95	0.49	11.80	216.12
As at March 31, 2023	ECL Provision	(2.99)	(4.72)	(0.49)	(11.80)	(20.00)
	Net Carrying Amount	**153.89**	**42.23**	**-**	**-**	**196.12**
ECL rate		**1.86%**	**0.00%**	**100.00%**	**0.00%**	**8.62%**
	Estimated total gross carrying amount at default	159.95	-	11.84	-	171.79
As at March 31, 2022	ECL Provision	(2.98)	-	(11.84)	-	(14.82)
	Net Carrying Amount	**156.97**	**-**	**-**	**-**	**156.97**
ECL rate		**0.20%**	**0.00%**	**0.00%**	**0.00%**	**0.20%**
	Estimated total gross carrying amount at default	43.77	0.00	0.00	0.00	43.77
As at March 31, 2021	ECL Provision	(0.09)	0.00	0.00	0.00	(0.09)
	Net Carrying Amount	**43.68**	**-**	**-**	**-**	**43.68**

46 Accounting for Employee Share based Payments

Shareholders of the Company had approved "Fedbank Financial Services Limited Employee Stock Option Plan 2018" ("ESOP Plan"), the result of which was announced on November 13, 2018, enabling the Board and/or the “Nomination and Remuneration Committee” (NRC) to grant such number of equity shares, including options, to eligible employee(s) of the Company each of which is convertible into one equity share, not exceeding 6% of the aggregate number of paid up equity shares of the Company.

Such options vest at definitive date, save for specific incidents, prescribed in scheme as framed/approved by NRC. Such options are exercisable for period following vesting at the discretion of the NRC, subject to maximum of 10 years from the date of Vesting of Options

Method used for accounting for shared based payment plan.

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

Movement in options outstanding under the Employee Stock Option Plan for the year ended March 31, 2023

Particulars	Options	Weighted
Options outstanding, beginning of the year	78,70,351	42.07
Granted during the year	62,81,250	72.37
Exercised during the year	3,94,000	43.23
Forfeited /lapsed during the year	2,81,250	72.37
Options outstanding, end of the year	1,34,76,351	55.53
Options exercisable	21,10,000	40.81

Movement in options outstanding under the Employee Stock Option Plan for the year ended March 31, 2022

Particulars	Options	Weighted Average Exercise Price
Options outstanding, beginning of the year	81,51,351	41.83
Granted during the year	Nil	NA
Exercised during the year	2,81,000	35.20
Forfeited /lapsed during the year	Nil	NA
Options outstanding, end of the year	78,70,351	42.07
Options exercisable	14,39,000	40.93

Movement in options outstanding under the Employee Stock Option Plan for the year ended March 31, 2021

Particulars	Options	Weighted Average Exercise Price
Options outstanding, beginning of the year	55,11,351	38.68
Granted during the year	27,00,000	48.00
Exercised during the year	12,000	30.00
Forfeited /lapsed during the year	48,000	30.00
Options outstanding, end of the year	81,51,351	41.83
Options exercisable	6,55,000	37.49

Following summarises the information about stock options outstanding as at March 31, 2023

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A*	69.00	45,00,000	2.99
Class B#	42.52	56,25,000	2.55
Options granted to Managing Director	60.17	33,51,351	1.83

Following summarises the information about stock options outstanding as at March 31, 2022

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A*	36.42	6,19,000	3.35
Class B#	42.65	59,00,000	3.58
Options granted to Managing Director	42.11	13,51,351	3.09

Following summarises the information about stock options outstanding as at March 31, 2021

Category	Weighted Average Exercise Price	Number of shares arising out of options	Weighted average remaining contractual life (in years)
Class A*	36.04	9,00,000	4.32
Class B#	42.65	59,00,000	4.58
Options granted to Managing Director	42.11	13,51,351	4.09

*Time based vesting
#Time and event based vesting

Fair Valuation Methodology
The fair value of options have been estimated on the dates of each grant using the Modified Black-Scholes model (MBS). The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	Unit	March 31, 2023	March 31, 2022	March 31, 2021
Fair Value of Options at grant date	Rs	6.50-27.76	6.50-24.60	
Fair Value of Equity Shares at grant date	Rs	42.11-72.37	42.11-48.00	
Exercise Price	Rs	30.00-72.37	30.00-48.00	
Dividend Yield	%	0.00%	0.00%	0.00%
Expected volatility	%	29.19%	31.36%	31.36%
Risk free interest rate *	%	6.30%	6.38%	6.38%
Expected life of the option *	Years	3.19	3.84	3.84

* The values in the above items are weighted average

The Company has recorded an employee compensation expense of INR 79.60 million during the Year ended March 31, 2023 , INR 24.9 million during the financial year ended March 31, 2022 and INR 26.17 million during the financial year ended March 31, 2021 in the statement of Profit and Loss.Refer Note 32

The Company carried Employee Stock Option reserve amounting to INR 148.2 million as at March 31, 2023, INR 72.7 million as at March 31, 2022 and INR 51.61 million as at March 31, 2021 in the statement of Balance Sheet.

The total intrinsic value amounting to INR 11.40 million as on March 31, 2023, INR 13.3 millions as at March 31, 2022 and INR 11.70 million as at March 31, 2021 at the end of the year of liabilities for which the counterparty's right to cash or other assets had vested by the end of the year.

47 Leases

a) The changes in the carrying value of right of use(ROU) assets - building or premises for the year ended.

(INR in Millions)

Particular	March 31, 2023	March 31, 2022	March 31, 2021
Opening Balance of ROU - Building or Premises	1,187.97	1,083.98	835.84
Addition during the period	188.60	327.21	432.90
Depreciation charges for the year	(258.59)	(223.24)	(184.76)
Total balance of ROU - Building or Premises	**1,117.98**	**1,187.97**	**1,083.98**

b) The changes in the carrying value of right of use assets - furniture for restated financial information.

Particular	March 31, 2023	March 31, 2022	March 31, 2021
Opening Balance of ROU - Furniture	9.00	34.50	39.42
Addition during the period	-	(18.06)	-
Depreciation charges for the period	(7.70)	(7.44)	(4.92)
Total balance of ROU - Furniture	**1.30**	**9.00**	**34.50**

c) The following is the movement in lease liabilities for restated financial information.

Particular	March 31, 2023	March 31, 2022	March 31, 2021
Opening Balance of Lease Liabilities	1,370.43	1,246.26	897.70
Addition during the period	188.64	303.64	475.28
Finance cost accrued during the period	94.26	90.05	100.30
Payment made during the period	(312.93)	(269.52)	(227.02)
Closing balance of lease liabilities	**1,340.40**	**1,370.43**	**1,246.26**

d) The table below provides details of amount recognised in the Statement of Profit and Loss for restated financial information-

Particular	March 31, 2023	March 31, 2022	March 31, 2021
Depreciation charge for right of use asset	266.29	230.69	189.68
Interest expense (included in finance cost)	94.26	90.05	100.30
Expense relating to short term lease	-	-	-
Total	**360.55**	**320.74**	**289.98**

e) The table below provides details regarding the contractual maturities of lease liabilities for restated financial information undiscounted basis:

Particular	March 31, 2023	March 31, 2022	March 31, 2021
Less than one year	337.05	301.05	214.43
One to five years	973.02	953.01	888.22
More than five years	332.67	443.15	293.69
Total	**1,642.74**	**1,697.22**	**1,396.34**

f) Rental expense recorded for leases of low-value assets was Nil for the year ended March 31, 2023, Nil for the year ended March 31, 2022 (for the year ended March 31, 2021: Nil).

48 Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.
The Reserve Bank of India,vide its circular reference RBI/2019-20/170DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to IndAS financial statements from financial year 2019-20 onwards.This included guidance for computation of 'ownedfunds' , 'net owned funds' and 'regulatory capital'. Accordingly, CRAR has been computed inaccordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

48.01 Foreign Currency
The Company has entered into a foreign currency transaction during the period ended March 31, 2023 and does not have any outstanding unhedged foreign currency exposure during the period ended March 31, 2023 , March 31, 2022, and March 31, 2021.

48.02 Investments

(INR in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(1) Value of investments			
(i) Gross value of investments			
(a) In India	6,822.93	5151.58	333.41
(b) Outside India,	NIL	NIL	NIL
(ii) Provisions for depreciation			
(a) In India	16.66	8.33	8.48
(b) Outside India,	NIL	NIL	NIL
(iii) Net value of investments			
(a) In India	6806.20	5143.25	324.93
(b) Outside India,	NIL	NIL	NIL
(2) Movement of provisions held towards depreciation on investments			
(i) Opening balance	8.33	8.48	1.03
(ii) Add : Provisions made during the year	8.33	-0.17	7.47
(iii) Less : Write-off/write-back of excess provisions during the year	-	0.00	0.02
(iv) Closing balance	16.66	8.33	8.48

48.03 Derivatives
a) Forward rate agreement/Interest rate swap

Particulars		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	The notional principal of swap agreements	3,004.00	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil	Nil
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil	Nil
(iv)	Concentration of credit risk arising from the swap	Nil	Nil	Nil
(v)	The fair value of the swap book	(48.23)	Nil	Nil

b) Exchange traded interest rate (IR) derivatives

S.N.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil	Nil

c) Qualitative disclosures
The Company uses Forward Exchange Contracts to hedge its risks associated with currency risk arising from the foreign currency borrowings. These contracts are stated at fair value at each reporting date.
There is an economic relationship between the hedged item and the hedging instrument as the terms of the Forward contracts match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date, etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Forward contracts are identical to the hedged risk components.

d) Quantitative Disclosures

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i) Derivatives (Notional Principal Amount)		Nil	Nil
For Hedging *	3,004.00	Nil	Nil
(ii) Marked to Market Positions			
a) Assets (+)	Nil	Nil	Nil
b) Liability (-)	48.23	Nil	Nil
(iii) Credit Exposure	Nil	Nil	Nil
(iv) Unhedged Exposures	Nil	Nil	Nil

* The foreign currency exposure on foreign currency borrowings have been economically hedged through forward contracts.

48.04 Direct Assignment and Securitisation

Part A - Disclosure in the notes to the accounts in respect of securitisation transaction

(INR in Millions)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
No of SPVs sponsored by the applicable NBFC for securitisation transactions	-	-	1.00
Total amount of securitised assets as per books of the SPVs sponsored	-	-	203.90
Total Amount Oustanding	-	-	174.52
Total amount of exposure retained by the NBFC to comply with MRR as on date of balance sheet			
a) Off balance sheet exposures			
First Loss	-	-	-
Others	-	-	-
b) On balance sheet exposure			
First Loss	-	-	-
Others	-	-	8.73
Amount of exposures to securitisation transactions other than MRR			
a) Off balance sheet exposures			
i) Exposure to own securitisation			
First Loss	-	-	-
Others	-	-	-
ii) Exposure to third party securitisation			
First Loss	-	-	-
Others	-	-	-
b) On balance sheet exposures			
iii) Exposure to own securitisation			
First Loss	-	-	15.00
Others	-	-	-
iv) Exposure to third party securitisation			
First Loss	-	-	-
Others	-	-	-

Part B - Details of Assignment transaction undertaken

Particulars		March 31, 2023	March 31, 2022	March 31, 2021
i)	No. of accounts	Nil	Nil	744
ii)	Aggregate value (net of provisions) of accounts sold	Nil	Nil	1,342.47
iii)	Aggregate consideration *	Nil	Nil	1,342.47
iv)	Additional consideration realized in respect of accounts transferred in earlier	Nil	Nil	Nil
v)	Aggregate gain/loss over net book value	Nil	Nil	Nil

Details of loans transferred / acquired during the year ended March 31, 2023 and March 31,2022 under the RBI Master Direction RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) The Company has not transferred any non-performing assets (NPAs).
(ii) The Company has not transferred any Special Mention Account (SMA) and loan in default.
(iii) Details of loans not in default transferred through Assignment are given below:

Particulars	March 31, 2023	March 31, 2022
Aggregate amount of Loan transferred (Rs. In millions)	8,704.96	2,721.57
Weighted average residual maurity (in months)	78.63	116.26
Weighted average holding period by originator (in months)	15.75	26.64
Retention of beneficial economic interest	10% to 20%	10% to 20%
Coverage of tangible security coverage	46%	82%
Rating-wise distribution of rated loans	NA	NA

(iv) The Company has not acquired any loans through assignment.
(v) The Company has not acquired any stressed loan.

During the period ended March 31,2023 the company has executed thirteen direct assignment transaction and five direct assignment transaction in March 31,2022. The de-recognition criteria as per Ind AS 109 has been met in respect of all the direct assignment transactions. The management has evaluated the impact of all the direct assignment transactions de-recognised on existing pool of loans based on the future business plan, which is to hold these assets for collecting contractual cash flows.

Note : This disclosure (mandated under the RBI Master Direction RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 on Transfer of Loan Exposures dated September 24, 2021) is applicable from Quarter ended December 2021 and hence not given for period March 31,2021.

* The de-recognition criteria as per Ind AS 109 has been met in respect of all the direct assignment transactions. The management has evaluated the impact of all the Direct Assignment transactions de-recognised based on the future business plan, which is to hold these assets for collecting contractual cash flows.

48.05 Asset liability management maturity pattern of certain items of assets and liabilities

(INR in Millions)

As at March 31, 2023

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
Advances	1,009.52	835.04	1,140.91	3,247.36	4,076.01	14,194.56	15,202.77	18,830.43	12,472.53	8,987.83	**79,996.96**
Investments	699.54	-	1,642.74	1,127.39	1,094.82	1,604.83	570.30	-	-	66.65	**6,806.27**
Borrowings (includes foreign currency borrowings)	936.94	203.05	364.09	770.83	7,498.35	5,484.18	11,216.66	28,654.44	14,898.00	1,331.85	**71,358.39**
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	**-**

As at March 31, 2022

(INR in Millions)

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
Advances	1,510.38	383.78	746.43	3,601.88	4,844.50	6,697.05	11,702.18	11,608.38	7,889.79	7,463.73	**56,448.09**
Investments	1,030.88	749.02	-	-	-	3,288.39	-	-	74.96	-	**5,143.25**
Borrowings	420.26	78.00	752.43	1,160.91	2,542.94	2,139.30	12,207.70	22,446.57	5,596.09	2,824.13	**50,168.32**
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	**-**

Notes to restated financial information (Continued)

As at March 31, 2021 *(INR in Millions)*

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
Advances	1,481.32	150.94	404.62	1,330.93	1,988.39	6,229.83	12,162.23	5,504.67	2,582.30	13,686.18	**45,521.41**
Investments	250.13	-	-	20.88	-	41.77	12.15	-	-	-	**324.93**
Borrowings	1,193.99	465.41	382.10	558.91	2,138.38	2,392.22	8,872.90	18,440.34	6,089.17	2,747.50	**43,280.92**
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	**-**

Note: Above Asset liability maturity pattern are prepared based on the guidelines issued by RBI on Asset liability management framework.

48.06 Capital to Risk Asset Ratio (CRAR)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
CRAR (%)	17.94	23.04	23.52
CRAR - Tier I Capital (%)	15.09	18.38	17.10
CRAR - Tier II Capital (%)	2.85	4.65	6.42
Amount of subordinated debts raised as Tier II capital (INR in Millions)	2,077.36	2,590.72	2,584.59

48.07 Details of non-performing accounts purchased/ sold

(a) Details of non-performing accounts purchased *(INR in Millions)*

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	No. of accounts purchased during the year	Nil	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil	Nil

(b) Details of non-performing accounts sold

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	No. of accounts purchased during the year	Nil	Nil	Nil
(ii)	Aggregate outstanding	Nil	Nil	Nil
(iii)	Of these, number of accounts restructured during the year	Nil	Nil	Nil
(iv)	Aggregate outstanding	Nil	Nil	Nil

48.08 Exposure to real estate sector, both direct and indirect & exposure to capital market

a) Exposure to real estate sector, both direct and indirect

Particulars		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
I.	**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.Exposure would also include non-fund based (NFB) limits:	33,357.63	21,049.60	14,662.51
				-
(ii)	Commercial Real Estate Lending secured by mortgages on commercial real estate's (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:			-
		5,934.65	5,069.16	5,763.52
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures			
	(a) Residential	-	-	-
	(b) Commercial Real Estate			
II.	**Indirect Exposure** Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	-	-	-
		-	-	-
	Total Exposure to Real Estate	**39,292.28**	**26,118.76**	**20,426.03**

b) Exposure to Capital Market

Particulars		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	Nil	Nil	Nil
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	Nil	Nil	Nil
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity	Nil	Nil	Nil
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	Nil	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil	Nil
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resource	Nil	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issue	Nil	Nil	Nil
(viii)	underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil	*
(ix)	financing to stockbrokers for margin trading	Nil	Nil	*
(x)	all exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	Nil	Nil	*
	Total exposure to Capital Market	Nil	Nil	Nil

* As per RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19,2022 and RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22,2021, NBFCs are required to provide disclosures in accordance with Scale Based Regulation(SBR) framework in their annual financial statements, starting with financial year ended March 31, 2023. These are not applicable for financial year ended March 31, 2021 and hence not provided.

48.09 Movement of credit impaired loans under Ind AS

(INR in Millions)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	Net impaired loss allowance to Net loans (%)	1.59%	1.75%	0.71%
(ii)	Movement of credit impaired loans under Ind AS (Gross)			
	(a) Opening balance	1,285.82	468.08	535.40
	(b) Additions during the period	1,376.37	1,297.32	310.31
	(c) Reductions during the period	435.40	84.59	87.23
	(d) Written off	581.76	394.99	290.40
	(e) Closing balance	1,645.03	1,285.82	468.08
(iii)	Movement of Net impaired loans			
	(a) Opening balance	1,001.98	328.22	398.67
	(b) Additions during the period	862.68	1,022.69	227.89
	(c) Reductions during the period	292.34	73.15	84.73
	(d) Written off	292.61	275.78	213.60
	(e) Closing balance	1,279.77	1,001.98	328.22
(iv)	Movement of impairment loss allowance on credit impaired loans			
	(a) Opening balance	283.83	139.86	136.73
	(b) Additions during the period	513.69	274.63	82.42
	(c) Reductions during the period	143.06	11.44	2.49
	(d) Written off	289.15	119.22	76.80
	(e) Closing balance	365.21	283.83	139.86

48.10 Concentration of Loan, Exposure & Credit Impaired loans

(a) Concentration of Loan

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	Total advances to twenty largest borrowers	1,310.94	1,405.45	1,880.36
(ii)	Percentage of Twenty largest borrowers to Total advances	1.62%	2.44%	4.06%

(b) Concentration of Exposure

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	Total exposure to twenty largest borrowers	1,317.08	1,405.45	1,880.36
(ii)	Percentage of exposure to twenty largest borrowers to Total Exposure	1.61%	2.44%	4.06%

(c) Concentration of Exposure

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(i)	Total exposure of top four credit impaired accounts	547.18	335.11	184.53

(d) Sector wise distribution of credit impaired loss

As at March 31, 2023

Sr. No.	Sectors	Total Exposure	Gross NPA	% of gross NPA to exposure in that sector
1	Agriculture and allied activities	-	-	0.00%
2	MSME	-	-	0.00%
3	Corporate borrowers	-	-	0.00%
4	Services	-	-	0.00%
5	Unsecured personal loans	-	-	0.00%
6	Auto Loans	-	-	0.00%
7	Other personal loans	-	-	0.00%
8	Others	81,027.40	1,645.00	2.03%

As at March 31, 2022

Sr. No.	Sectors	Total Exposure	Gross NPA	% of gross NPA to exposure in that sector
1	Agriculture and allied activities	-	-	0.00%
2	MSME	-	-	0.00%
3	Corporate borrowers	-	-	0.00%
4	Services	-	-	0.00%
5	Unsecured personal loans	-	-	0.00%
6	Auto Loans	-	-	0.00%
7	Other personal loans	-	-	0.00%
8	Others	57,609.40	1,285.80	2.23%

As at March 31, 2021*

Sr. No.	Particulars	% of gross NPA to exposure in that sector
1	Agriculture and allied activities	-
2	MSME	-
3	Corporate borrowers	-
4	Services	-
5	Unsecured personal loans	-
6	Auto Loans	-
7	Other personal loans	-
8	Others	1.03%

(e) Intragroup Exposure *

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Total amount of intra-group exposures	-	-
(ii)	Total amount of top 20 intra-group exposures	-	-
(iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	-	-

*As per RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19,2022 and RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22,2021, NBFCs are required to provide disclosures in accordance with Scale Based Regulation(SBR) framework in their annual financial statements, starting with financial year ended March 31, 2023. These are not applicable for financial year ended March 31, 2021 and hence not provided.

48.11 Details of single borrower limit and group borrower limit exceeded by the Company

During the year ended March 31, 2023, March 31, 2022 and March 31, 2021 the Company's credit exposure to single borrower and group borrowers were within the limits prescribed by the RBI.

48.12 Unsecured Advances

The Company has not taken any charge over the rights, licences, authorisation etc. against unsecured loan given to borrowers during the year ended March 31, 2023 March 31, 2022 and March 31, 2021.

48.13 Fraud Reporting

The fraud detected and reported for the year ended March 31, 2023 amounted to INR 176.71 millions , March 31, 2022 amounted to INR 105.18 millions and March 31, 2021 amounted to INR 47.20 millions

48.14 Net profit or loss for the period, prior period items and change in accounting policy

There are no prior period items and no changes in accounting policy.

48.15 Details of 'provision and contingencies'

(INR in Millions)

Sr. No.	Particulars	For the year ended March 31,2023	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Provision for depreciation on investment	8.33	(0.17)	7.47
2	Provision towards credit impaired loans	81.38	143.94	3.13
3	Provision towards income tax	584.65	471.02	292.36
4	Provision for standard loans (Stage 1 & 2)	(138.22)	268.47	408.45

48.16 Draw down from reserves
The Company has not made any draw down from reserves during the year ended March 31, 2023, March 31, 2022 and March 31, 2021.

48.17 Disclosure of complaints

(I) Summary information on complaints received by the Company from customers and from the Office of Ombudsman:

Sr. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	Complaints from customers		
1	No. of complaints pending as at the beginning of the year	2	2
2	No. of complaints received during the year	6	18
3	No. of complaints disposed during the year	8	18
3.1	Of which, number of complaints rejected by the NBFC	3	12
4	No. of complaints pending as at the end of the year	-	2
Maintainable complaints from the Office of Ombudsman			
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	67	56
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	65	52
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	2	4
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

For year ended March 31, 2021*

Sr. No.	Particulars	For year ended March 31, 2021
1	No. of complaints pending as at the beginning of the period	1
2	No. of complaints received during the period	71
3	No. of complaints redressed during the period	70
4	No. of complaints pending as at the end of the period	2

(II) Top five grounds of complaints received by the NBFCs from customers

For year ended March 31, 2023*

Sr. No.	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
	1	2	3	4	5	6
I	EMI recovery	-	2	100%	-	-
II	Issuance of Foreclosure Letter	-	2	100%	-	-
III	CIBIL Related	-	1	0%	-	-
IV	Rate of Interest Related	-	1	0%	-	-
V	Others	-	-	-	-	-

For year ended March 31, 2022

Sr. No.	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
	1	2	3	4	5	6
I	Issuance of Foreclosure Letter	-	1	(86%)	-	-
II	Moratorium/Restructuring	-	1	(80%)	-	-
III	Interest on interest charged during moratorium & EMI recovery related.	-	1	(75%)	-	-
IV	Change in Interest Slab	-	1	(75%)	-	-
V	Non updation of CIBIL	-	1	(50%)	-	-

*As per RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19,2022 and RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22,2021, NBFCs are required to provide disclosures in accordance with Scale Based Regulation(SBR) framework in their annual financial statements, starting with financial year ended March 31, 2023. These are not applicable for financial year ended March 31, 2021 and hence not provided.

48.18 Registration obtained from Financial Sector Regulators

Regulator	Registration No.
Reserve Bank of India	Certificate of Registration No. N-16.00187 dt 24th August, 2010

48.19 Ratings assigned by the credit rating agencies and migration of ratings during the period

Sr. No.	Particulars	Nature of Instrument	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Long Term	Bank Lines	India Rating and Research Pvt. Ltd. (IND AA- /Stable); CARE Ratings (CARE AA Stable / CARE A1+)	India Rating and Research Pvt. Ltd. AA- /Stable	India Rating and Research Pvt. Ltd. AA- / Stable
2	Long Term	Non convertible debentures	CARE Ratings (CARE AA/Stable)	CARE AA- /Stable	CARE AA- / Stable
3	Short Term	Commercial Paper	-	Acuite Ratings & Research Limited A1+	Acuite Ratings & Research Limited A1+
4	Short Term	Commercial Paper	CRISIL Ratings Limited (CRISIL A1+)	-	-
5	Short Term	Commercial Paper	-	CRISIL A1+	CRISIL A1+
6	Short Term	Commercial Paper	ICRA Limited (ICRA A1+)	-	-
7	Long Term	Non convertible debentures	India Rating and Research Pvt. Ltd. (IND AA- /Stable)	India Rating and Research Pvt. Ltd. AA- / Stable	India Rating and Research Pvt. Ltd. AA- / Stable
8	Long Term	Non convertible debentures - Subordinated Debt	India Rating and Research Pvt. Ltd. (IND AA- /Stable)	India Rating and Research Pvt. Ltd. AA- / Stable	India Rating and Research Pvt. Ltd. AA- / Stable
9	Short Term	Commerical Paper	-	ICRA Ltd A1+	ICRA A1+

48.20 Amounts due to Investor Education and Protection Fund
There is no amount due to be credited to Investor Education and Protection Fund as at March 31, 2023, March 31, 2022 and March 31, 2021.

48.21 Off Balance Sheet SPV sponsored - The company does not have SPVs sponsored (which are required to be consolidated as per Accounting Norms).

48.22 Penalties imposed by RBI
Penalty of INR Nil was imposed on Fedbank Financial Services Limited during year ended March 31,2023 and March 31,2022.
During the financial year ended 31 March 2021, RBI vide order ref EFD.CO.SO/372/02.14.148/2020-21 March 22,2021 in exercise of the powers conferred under clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B of the Act, penalty of INR 1.5 millions is imposed on Fedbank Financial Services Limited.

48.23 Ownership Overseas Assets (for those with joint ventures and subsidiaries abroad)
There are no overseas assets owned by the Company.

48.24 Breach of Covenant
There are no instances of breach of covenant of loan availed or debt securities issued for the year ended March 31,2023. As per RBI Circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19,2022 and RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22,2021, NBFCs are required to provide disclosures in accordance with Scale Based Regulation(SBR) framework in their annual financial statements, starting with financial year ended March 31, 2023. These are not applicable for financial year ended March 31, 2021 and March 31,2022 and hence not provided.

48.22 Disclosure pursuant to Reserve Bank of India notification DNBS.CC.PD.No.356/03.10.01/2013-14 dated 16 September 2013 pertaining to gold loans

Details of Gold auction conducted

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
No. of loan accounts	10,295	15,258	1,073
Principal Amount outstanding at the date of auction (INR in Millions)	578.60	1,455.32	89.26
Interest Amount outstanding at the date of auction (INR in Millions)	109.60	243.22	8.61
Total value fetched (INR in Millions)	810.30	1,823.49	109.53

Note: No entity within the Company's group including any holding or associate Company or any related party had participated in any of the above auctions.

48.23 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)

(INR in Millions)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Liabilities side			
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:			
	(a) Debentures			
	-Secured	4,045.90	2,006.78	3,054.48
	-Unsecured	2,596.70	2,590.72	2,584.59
	(other than falling within the meaning of public deposits)			
	(b) Deferred Credits	Nil	Nil	Nil
	(c) Term Loans	59,553.57	41,093.50	32,924.02
	(d) Inter-corporate loans and borrowing	Nil	Nil	Nil
	(e) Commercial Paper	2,066.40	3,327.39	2,882.50
	(f) Other Loans (represents Working Capital Demand Loan, Cash credit, Bank Over draft and Liability component of Compound financial instrument)	3,095.68	1,149.96	1,835.23
	Asset side			
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :			
	(a) Secured	69,923.96	48,759.71	40,519.03
	(b) Unsecured	11,103.40	8,849.70	5,751.32
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities			
	(i) Lease assets including lease rentals under sundry debtors			
	(a) Finance Lease	Nil	Nil	Nil
	(b) Operating Lease	Nil	Nil	Nil
	(ii) Stock on hire including hire charges under sundry debtors:			
	(a) Assets on hire	Nil	Nil	Nil
	(b) Repossessed Assets	Nil	Nil	Nil
	(iii) Other loans counting towards AFC activities			
	(a) Loans where assets have been repossessed	Nil	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil	Nil
4	Break-up of Investments			
	Short Term Investments:			
	1 Quoted			
	(i) Shares:			
	(a) Equity	Nil	Nil	Nil
	(b) Preference	Nil	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil	Nil
	(iii) Units of mutual funds	200.03	1,030.88	250.13
	(iv) Government Securities	6,539.62	4,037.41	Nil
	(v) Others	Nil	Nil	Nil
	2 Unquoted			
	(i) Shares:			
	(a) Equity	Nil	Nil	Nil
	(b) Preference	Nil	Nil	Nil
	(ii) Debentures and bonds	66.62	74.96	74.80
	(iii) Units of mutual funds	Nil	Nil	Nil
	(iv) Government Securities	Nil	Nil	Nil
	(v) Others	Nil	Nil	Nil
	Long Term Investments:			
	1 Quoted			
	(i) Shares:			
	(a) Equity	Nil	Nil	Nil
	(b) Preference	Nil	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil	Nil
	(iv) Government Securities	Nil	Nil	Nil
	(v) Others	Nil	Nil	Nil
	2 Unquoted			
	(i) Shares:			
	(a) Equity	Nil	Nil	Nil
	(b) Preference	Nil	Nil	Nil
	(ii) Debentures and bonds	Nil	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil	Nil
	(iv) Government Securities	Nil	Nil	Nil
	(v) Others	Nil	Nil	Nil
5	Borrower group-wise classification of assets financed as in (2) and (3) above			
	1 Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties-Holding Company	Nil	Nil	Nil
	2 Other than related parties	81,027.36	57,609.41	46,270.35
	Total			
6	Other Information:			
	(i) Gross Non-Performing Assets			
	(a) Related parties	Nil	Nil	Nil
	(b) Other than related parties	1,644.98	1,285.82	468.08
	(ii) Net Non-Performing Assets			
	(a) Related parties	Nil	Nil	Nil
	(b) Other than related parties	1,279.80	1,002.02	328.22
	(iii) Assets acquired in satisfaction of debt	Nil	Nil	Nil

48.24 Disclosure in term of notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109

(INR in Millions)

Asset classification as per RBI Norms	**Asset classification as per Ind AS 109**	**Gross Carrying amount as per Ind AS**			**Loss Allowances (Provision) as required under Ind AS 109**			**Net carrying amount**			**Provision required under IRACP norms**			**Difference between Ind AS 109 and IRACP norms**		
		31-03-2023	**31-03-2022**	**31-03-2021**	**31-03-2023**	**31-03-2022**	**31-03-2021**	**31-03-2023**	**31-03-2022**	**31-03-2021**	**31-03-2023**	**31-03-2022**	**31-03-2021**	**31-03-2023**	**31-03-2022**	**31-03-2021**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = (3) - (6)	(10) = (4) - (7)	(11) = (5) - (8)	(12)	(13)	(14)	(15) = (6) - (12)	(16) = (7) - (13)	(17) = (8) - (14)
Performing Assets																
Standard	Stage 1	75,619.03	51,311.35	44,514.09	246.61	252.44	453.56	75,372.42	51,058.91	44,060.53	304.67	212.12	234.34	(58.06)	40.32	219.22
	Stage 2	3,054.66	3,764.59	1,288.18	417.48	616.17	155.52	2,637.18	3,148.42	1,132.66	147.81	241.42	4.93	269.67	374.75	150.59
Sub Total		78,673.69	55,075.94	45,802.27	664.09	868.60	609.08	78,009.60	54,207.34	45,193.19	452.48	453.54	239.27	211.61	415.06	369.81
Non Performing Assets (NPA)																
Sub Standard	Stage 3	1,158.78	1,134.07	409.98	188.17	256.17	127.72	970.61	877.90	282.26	118.13	110.28	40.25	70.04	145.89	87.47
	Stage 2*	708.85	1,247.66	-	1.44	8.96	-	707.41	1,238.70	-	70.91	116.60	-	(69.47)	(107.65)	-
Doubtful (upto 1 year)	Stage 3	419.74	103.33	57.80	159.98	16.95	11.98	259.76	86.38	45.82	89.50	18.12	9.83	70.48	(1.17)	2.15
Doubtful (1 - 3 year)	Stage 3	61.47	43.98	0.12	11.83	6.41	0.00	49.64	37.58	0.12	18.05	10.16	0.03	(6.22)	(3.76)	(0.03)
Doubtful (more than 3 year)	Stage 3	-	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	0.00	0.00	0.00	(0.00)	(0.00)
Sub-total for Doubtful		481.21	147.32	57.92	171.77	23.35	11.98	309.40	123.96	45.94	107.55	28.28	9.86	64.22	(4.93)	2.12
Loss	Stage 3	4.90	4.43	0.18	4.93	4.23	0.16	(0.03)	0.20	0.02	4.93	4.43	2.12	-	(0.20)	(1.96)
Sub-total for NPA		2,353.74	2,533.48	468.08	366.21	292.71	139.86	1,987.38	2,240.76	328.22	301.52	259.60	52.23	64.79	33.11	87.63
Other items: Full and final recovery	Stage 1	-	-	-	-	-	-		-	-	-	-	-	-	-	-
	Stage 2	-	-	0.80	-	-	0.80		-	-	-	-	0.80	-	-	-
	Stage 3	-	-	-	-	-	-			-	-	-	-	-	-	-
Sub-total		-	-	0.80	-	-	0.80		-	-	-	-	0.80	-	-	-
Total	**Stage 1**	**75,619.03**	**51,311.35**	**44,514.09**	**246.61**	**252.44**	**453.56**	**75,372.42**	**51,058.91**	**44,060.53**	**304.67**	**212.12**	**234.34**	**(58.06)**	**40.32**	**219.22**
	Stage 2	**3,763.51**	**5,012.25**	**1,288.98**	**418.92**	**625.13**	**156.32**	**3,344.59**	**4,387.12**	**1,132.66**	**218.72**	**358.03**	**5.73**	**200.20**	**267.10**	**150.59**
	Stage 3	**1,644.89**	**1,285.82**	**468.08**	**364.87**	**283.77**	**139.86**	**1,279.98**	**1,002.06**	**328.22**	**230.61**	**143.00**	**52.23**	**134.30**	**140.77**	**87.63**
	Total	**81,027.42**	**57,609.41**	**46,271.15**	**1,030.40**	**1,161.32**	**749.74**	**79,996.98**	**56,448.09**	**45,521.41**	**754.00**	**713.14**	**292.30**	**276.44**	**448.18**	**457.44**

* These represent gold loan accounts which have been classified as Stage 2 based on the Credit Risk policy and assessment of the Company which lays down the definition of 'default', the Company considers for it's staging analysis. Further, the Company has also considered Loan to Value (LTV) margin, empirical evidence of realization from the liquidation of collateral and other information. These accounts are classifiable as Sub-standard under the extant regulatory provisions.

(B) Disclosure in term of RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 relating to classification of gold loan accounts that are past due beyond 90 days but not treated/classified as impaired (Stage 3) assets by virtue of the following:

- Gold loans are originated basis value of under-lying collateral rather than financial background of the borrower.
- The underlying collateral are liquid and as a consequence the credit impairment risk is primarily on account of insufficiency of margin/Loan to Value (LTV) if any.
- At the time of re-pledge/rollover of the gold loan facility, there is no concession granted/offered to the borrower by the Company and process followed is similar to that which would have been followed for any new borrower as there is a re-valuation of collateral (including additional margin/collateral brought-in by borrowers) and it is ensured that the collateral value is within the RBI prescribed LTV norms at origination.
- Past Empirical evidence of realisation/recoveries from the liquidation of collateral for past 6 quarters has established immaterial/insignificant Loss Given Default (LGD) rates for the gold loan portfolio.

Particulars	**Number of Accounts**	**Total amount Outstanding as at March 31, 2023**	**Number of Accounts**	**Total amount Outstanding as at March 31, 2022**
		(in Millions)		**(in Millions)**
Accounts where 90 days rebuttal is done	2,653	329.11	5,198	628.06
Accounts linked to above	3,369	379.87	5,310	619.60
Total	**6,022**	**708.98**	**10,508**	**1,247.66**

48.25 Public Disclosures as mandated by LRM framework for NBFCs issued by the RBI on 4th November 2019.

a) Funding Concentration based on significant counterparty

		As at March 31, 2023	
Sr. No.	**Significant counterparty***	**Amount**	**% of Total Liabilities**
1	Bank of Baroda Ltd	7,579.30	9.82%
2	Canara Bank Ltd	6,987.51	9.06%
3	Indian Bank(Including Erst. Allahabad Bank)	6,889.81	8.93%
4	Federal Bank Ltd	5,768.36	7.48%
5	SIDBI Ltd	5,466.16	7.08%
6	HDFC Bank Ltd	3,973.85	5.15%
7	Axis Bank Ltd	3,841.82	4.98%
8	ICICI BANK Ltd	2,988.79	3.87%
9	State Bank of India Ltd	2,911.68	3.77%
10	IDBI Ltd	2,872.35	3.72%
11	Karnataka Bank Ltd	2,859.07	3.71%
12	Union bank of India Ltd	2,573.57	3.34%
13	Bank of Maharashtra Ltd	2,491.42	3.23%
14	Bajaj Finance Ltd	2,212.21	2.87%
15	Central Bank of India Ltd	1,571.88	2.04%
16	CITI Bank Ltd	1,500.35	1.94%
17	Indian Overseas Bank Ltd	1,442.28	1.87%
18	Bank of India Ltd	1,394.03	1.81%
19	DC (Corporate)	1,134.36	1.47%
20	Other Retailers	1,062.94	1.38%
21	KVB Bank Ltd	1,020.07	1.32%
22	DCB Bank Ltd	1,006.15	1.30%

*Significant counterparty has been defined as exposure greater than 1%

b) Top 10 borrowings

		As at March 31, 2023	
Sr. No.	**Significant counterparty**	**Amount**	**% of Total Borrowings**
1	Bank of Baroda Ltd	7,579.30	10.62%
2	Canara Bank Ltd	6,987.51	9.79%
3	Indian Bank(Including Erst. Allahabad Bank)	6,889.81	9.66%
4	Federal Bank Ltd	5,768.36	8.08%
5	SIDBI Ltd	5,466.16	7.66%
6	HDFC Bank Ltd	3,973.85	5.57%
7	Axis Bank Ltd	3,841.82	5.38%
8	ICICI BANK Ltd	2,988.79	4.19%
9	State Bank of India Ltd	2,911.68	4.08%
10	IDBI Ltd	2,872.35	4.03%

c) Funding Concentration based on significant instrument/product

		As at March 31, 2023	
Sr. No.	**Significant counterparty**	**Amount**	**% of Total Liabilities**
1	Short Term working Capital	1,595.30	2.07%
2	Term Loan- Secured	60,803.84	78.81%
3	Term Loan- Unsecured	250.06	0.32%
4	Commercial paper	2,066.40	2.68%
5	NCD - Secured	4,045.90	5.24%
6	NCD - Unsecured	2,596.70	3.37%

d) Stock Ratio

		As at March 31, 2023
Sr No	**Particulars**	**%**
1	Commercial Paper as % of Total Liabilities	2.68%
2	Commercial Paper as % of Total Assets	2.28%
3	Other Short Term Liabilities as % of Total Liabilities	7.84%
4	Other Short Term Liabilities as % of Total Asset	6.67%

a) Funding Concentration based on significant counterparty

Sr. No.	Significant counterparty*	As at March 31, 2022 Amount	% of Total Liabilities
1	Federal Bank Ltd	8,134.03	15.06%
2	Bank of Baroda	5,194.79	9.62%
3	Indian Bank(Including Erst. Allahabad Bank)	4,326.93	8.01%
4	ICICI BANK	4,093.48	7.58%
5	SIDBI	3,321.14	6.15%
6	HDFC Bank Ltd	2,606.20	4.82%
7	Axis Bank	2,148.99	3.98%
8	Canara Bank	2,431.36	4.50%
9	Bank of Maharashtra	1,998.05	3.70%
10	Central Bank of India	1,970.55	3.65%
11	Indian Overseas Bank	1,884.60	3.49%
12	Bank of India	1,792.87	3.32%
13	Karnataka Bank	1,460.36	2.70%
14	State Bank of India	1,196.10	2.21%
15	IDBI Bank	1,073.64	1.99%
16	DCB Bank	1,063.39	1.97%
17	HDFC Mutual Fund	1,000.00	1.85%
18	DSP Mutual Fund	1,000.00	1.85%
19	Bajaj Finance	561.60	1.04%

*Significant counterparty has been defined as exposure greater than 1%

b) Top 10 borrowings

Sr. No.	Significant counterparty	As at March 31, 2022 Amount	% of Total Borrowings
1	Federal Bank Ltd	8,134.03	16.21%
2	Bank of Baroda	5,194.79	10.35%
3	Indian Bank(Including Erst. Allahabad Bank)	4,326.93	8.62%
4	ICICI BANK	4,093.48	8.16%
5	SIDBI	3,321.14	6.62%
6	HDFC Bank Ltd	2,606.20	5.19%
7	Axis Bank	2,148.99	4.28%
8	Canara Bank	2,431.36	4.85%
9	Bank of Maharashtra	1,998.05	3.98%
10	Central Bank of India	1,970.55	3.93%

c) Funding Concentration based on significant instrument/product

Sr. No.	Significant counterparty	As at March 31, 2022 Amount	% of Total Liabilities
1	Short Term working Capital	1,149.96	2.13%
2	Term Loan- Secured	40,341.64	74.68%
3	Term Loan- Unsecured	752.00	1.39%
4	Commercial paper	3,327.39	6.16%
5	NCD - Secured	2,006.78	3.71%
6	NCD - Unsecured	2,590.62	4.80%

d) Stock Ratio

Sr No	Particulars	As at March 31, 2022 %
1	Commercial Paper as % of Total Liabilities	6.16%
2	Commercial Paper as % of Total Assets	5.08%
3	Other Short Term Liabilities as % of Total Liabilities	10.05%
4	Other Short Term Liabilities as % of Total Asset	8.29%

a) Funding Concentration based on significant counterparty

		As at March 31, 2021	
Sr. No.	Significant counterparty*	Amount	% of Total Liabilities
1	Federal Bank Ltd	10816.19	25.29%
2	HDFC Bank Limited	4492.73	10.51%
3	Indian Bank(Including Erst. Allahabad Bank)	3793.43	8.87%
4	ICICI Bank	3294.63	7.70%
5	Axis Bank	2983.17	6.98%
6	Canara Bank	2706.71	6.33%
7	State Bank of India	2592.00	6.06%
8	HDFC Mutual Fund	2388.96	5.59%
9	Bank of Baroda	1895.26	4.43%
10	SIDBI	1283.28	3.00%
11	Bank of Maharashtra	998.75	2.34%
12	Bajaj Finance Limited	848.44	1.98%
13	DCB Bank	665.07	1.56%
14	IDBI Bank	649.25	1.52%
15	Karnataka Bank	646.22	1.51%
16	AU Small Finance Bank	500.00	1.17%
17	Punjab National Bank	500.00	1.17%
18	Bank of India	499.00	1.17%

*Significant counterparty has been defined as exposure greater than 1%

b) Top 10 borrowings

		As at March 31, 2021	
Sr. No.	Significant counterparty	Amount	% of Total Borrowings
1	Federal Bank Ltd	10,816.19	25.29%
2	HDFC Bank Limited	4,492.73	10.51%
3	Indian Bank(Including Erst. Allahabad Bank)	3,793.43	8.87%
4	ICICI Bank	3,294.63	7.70%
5	Axis Bank	2,983.17	6.98%
6	Canara Bank	2,706.71	6.33%
7	State Bank of India	2,592.00	6.06%
8	HDFC Mutual Fund	2,388.96	5.59%
9	Bank of Baroda	1,895.26	4.43%
10	SIDBI	1,283.28	3.00%

c) Funding Concentration based on significant instrument/product

		As at March 31, 2021	
Sr. No.	Significant counterparty	Amount	% of Total Liabilities
1	Short Term working Capital	1,663.00	3.89%
2	Term Loan- Secured	32,138.09	75.15%
3	Term Loan- Unsecured	748.99	1.75%
4	NCD - Secured	1,873.34	4.38%
5	NCD - Unsecured	3,459.02	8.09%
6	Commercial paper	2,882.50	6.74%

d) Stock Ratio

Sr No	Particulars	As at March 31, 2021 %
1	Commercial Paper as % of Total Liabilities	6.22%
2	Commercial Paper as % of Total Assets	5.27%
3	Other Short Term Liabilities as % of Total Liabilities	3.58%
4	Other Short Term Liabilities as % of Total Asset	3.03%

48.26 In accordance with the instructions of RBl circular no. DOR.SFR.REC.4/21.04 048/2021-22 dated April 07, 2021, all lending institutions shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Bank Association (IBA) published the methodology for calculation of the amount of such 'interest on Interest'. Accordingly the Company has estimated the said amount and made provision for refund/adjustment during the year ended March 31, 2021.

48.27 Disclosure of restructured advances

As at March 31, 2023

Sr.No.	Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Assets classification Details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2022 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	20.00	-	-	20.00	-	20.00	-	-	20.00
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	99.53	-	-	99.53	-	99.53	-	-	99.53
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	32.56	-	-	32.56	-	32.56	-	-	32.56
2	Fresh restructuring during the period	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the period	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the period	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the period	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(14.00)	-	-	(14.00)	-	(14.00)	-	-	(14.00)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(63.56)	-	-	(63.56)	-	(63.56)	-	-	(63.56)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(25.46)	-	-	(25.46)	-	(25.46)	-	-	(25.46)
7	Restructured Accounts as on March 31, 2023 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	6.00	-	-	6.00	-	6.00	-	-	6.00
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	35.97	-	-	35.97	-	35.97	-	-	35.97
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	7.10	-	-	7.10	-	7.10	-	-	7.10

As at March 31, 2022 (INR in Millions)

Sr.No.	Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Assets classification	Details	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2021 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	7	-	-	7	-	7	-	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	55.79	-	-	55.79	-	55.79	-	-	55.79
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	24.97	-	-	24.97	-	24.97	-	-	24.97
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	15	-	-	15	-	15	-	-	15
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	52.36	-	-	52.36	-	52.36	-	-	52.36
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	18.68	-	-	18.68	-	18.68	-	-	18.68
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(1.58)	-	-	(1.58)	-	(1.58)	-	-	(1.58)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(5.25)	-	-	(5.25)	-	(5.25)	-	-	(5.25)
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(2)	-	-	(2)	-	(2)	-	-	(2)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(7.04)	-	-	(7.04)	-	(7.04)	-	-	(7.04)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(5.85)	-	-	(5.85)	-	(5.85)	-	-	(5.85)
7	Restructured Accounts as on March 31, 2022 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	20	-	-	20	-	20	-	-	20
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	99.53	-	-	99.53	-	99.53	-	-	99.53
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	32.56	-	-	32.56	-	32.56	-	-	32.56

As at March 31, 2021

Sr.No.	Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Assets classification	Details	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2020 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	7	-	-	7	-	7	-	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	55.79	-	-	55.79	-	55.79	-	-	55.79
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	24.97	-	-	24.97	-	24.97	-	-	24.97
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31, 2021 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	7	-	-	7	-	7	-	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	55.79	-	-	55.79	-	55.79	-	-	55.79
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	24.97	-	-	24.97	-	24.97	-	-	24.97

Note:
1. Reduction in opening restructured POS has been shown in restructured advances which ceases to attarct higher provision, as no specific row is available to disclose this movement. Similarly, provision has also been shown under higher provision additonal risk.
2. The figures disclosed above are for loans restructured under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which excludes cases restructured loans under OTR 1.0 and OTR 2.0.

48.28 Disclosure in compliance with RBI circular 2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21

RBI vide its circular 2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 and vide circular DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 has allowed a one-time restructuring of existing loans to MSMEs classified as 'standard' without any downgrade in the asset classification, subject to prescribed conditions.

(INR in Millions)

No. of accounts restructured	Amount outstanding as at 31 March 2023
71	302.60

(INR in Millions)

No. of accounts restructured	Amount outstanding as at 31 March 2022
234	812.70

(INR in Millions)

No. of accounts restructured	Amount outstanding as at 31 March 2021
130	616.79

48.29 Disclosure in compliance with RBI circular 2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21

As at March 31, 2023
Format B

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	1,351.58	-	12.79	31.08	1,307.71
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-
* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

As at March 31, 2022
Format B

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	1,458.38	7.86	27.65	0.85	1,421.98
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-
* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

During the year ended March 31, 2022, the Company has implemented resolution plan in accordance with the Resolution Framework for COVID-19 related stress announced by the RBI in 9042 loan account with a total outstanding INR 2023.8 millions as on March 31, 2022. Of these, total loan which were restructured during the period, for 3836 cases having an outstanding amount of INR 235.2 millions (as at March 31, 2022) basis their credit assessment and the terms of restructuring, the Company has classified such restructured borrower accounts as non-impaired (under Ind AS 109, Financial Instruments) at March 31, 2022. The Company has evaluated the same basis repayment behaviour of borrowers and other qualitative factors which have been approved by Audit Committee of the Company.

This disclosure is applicable on half yearly basis starting from half year ended September 30, 2021 onwards and hence the same is not disclosed for financial year ended March 31, 2021.

As at March 31, 2021
Format A

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	9,484.00	306.28	-	-	31.03
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**9,484.00**	**306.28**	**-**	**-**	**31.03**
*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

This disclosure is only required for financial year ended March 31, 2021 and hence the same is not disclosed for financial year ended March 31, 2022 and March 31, 2023.

48.30 Restructuring 2.0 disclosure

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	8,505	212	211
(B)	Number of accounts where resolution plan has been implemented under this window	8,505	212	211
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	380.40	545.63	781.05
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan	31.60	44.60	55.09

Out of total account reported above , 3434 accounts which were previously restructured in restructuring 1.0 were again restructured in restructuring 2.0 during the year ended March 31, 2022.

48.31 The Company has during the year ended March 31,2023, March 31, 2022 & March 31 2021, based on assessment and approval of the Board has written off the loans and advances amounting to INR 581.3 milliom INR 395.00 million INR 290.40 million respectively.

48.32 LCR Disclosure

(INR in Millions)

	Particulars	As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Asset						
1	Total High Quality Liquid Assets (HQLA)	**2,725.80**	**2,725.80**	**4,688.80**	**4,688.80**	**1,160.30**	**1,160.30**
	Cash Outflows						
2	Deposits (for deposit taking companies)	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-
4	Secured wholesale funding	3,683.00	4,235.45	1,233.83	1,418.91	1,920.47	2,208.54
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	791.10	909.77	487.40	560.51	928.00	1,067.20
6	Other contractual funding obligations	3,495.10	4,019.37	1,461.80	1,681.07	1,118.90	1,286.74
7	Any other contractual outflows	830.70	955.31	460.48	529.55	318.40	366.16
8	**TOTAL CASH OUTFLOWS**	**8,799.90**	**10,119.90**	**3,643.52**	**4,190.04**	**4,285.77**	**4,928.64**
8B	**75% of (Weighted Cash Outflow)**		**7,589.93**	**-**	**3,142.53**	**-**	**3,696.47**
	Cash Inflows						
9	Secured lending	2,173.00	1,629.75	1,401.75	1,051.31	999.73	749.80
10	Inflows from fully performing exposures	-	-	-	-	-	-
11	Other cash inflows	13,007.30	9,755.51	4,723.53	3,542.65	9,714.91	7,286.18
12	**TOTAL CASH INFLOWS**	**15,180.30**	**11,385.26**	**6,125.28**	**4,593.96**	**10,714.64**	**8,035.98**
13	**TOTAL HQLA**		**2,725.80**		**4,688.80**	**-**	**1,160.30**
14	**TOTAL NET CASH OUTFLOWS**		**2,530.00**		**1,047.51**	**-**	**1,232.17**
15	**LIQUIDITY COVERAGE RATIO (%)**		**108%**		**448%**		**94%**

Note: The above ratio is computed in line with RBI Guideline.

49 Impact of COVID-19

The Covid-19 pandemic has impacted most countries including India. The nationwide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing one time restructuring to eligible borrowers (OTR).

Further the second wave of COVID-19 pandemic in April-May 2021 led to re- imposition of localised /regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second wave started to subside from June'21 onwards and there has been gradual lifting of lock downs and increase in economic activities. However the uncertainty which may emerge out of any possible new variants of the Corona Virus in future and its impact on the economic activities are not known. Accordingly, the Company's results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of financial statements on the reporting date. The Company is carrying a management overlay, as part of its Expected Credit Loss (ECL) provision of INR 176.7 millions as on March 31, 2022 and INR 455.8 millions as on March 31, 2021 to cover any further deterioration in credit quality of its loans due to such uncertainties. The Company has been regular in servicing its debt obligations and has adequate capital and financial resources to run its business.

49.1 On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. The Company has implemented the requirements pertaining to day-end-processing and allied matters as mentioned in the RBI circular dated November 12, 2021.

50 Transfer of Financial Assets

The Company has transferred a pool of loans arising from financing activities through a securitisation transaction. In this transaction, the Company has provided credit enhancements to the transferee. Because of the existence of credit enhancements in this transaction, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset and continues to retain substantially all risks and rewards associated with the receivables, and hence, such transfer does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer has been recorded as collateralized debt obligation.

The carrying amount of loans arising from financing activities along with the associated liabilities is as follows

(INR in Millions)

Nature of Assets	As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	Carrying amount of sold assets	Carrying amount of associated liabilities	Carrying amount of sold assets	Carrying amount of associated liabilities	Carrying amount of assets sold	Carrying amount of associated liabilities
Loans	-	-	-	-	177.66	165.80

51 Contingent Liabilities (to the extent not provided for)

(INR in Millions)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
1	Disputed Income Taxes (1)	4.60	-	3.60
2	Other Sums contingently liable for (2)	2.30	2.30	2.30
	Total	**6.90**	**2.30**	**5.90**

1. The Assessing Officer has disagreed with the treatment of certain expenses in connection with the return of income tax return filed by the Company and accordingly raised a demand of INR 32.18 lakhs , INR 5.02 lakhs and INR 9.29 lakhs for AY 2011-12 , AY 2013-14 and AY 2017-18 respectively, this has been challenged by the Company before the Commissioner of Income Tax (Appeals).

2. The Payment of Bonus Act, 1979 was amended with retrospective effect during the previous year, the estimated probable additional cost to the Company on account of this to the extent it pertains to the earlier financial year has not been considered a liability by placing reliance on Kerala High Court judgement which has stayed this matter and accordingly disclosed as contingent liability.

3. In Line with industry practice, the company auctions gold kept as security of borrowers whose loans are in default. Certain customers of the Company have filed suits in consumer/civil courts for auctioning of their gold ornaments or for obtaining of stay order against auction of their pledged gold. The management does not expect any material liability from such suits.

52 Capital and Other Commitments

(INR in Millions)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
1	Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of advances)	20.48	56.92	90.90
2	Other Commitments towards partly disbursed loans	646.72	487.37	935.80

53

Sr. No.	Ratios	As at March 31, 2023			As at Mar 31, 2022			As at Mar 31, 2021		
		Numerator	Denominator	Ratio	Numerator	Denominator	Ratio	Numerator	Denominator	Ratio
1	Capital to risk weighted assset ratio (CRAR)	14,603.10	81,401.60	17.94%	13,620.92	59,129.76	23.04%	11,062.66	47,042.90	23.52%
2	Tier I CRAR	12,279.30	81,401.60	15.08%	10,868.68	59,129.76	18.38%	8,043.26	47,042.90	17.10%
3	Tier II CRAR	2,323.80	81,401.60	2.85%	2,752.24	59,129.76	4.65%	3,019.40	47,042.90	6.42%
4	Liquidity Coverage Ratio	2,725.80	2,530.00	108%	4,688.80	1,047.51	448%	1,160.30	1,232.17	94%

Sr. No.	Ratios	% variance (31-March-23 v/s 31-March-22)	Remarks (if above 25%)	% variance (31-Mar-22 v/s 31-Mar-21)	Remarks (if above 25%)
1	Capital to risk weighted assset ratio (CRAR)	(5.10%)	NA	(0.48%)	NA
2	Tier I CRAR	(3.30%)	NA	1.28%	NA
3	Tier II CRAR	(1.80%)	NA	(1.76%)	NA
4	Liquidity Coverage Ratio	(339.87%)	Significant decrease in HQLA on account of sale of government securities.	353.45%	Significant increase in HQLA on account of higher liquidity maintained.

Notes:

1. Capital Adequacy Ratio has been computed as per relevant RBI Guidelines. (CRAR = [Tier I Capital + Tier II capital]/Total Risk weighted Assets)

2. Liquidity Coverage Ratio has been computed as per relevant RBI Guidelines. (LCR = Total High Quality Liquid Assets/Total Net Cash Outflows)

54 Disclosure as required under Rule 11(e) and Rule 11(f) of the Companies (Audit and Auditors) Rules, 2014 for the reporting period March 31,2023 & March 31,2022

1. 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 a party identified by or on behalf of the Company (Ultimate Beneficiaries).

2. The Company has not received any fund from any party(s) 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.

3. There is no dividend declared or paid during the year by the Company.

55 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received the Indian Parliament and Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

56 Previous period / year figures have been regrouped wherever necessary to conform to the current period's classification / disclosure.

57 INR 0 Millions indicates values are lower than INR 0.5 Millions, where applicable.

58 Between May-July 2022, the Company experienced an information security incident involving a ransomware and consequent isolation of impacted IT services. In response to this, the Management initiated comprehensive containment efforts to address the incident. Restoration of all impacted applications has been done and business is continuing as usual. The Company appointed an expert to investigate the nature, event and causes of data breach and remediation efforts recommended to enhance safeguards and avoid breaches are in progress of being implemented. The Company believes that data integrity is maintained and not compromised. There has been no litigations and claims relating to this cyber security incident till date.

59 During the previous year, the Company had filed the Draft Red Herring Prospectus dated 18 February, 2022, with SEBI, for the purpose of raising equity capital. However, due to various internal and external considerations the plan to issue equity shares to public has been currently put on hold. Accordingly, the Company has expensed the following in the Statement of Profit and Loss.

(INR in Millions)

Sr. No.	Particulars	As at Mar 31, 2023	As at Mar 31, 2022	As at Mar 31, 2021
1	Legal and professional fees	106.50	-	-
2	Auditors' remuneration (Refer note 33.1)	21.30	-	-
3	Rates and taxes	22.30	-	-
4	Insurance	1.40	-	-
5	Miscellaneous Expenses	2.20	-	-
	Total	**153.70**	**-**	**-**

For and on behalf of Board of Directors

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
FRN: 101248W/W-100022

C. V. Ganesh
Chief Financial Officer

Rajaraman Sundaresan
Company Secretary & Compliance officer
M.No. F3514

Anil Kothuri
MD & CEO
DIN:00177945

Balakrishnan Krishnamurthy
Non Executive Chairman
DIN:00034031

Gauri Rushabh Shah
Independent Director
DIN:06625227

Ashwin Suvarna
Partner
M. No. 109503

Place: Mumbai
Date: June 21, 2023

Place: Mumbai
Date: June 21, 2023

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Basic earnings per equity share (in ₹)	5.60	3.32	2.19
Diluted earnings per equity share (in ₹)	5.59	3.31	2.18
Return on average net worth (%)	14.36%	10.41%	8.08%
Net asset value per share (in ₹)	42.11	35.88	28.79
PBT (in ₹ million)	2,430.20	1,392.09	769.28
EBITDA (in ₹ million)	7,570.40	5,235.58	4,173.88

Notes: *The ratios have been computed as under:*

(i) EBITDA is a non- GAAP measure. Non- GAAP reconciliation is available in "Selected Statistical Information" on page 257.

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 (collectively, the "**Audited Financial Statements**") are available on our website at https://fedfina.com/investor/disclosure/.

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 or the Selling Shareholders, 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.

Related party transactions

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e., Ind AS 24 'Related Party Disclosures' for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, and as reported in the Restated Financial Information, see "*Restated Financial Information – Note 38: - Related Party Disclosures*" on page 330.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

To obtain a complete understanding of our Company, prospective investors should read the following discussion in conjunction with "Risk Factors", "Industry Overview", "Our Business", "Selected Statistical Information", and "Restated Financial Information" on pages 25, 115, 184, 257 and 275.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2023, 2022- and 2021, included herein is derived from the Restated Financial Information, included in this Draft Red Herring Prospectus. For further information, see "Restated Financial Information" on page 275.

Our Fiscal year ends on March, 31 of each year. Accordingly, all references to a particular Fiscal are to the 12-month period ended March, 31 of that year.

The industry and market data used in this section has been sourced from the CRISIL Report prepared and released by CRISIL (appointed by our Company pursuant to an pursuant to addendum no. 3 dated June 14, 2023 to the agreement for services dated October 22, 2021) and commissioned by and paid for by us in connection with the Offer. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "Risk Factors – 57. Certain sections of this Draft Red Herring Prospectus contain information from the report titled 'Analysis of NBFC sector and select asset classes in India' dated July 2023, ("CRISIL Report") which has been commissioned and paid for by us exclusively for the purpose of the Offer. The CRISIL Report, prepared and issued by CRISIL MI&A, a division of CRISIL, is not exhaustive and is based on certain assumptions and parameters / conditions and any reliance on such information for making an investment decision in the Offer is subject to inherent risks." on page 54 and "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation" on page 21. 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 fiscal year.

Certain non-GAAP financial measures and certain other statistical and operational information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. For further details, see "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation" on page 21.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 24 and 25, respectively. Prospective investors in the Equity Shares are cautioned not to place undue reliance on these forward-looking statements.

Overview

We are a retail focused NBFC promoted by The Federal Bank Limited. We have the second lowest cost of borrowing among the MSME, gold loan and MSME & gold loan peer set in India in Fiscal 2023. *(Source: CRISIL Report)* As on March 31, 2023, we had the third fastest AUM growth among NBFCs in the peer set in India with a three year CAGR of 33% between Fiscals 2020 and 2023. We are one among five private bank promoted NBFCs in India. *(Source: CRISIL Report)* We are the fastest growing gold loan NBFC in India among the peer set as of March 31, 2023. *(Source: CRISIL Report)* As on March 31, 2023, 85.98% of our total Loan Assets are secured against tangible assets, namely gold or customer's property.

We are focused on catering to the micro, small and medium enterprises ("**MSMEs**") and the emerging self-employed individuals ("**ESEIs**") sector. According to the CRISIL Report, the ESEI and MSME segment is largely unaddressed by lending institutions in India. We believe that this segment provides us with a sizeable opportunity to rapidly grow and expand further. We have a well-tailored suite of products targeted to match our customers' needs, which includes mortgage loans such as housing loans; small ticket loan against property ("**LAP**"); and medium ticket LAP, unsecured business loans, and gold loans. We had the third highest growth in disbursement among the peer set with a three year CAGR of 35% between Fiscals 2020 and 2023. (*Source: CRISIL Report*) Our mortgage loans, gold loans and our unsecured business loans had an AUM of ₹ 45,063.78 million, ₹ 29,860.46 million and ₹14,542.80 million, respectively as on March 31, 2023.

We have been rated "AA" by CARE for our non-convertible debentures ("**NCDs**") since 2022, and "AA-"– by India Ratings and Research Private Limited for our NCDs and bank loans since 2018.We are promoted by Federal Bank, which, we believe, adds a degree of trust among our stakeholders. Federal Bank will continue to own more than 51% of our outstanding share capital post the completion of the Offer. We believe that our long operating history, track record, management expertise and the "Federal Bank" brand have enabled us to establish a competitive position in the markets we serve and create trust among our customers, lenders, regulators and investors. For further details in relation to our Promoter and Promoter Group, see *"Our Promoter and Promoter Group"* on page 251.

We are headquartered in Mumbai, Maharashtra. As of March 31, 2023, we are present in 16 states and union territories across India with a strong presence in Southern and Western regions of India. Based on the CRISIL Report, these states contribute more than 75% of India's GDP as on March 31, 2022. As of March 31, 2023, we covered 191 districts in 16 states and union territories in India through 575 branches. Our branches are located in states, such as Andhra Pradesh (including Telangana) and Rajasthan, which have better asset quality than other states as of Fiscal 2023 (*Source: CRISIL Report*) Additionally, we have dedicated micro-sites on our website for each of our branches, which focus solely on customer engagement for our branch customers.

We also have a "Phygital" doorstep model, a combination of digital and physical initiatives, for providing customized services to our customers across all of our products. This also helps us to constantly remain in touch with our customers. Technology is the core building block of our underwriting model which combines electronic data and physical information and document collection. We have entered into an agreement in Fiscal 2020 with a service provider for records management, preservation of documents and related services, valid for period of five years. When we underwrite a loan, we collect various data points from the customer, including subjective and objective information. These are collected in digital and physical format. Subsequently, we spend time validating the data and analyzing the customers' creditworthiness. Thereafter, the information is validated through various application programming interfaces ("**APIs**"), which are integrated in our loan origination system. Lastly, for our gold loan portfolio, the information is passed through the decision engine for final determination of sanctions of the loan amount. Our underwriting process has allowed us to manage defaults and NPAs across all our products in Fiscals 2023, 2022 and 2021. Our Gross NPA was 2.03%, 2.23% and 1.01% for Fiscals 2023, 2022 and 2021, respectively, and Net NPA was 1.59% 1.75% and 0.71% for Fiscals 2023, 2022 and 2021, respectively. For details in relation to the impact of COVID-19 on our NPAs, see "*Risk Factors – 25. The resurgence of the COVID-19 pandemic may affect our business and operations in the future.*" on page 40.

People are at the forefront of our organization. As on March 31, 2023, we have employed 3,570 personnel across our 575 branches. For the last three consecutive years, we have been certified as a "Great Place to Work" by Great Place to Work Institute.

We seek to empower emerging India with easy access to loans. We believe we are filling a gap in the Indian financial services industry, by addressing our target customer segments' loan requirements.

Significant Factors Affecting our Financial Condition and Results of Operations

A number of important factors, including the following affect our results of operation and financial condition:

Availability of cost-effective sources of capital

We have historically secured financing from diversified sources of capital from banks, financial institutions, mutual funds and other financial institutions, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs, proceeds from loans assigned and commercial papers, to meet our capital requirements. In addition, we have access to capital from our Promoter, Federal Bank. As a result, the availability of cost-effective funding sources affects our results of operations. The availability for funding as well as the overall cost of borrowing depends on many external factors, including developments in the Indian economy and its credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect availability of funding and our cost of borrowing include our credit ratings and available credit limits. See *"-Credit Ratings*" on page 391 as well as *"Risk Factors – 12. Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations and financial condition*" on page 33. As of March 31, 2023, March 31, 2022 and March 31, 2021, our total borrowings were ₹ 71,358.23 million, ₹ 50,168.35 million and ₹ 43,280.92 million , respectively. Our average cost of borrowing was 7.77%, 7.44% and 8.30% in Fiscals 2023, 2022 and 2021, respectively. In addition, our cost of incremental borrowings, being new loans sanctioned in the relevant period, reduced from 8.36% in Fiscal 2021 to 7.02% in Fiscal 2022. It increased to 8.02% in Fiscal 2023 due to an increase in interest rates. The increase in interest rates was primarily attributable to an increase in the repo rate by the RBI. Our ability to continue to meet customer demand for new loans will depend primarily on our ability to borrow from various external sources on suitable terms and in a timely manner. Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. For further details in relation to our Promoter, see *"Our Business – Overview"* and *"Our Promoter and Promoter Group*" on pages 184 and 251, and for further details in relation to our borrowings, see *"Financial Indebtedness"* on page 395.

Further, our ability to raise debt to meet our funding requirements is restricted by the limits prescribed under applicable regulations. For example, as per the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended ("**NBFC-ND-SI Directions**"), NBFCs are required to have a Net Owned Fund ("**NOF**") of at least ₹ 20 million.

Volatility in borrowing and lending rates

Our results of operations depend substantially on our net interest income. Any change in interest rates would affect our interest income and our finance costs, and directly impact our results of operations because our core business is based on achieving a margin between the cost at which we can obtain funds and the yields we can achieve in extending loans. Our interest income constitutes the largest component of our revenue from operations. For Fiscals 2023, 2022 and 2021, our interest income as a percentage of our revenue from operations was 94.18%, 94.54% and 95.13% respectively.

Our finance costs represented 40.05%, 39.99% and 45.27% of our revenue from operations for Fiscals 2023, 2022 and 2021, respectively. Interest rates are sensitive and volatility in interest rates could be a result of many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial services sector in India, domestic and international economic and political conditions and competition among various lending institutions in India. Moreover, interest rates in India are typically correlated with the inflation rate, and as the inflation rate increases, the RBI has historically sought to raise interest rates. See *"Risk Factors – 11. We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income and net interest margin to vary and consequently affect our profitability*" and *"-Quantitative and Qualitative Analysis of Market Risks – Market Risk"* on page 33 and 392.

Credit quality and provisioning

Our ability to manage the credit quality of our loan portfolio, which we measure in part through non-performing assets ("**NPA**"), is a key driver of our results of operations. Credit quality is the outcome of the credit appraisal mechanism and recovery system followed by us. We classify NPAs in accordance with the NBFC-ND-SI Directions and applicable Ind AS rules. For further details of the composition of our loans across classification stages, as well as the provisioning thereof, see *"Our Business – Our Competitive Strengths – Strong underwriting capability and presence in select customer segment combined with robust risk management capabilities focused on effective underwriting and collections"* on page 188.

In addition, on account of our recent growth, a significant portion of our loan portfolio is relatively new and was disbursed during the last 36 months. We believe that the risk of delinquency in retail loans typically emerges 18 to 36 months from disbursement. As our loan portfolio matures or due to change in regulations, there may be a significant increase in the portion of our loans that are classified as NPAs. For example, RBI issued directions in 2014 which mandated a shorter time period for classifying assets as NPAs. Pursuant to such RBI directions, we decreased the time period for classifying our assets as NPAs from six months overdue to five months overdue in Fiscal 2016, four months overdue in Fiscal 2017 and three months overdue in Fiscal 2018. As a consequence, there was an increase in our Gross NPAs, and we had lost the regulatory arbitrage we enjoyed as against banks in relation to classification of assets as NPAs. Furthermore, on November 12, 2021, the RBI issued a circular which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all outstanding overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower). This clarification by the RBI may cause a spike in NPAs in the near term, and increase stickiness of NPAs for NBFCs going forward, and consequently result in an increase in provisioning requirements, higher capital requirements and losses over time. As a result of this circular and the resultant increase in our NPAs, we breached our covenants on GNPA and NNPAs in our loan agreements with Federal Bank, HDFC Bank Limited and the Karur Vysya Bank Limited in Fiscal 2022. We have subsequently modified the relevant covenants in the agreements entered into with these lenders. For further details, see *"Risk Factors – 15. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition."* and *"-Significant developments occurring after March 31, 2023"* on pages 34 and 393, respectively.

In August 2020, RBI introduced a restructuring scheme for corporates under stress due to the COVID-19 pandemic. Pursuant to the restructuring scheme, only those borrower accounts that were classified as 'standard', but not in default for more than 30 days with any lending institution as on March 1, 2020, were eligible for resolution. In May 2021, RBI introduced a second restructuring scheme due to the onset of the "second wave" on COVID-19 pandemic. The second restructuring scheme was extended to small businesses for a loan amount of up to ₹ 250 million. It was applicable to those borrower accounts that were standard as of March 31, 2021 and that had not availed the benefit of the 1st restructuring scheme. In June 2021, the exposure limit for availing restructuring was enhanced from ₹ 250 million to ₹ 500 million, provided that the borrower accounts were not restructured in terms of the earlier schemes.

In line with the policies approved by our Board on September 25, 2020 and May 12, 2021, we restructured such loans based on borrowers requesting assistance and our Company approaching certain borrowers that showed early signs of over-due. The following table sets forth the details of our restructured loan portfolio as on March 31, 2023 and March 31, 2022:

Product wise restructured portfolio classified as standard (Gross loan book)	As on					
	March 31, 2023			March 31, 2022		
	Restructured Amount	*Total Gross Loan book*	*Percentage*	*Restructured Amount*	*Total Gross Loan book*	*Percentage*
	₹ in million	*₹ in million*	%	*₹ in million*	*₹ in million*	%
Gold loans	-	-	-	-	-	-
Medium ticket LAP	1,210.03	20,033.10	6.04	1,451.51	13,113.60	11.07
Small ticket LAP	455.44	13,925.20	3.27	511.91	9,229.89	5.55
Housing finance	81.59	5,518.20	1.48	92.27	3,201.90	2.88
Business loans	61.58	11,106.46	0.55	298.01	8,526.66	3.50
Others	-	584.07	-	125.77	1,062.06	11.84
Total	**1,808.64**	**51,167.03**	**3.53**	**2,479.47**	**35,134.11**	**7.06**

The following table sets forth the LTV as on March 31, 2023 and March 31, 2022:

LTV	As of	
	March 31, 2023	March 31, 2022
	(in percentages)	
Gold loans	72.33	73.19
Medium ticket LAP	51.78	49.53
Small ticket LAP	46.58	44.40
Housing finance	62.12	61.67
Business loans	NA	NA
Others	NA	NA

The following table sets forth the restructured portfolio provisioning as on March 31, 2023 and March 31, 2022:

Restructured Portfolio Provisioning (%)	As of	
	March 31, 2023	March 31, 2022
	(in percentages)	
Gold loans		
Medium ticket LAP	13.31	10.47
Small ticket LAP	13.49	12.11
Housing finance	15.78	15.45
Business loans	54.43	60.39
Others	-	51.83
Percentage (%) of total provision held to total restructured gross loan book (classified as standard)	**14.87**	**19.09**

As of March 31, 2023 March 31, 2022 and March 31, 2021, our Stage 3 Loans were ₹ 1,645.03 million, ₹ 1,285.82 million and ₹ 468.08 million respectively, while our Stage 3 Loans to Total Gross Loan Book were 2.03%, 2.23% and 1.01% respectively. As of March 31, 2023, March 31, 2022 and March 31, 2021, our Stage 3 Loan Assets (Net) were ₹ 1,279.85 million, ₹ 1,002.09 million and ₹ 328.22 million , respectively, while our Stage 3 Loans (Net) to Total Net Loans were 1.59%, 1.75% and 0.71%, respectively.

Investment in technology

We are a technology driven company, which enables us to expand and scale our businesses and drive growth in revenue at lower incremental costs. We have invested ₹ 82.68 million, ₹ 128.40 million and ₹ 40.10 million in our information technology and digital systems, in Fiscals 2023, 2022 and 2021, respectively, constituting 0.70%, 1.48% and 0.58% of our revenue from operations during the same periods. We leverage our information technology platforms to drive economies of scale through increase in productivity, reduce turnaround time in processing and reduce transaction costs. For instance, we launched a web portal in Fiscal 2021, to provide customers self-service and the service is available at all times. Our ability to grow our customer base, improve customer experience and increase our revenues will depend, in part, on our ability to leverage technology. We plan to continue investing in technology and digitization, and to ensure that our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time.

Expansion of branch network

As part of our growth strategy, we intend to expand our branch network through contiguous expansion in the regions in India where we have a presence and expand to adjacent geographies by evaluating areas with established credit culture. Our results of operations will be affected by our ability to manage operating expenses as we expand, in particular, our employee benefits expenses. As we have expanded our branch network, we have increased our employee headcount. As we further expand our branch network, we will need to increase headcount. For Fiscals 2023, 2022 and 2021, our employee benefits expenses were ₹ 2,476.04 million, ₹ 1,754.11 million and ₹ 1,315.90 million, respectively. Our employee benefit expenses were 20.38%, 19.85% and 18.86%, of our total revenue, respectively, for Fiscals 2023, 2022 and 2021.

However, as our operations expand, we also expect to derive benefits from economies of scale, which we believe will assist us in optimizing our operating expenses.

Government policy and regulations

We operate in a highly regulated industry, and we have to adhere to various laws, rules and regulations. Our financial condition, results of operations and continued growth also depend on stable government policies and regulations. We are required to comply with, among others, limits on borrowings, investments and interest rates, prudential norms for income recognition, asset classification, and norms for creation of special reserves as well as minimum capital adequacy requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. Any significant change by the Government or the RBI in their various policy initiatives may affect the demand for our products and services. For instance, as per the NBFC-ND-SI Directions, NBFCs are required to have a NOF of at least ₹ 20.00 million. As of March 31, 2023, March 31, 2022 and March 31, 2021, our NOF was ₹ 12,279.30 million, ₹ 10,868.68 million and ₹ 8,043.26 million, respectively. For details in relation to our capital adequacy ratio, see *"- Capital to risk-weighted assets ratio"* on page 390. For further details, see *"Key Regulations and Policies"* on page 211.

General economic conditions in India

Our results of operations are affected by the general economic conditions prevalent in India, as well as the perception of those conditions and future economic prospects. Overall economic growth and an increase in GDP are likely to result in an increase in incomes and spending on business expansion in India, which may lead to an increase in demand for retail loans. Conversely, a slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Several factors beyond our control, such as developments in the Indian economy and domestic employment levels, conditions in the world economy, fluctuations in interest rates, movements in global commodity markets and exchange rates could have either a positive or an adverse impact on the quality of our Gross Loan Book. Any trends or events, which have a significant impact on the economic situation in India could have an adverse impact on our business.

The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. In the past, as a result of the implementation of lockdowns and other restrictive measures in response to the spread of the COVID-19 pandemic by the Government of India, the Indian economy, including the financial services sector, faced significant disruptions. This led to disruptions in our operations for certain periods, such as:

- it led to a temporary closure of our offices and branches and caused a decline in general economic and business activity, which resulted in slowing down of disbursements of retail instalment loans by our Company; we disbursed retail instalment loans amounting to ₹ 33,125.76 million, ₹ 19,539.96 million, and ₹ 7,438.32 million for the Fiscals 2023, 2022, and 2021, respectively;
- pursuant to circular dated April 7, 2021 on 'Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package' issued by RBI, we granted moratorium to the loan instalments due during the period from March 1, 2020 to August 31, 2020 on the eligible loan accounts; the RBI also clarified that for all standard accounts as on February 29, 2020, moratorium period will be excluded from days past-due ("**DPD**") calculation for the purpose of asset classification under the norms on income recognition and asset classification. Moratorium was granted by us to 5,623 instalment loan customers for the period between March 1, 2020 and August 31, 2020;
- our customers who primarily belong to the low and middle income groups have less financial wherewithal than other borrowers and may default on their repayment obligations due to the hardships suffered during or as a result of the COVID-19 pandemic, and accordingly, this could lead to an increase in our NPAs and credit losses;
- restrictions on movement of people during the lockdown has adversely impacted our cash collections due to the inability of employees to make on-field visits; and
- we undertook a risk assessment of our credit exposure. In addition to the provision (₹ 292.30 million and ₹984.60 million as on March 31, 2021 and March 31, 2022, respectively) as required under the ECL model of our Company, we recorded additional provision overlay (₹ 455.80 million and ₹176.70 million as on March 31, 2021 and March 31, 2022, respectively) in the balance sheet, to reflect the deterioration in the macroeconomic outlook due to the impact of the COVID-19 pandemic.

For further details, see *"Risk Factors – 25. The resurgence of the COVID-19 pandemic may affect our business and operations in the future"* on page 40.

Value of collateral

Our loan products include gold loans, loans against property and business loans to customers. Our gold loan products are secured by gold jewelry provided as collateral. For loans against property, the primary collateral is real estate. As on March 31, 2023, 85.98% of our total Loan Assets are secured against tangible assets, namely gold or customer's property. As on March 31, 2023, more than 66.32% of our collateral for our medium ticket LAP and small ticket LAP is self-occupied residential property. We may face difficulties in recovering the amounts against gold jewelry and property collateral for various reasons such as economic downturn or sharp downward movement in the price of gold, defects in the quality of gold or wastage on melting gold jewelry into gold bars, difficulty in repossessing and liquidating property we hold as collateral against our loan against property product and challenges in title verification of the collateral provided by the customer. For further details in relation to the risks relating to recovery of collateral, see *"Risk Factors – 4. Our inability to adequately assess and recover the assessed or full value of collateral or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our business, results of operations and financial condition.*" on page 28.

Significant Accounting Policies

Critical accounting estimates and judgments

The preparation of the Restated Financial Information requires our management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which our management's estimates are based. Accounting estimates and judgements that are used for various line items in the Restated financial Information are as follows:

Effective Interest Rate (EIR) Method:

We recognize interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behavior and life cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Contingencies:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Useful lives of property, plant and equipment and intangible assets:

Our management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are as per schedule II of the Companies Act, 2013 or are based on our historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

Defined employee benefit obligation:

The cost of post-employment benefits is 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 rates, 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 annually.

Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation technique that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement 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.

Business model assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest and the business model test. We determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment 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. We monitor financial assets measured at amortized cost or 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 our 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.

Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. We consider the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Expected credit losses on financial assets

The impairment provisions of financial assets and contract assets are based on assumptions about risk of default, expected recovery through liquidations of collateral, and expected timing of collection. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Estimation of impairment allowance on financial assets affected by COVID-19 pandemic (relevant for financial year 2020-2021 and 2021-2022)

The COVID-19 pandemic has impacted most countries including India. The nationwide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing onetime restructuring to eligible borrowers ("**OTR**").

Further the second wave of COVID-19 pandemic in April-May 2021 led to re- imposition of localized /regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second waive subsided from June 2021 onwards and there has been gradual lifting of lock downs and increase in economic activities. However, the uncertainty around the third wave of COVID-19 pandemic in future and its impact on the economic activities are not known. Accordingly, our results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of Restated Financial Information on the reporting date.

Estimates and associated assumptions used for determining the impairment allowance on our financial assets, are based on historical experience and other emerging factors emanating from the COVID-19 pandemic which may also influence the expected credit loss. We have used the OTR scheme under the RBI resolution frame-work 1.0 and 2.0 and repayment moratorium on loans as early indicators suggesting higher flow rates and probability of default and accordingly accounted for commensurate expected credit loss. We believe that the factors considered are reasonable under the current circumstances and information available. However, the uncertainty caused by COVID-19 pandemic and related events could further influence the estimate of credit losses.

Leases

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. We consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. We reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Changes in significant accounting policies

As on the date of the filing of this Draft Red Herring Prospectus, there are no changes in the significant accounting policies in the last three Fiscals.

Key Components of Income and Expenses

We report our income and expenditure in the following manner:

Total revenue

Total revenue from operations

Our total revenue from operations primarily comprises interest income, fee income and commission income and net gain on fair value changes (including treasury income). Interest income primarily includes interest on loans and income on direct assignment.

Other income

Our other income primarily comprises fees for provision of facilities and services, income from marketing services which primarily relates to our branding activities, liability no longer required written back, interest on income tax refunds, sublease income and miscellaneous income. Provision of facilities and services primarily comprise fees for display of third-party branding material on our website and branches. Miscellaneous income is the incremental amount that is recognized for distributing loan against property and housing loans for our Promoter, Federal Bank.

Expenses

Finance costs

Finance costs primarily comprises interest on borrowings (other than debt securities), interest on debt securities, interest on subordinated liabilities and interest on lease liability pertaining to leasehold branch premises and other interest expense in the nature of ancillary borrowing cost.

Fees and commission expenses

Fees and commission expenses primarily comprises expenses incurred in relation to earning of the distribution fee income.

Impairment on financial instruments and other receivables

Impairment on financial instruments and other receivables primarily comprises bad debts and write off, and provision for impairment loss allowance recognized on loans, investment and trade receivables and others.

Employee benefits expenses

Employee benefit expenses primarily comprise salaries and wages, contribution to provident and other funds, share based payments to employees and staff welfare expenses.

Depreciation, amortization and impairment

Depreciation, amortization and impairment expenses includes depreciation on property, plant and equipment, amortization of intangible assets and depreciation of right-of-use assets.

Other expenses

Other expenses primarily comprise legal and professional fees, housekeeping and security charges, goods and service tax expenses and repairs and maintenance – others primarily constituting of repair expenses which are incurred at various branches.

Tax expenses

Our tax expenses primarily comprise current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and provisions of the applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. We measure our deferred tax based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Other comprehensive income

Other comprehensive income / (loss) comprises (i) re-measurement gain / (losses) on defined benefit plans; and (ii) tax effect on (i) above.

Segment information

We have identified the business into three business segments, namely distribution segment, retail finance segment and wholesale finance segment. The Retail finance segment comprises gold loans, loan against property, MSE loan against property, business loans, personal loans and housing finance. The Distribution segment comprises distributing housing loans, personal car loans, personal loans, home equity mortgage loans and retail asset products – end to end sourcing and sales for our Promoter, Federal Bank. Wholesale finance segment comprises construction finance to developers and loans to other NBFCs. We undertook the wholesale finance business prior to Fiscal 2021. We have since limited this business and have not made any fresh sanction. We have been servicing the existing loans as on the respective dates on and subsequent to Fiscal 2021. While we have reduced our exposure to the wholesale finance business and are not currently focusing on growing this business, we may opportunistically look to grow this business in the future.

Segment revenue is as follows:

Segments	Retail Finance			Distribution			Wholesale Finance			Total		
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021
Segment Revenue	11,147.91	8,158.16	6,361.75	340.7	260.27	237.60	31.9	130.31	396.18	11,520.51	8,548.73	6,995.53
Segment Expenditure	8,083.20	6,339.30	5,207.33	325.58	247.97	224.60	126.57	227.90	377.55	8,535.35	6,815.16	5,809.48
Allocated Expenditure (Net)	736.53	342.91	538.80	-	-	0.00	5.82	9.32	43.20	742.35	352.23	582.00
Results	**2,328.18**	**1,475.95**	**615.62**	**15.12**	**12.30**	**13.00**	**(100.49)**	**(106.92)**	**(24.57)**	**2,242.81**	**1,381.34**	**604.05**
Unallocated Expenditure (net of unallocated income)	-	-	-	-	-	-	-	-	-	295.33	(87.95)	77.29
Interest Income on FD & Income Tax Refund	-	-	-	-	-	-	-	-	-	45.76	98.70	87.93
Profit/(Loss) before Tax	-	-	-	-	-	-	-	-	-	**2,583.90**	**1,392.09**	**769.27**
Exceptional Item	-	-	-	-	-	-	-	-	-	**153.70**	-	-
Income Taxes	-	-	-	-	-	-	-	-	-	628.87	357.50	152.44
Profit for the year	-	-	-	-	-	-	-	-	-	**1,801.33**	**1,034.57**	**616.83**
Other Information												

Segments	Retail Finance			Distribution			Wholesale Finance			Total		
	Fiscal 2023	**Fiscal 2022**	**Fiscal 2021**	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
Segment Assets	89,654.3	64,586.15	51,976.74	47.62	40.08	32.90	669.98	496.67	2,653.41	90,371.90	65,122.90	54,663.05
Unallocated Assets										338.01	434.17	-
Total Assets	**89,654.3**	**64,586.15**	**51,976.74**	**47.62**	**40.08**	**32.90**	**669.98**	**496.67**	**2,653.41**	**90,709.91**	**65,557.07**	**54,663.05**
Segment Liabilities	76,575.48	53,336.81	43,133.11	48.35	36.40	11.70	529.3	648.72	3,170.90	77,153.13	54,021.89	46,315.71
Equity & Reserves	-	-	-	-	-	-	-	-	-	13,556.78	11,535.18	8,347.34
Total Liabilities	**76,575.48**	**53,336.81**	**43,133.11**	**48.35**	**36.40**	**11.70**	**529.3**	**648.72**	**3,170.90**	**90,709.91**	**65,557.07**	**54,663.05**
Capital Expenditure	125.90	264.14	101.00	-	0.48	3.20	-	-	1.20	125.90	264.61	105.40
Unallocated Capital Expenditure	-	-	-	-	-	-	-	-	-	54.92	-	51.00
Depreciation/ Amortization	415.81	135.22	81.22	0.68	1.09	0.35	2.35	0.01	1.41	418.84	136.31	82.99
Impairment of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-

Our Results of Operations

The following table sets forth select financial data from our restated statement of profit and loss for Fiscals 2023, 2022 and 2021 and we have expressed the components of select financial data as a percentage of total revenue for such years:

Particulars	Fiscals					
	2023		2022		2021	
	(₹ in million)	(% of total revenue)	(₹ in million)	(% of total revenue)	(₹ in million)	(% of total revenue)
Revenue from operations						
Interest income	11,101.68	91.40%	8,218.93	93.01%	6,581.08	94.34%
Fee and commission income	560.1	4.61%	428.85	4.85%	317.36	4.55%
Net gain on fair value changes	126.22	1.04%	45.37	0.51%	19.81	0.28%
Total revenue from operations	**11,788.00**	**97.05%**	**8,693.15**	**98.38%**	**6,918.25**	**99.18%**
Other Income	**358.80**	**2.95%**	**143.22**	**1.62%**	**57.41**	**0.82%**
Total Revenue	**12,146.80**	**100.00%**	**8,836.37**	**100.00%**	**6,975.66**	**100.00%**
Expenses						
Finance costs	4,721.50	38.87%	3,476.52	39.34%	3,131.91	44.90%

Particulars	Fiscals					
	2023		2022		2021	
	(₹ in million)	(% of total revenue)	(₹ in million)	(% of total revenue)	(₹ in million)	(% of total revenue)
Fees and commission expenses	232.82	1.92%	147.02	1.66%	120.37	1.73%
Impairment on financial instruments and other receivables	489.04	4.03%	838.78	9.49%	712.22	10.21%
Employee benefit expenses	2,476.04	20.38%	1,754.11	19.85%	1,315.90	18.86%
Depreciation, amortization and impairment	418.70	3.45%	366.97	4.15%	272.69	3.91%
Other expenses	1,224.80	10.08%	860.88	9.74%	653.29	9.37%
Total expenses	**9,562.90**	**78.73%**	**7,444.28**	**84.25%**	**6,206.38**	**88.97%**
Profit before exceptional items and tax	**2,583.90**	**21.27%**	**1,392.09**	**15.75%**	**769.28**	**11.03%**
Exceptional Items	**153.70**	**1.27%**	**-**	**-**	**-**	**-**
Profit before tax	**2,430.20**	**20.01%**	**1,392.09**	**15.75%**	**769.28**	**11.03%**
Tax expenses:						
Current tax						
Current tax	573.82	4.72%	471.02	5.33%	292.36	4.19%
Short / (Excess) provision for earlier years	-	0.00%	-	0.00%	-	0.00%
Deferred tax						
Deferred tax (net)	55.05	0.45%	(113.52)	-(1.28%)	(139.92)	(2.01%)
Profit/ (loss) for the period / year	**1,801.33**	**14.83%**	**1,034.59**	**11.71%**	**616.84**	**8.84%**
Other comprehensive income / (loss)	**123.85**	**1.02%**	**6.84**	**0.08%**	**3.30**	**0.05%**
Total comprehensive income / (loss)	**1925.18**	**15.85%**	**1,041.43**	**11.79%**	**620.14**	**8.89%**

Fiscal 2023 compared to Fiscal 2022

Total revenue

Our total revenue increased by 37.46% to ₹ 12,146.80 million for Fiscal 2023 from ₹ 8,836.37 million for Fiscal 2022. This increase was primarily due to an increase in revenue from operations.

Revenue from operations. Our revenue from operations increased by 35.60% to ₹ 11,788.00 million for Fiscal 2023 from ₹ 8,693.15 million for Fiscal 2022, primarily due to an increase in interest income to ₹ 11,101.68 million for Fiscal 2023 from ₹ 8,218.93 million for Fiscal 2022. This was primarily attributable to an increase in interest on loans to ₹ 10,346.30 million for Fiscal 2023 from ₹ 7,949.70 million for Fiscal 2022, due to growth in AUM which increased by 46.59% to ₹ 90,696.04 million as of March 31, 2023 from ₹ 61,872.05 million as of March 31, 2022. The growth in AUM was primarily due to an increase in small ticket LAP, housing loans and unsecured business loans. In addition, there was an increase in income on direct assignment to ₹ 605.88 million in Fiscal 2023 from ₹ 160.79 million in Fiscal 2022 due to an increase in the aggregate amount of loan transferred through assignment to ₹8,704.96 million in Fiscal 2023 from ₹2,721.57 million in Fiscal 2022.

Other income. Our other income increased by 150.52% to ₹ 358.80 million for Fiscal 2023 from ₹ 143.22 million for Fiscal 2022, primarily due to an increase in the fees for provision of facilities and services to ₹ 331.50 million for Fiscal 2023 from ₹ 137.52 million for Fiscal 2022. The increase is primarily attributable to an increase in our business activities in Fiscal 2023.

Expenses

Finance costs. The finance costs increased by 35.81% to ₹ 4,721.50 million for Fiscal 2023 from ₹ 3,476.52 million for Fiscal 2022, primarily due to an increase in interest on borrowings (other than debt securities) to ₹ 3,774.40 million for Fiscal 2023 from ₹ 2,709.77 million for Fiscal 2022 and an increase in interest on debt securities to ₹ 630.23 million for Fiscal 2023 from ₹ 533.32 million for Fiscal 2022. This was primarily attributable to an increase in average total borrowings to ₹ 60,763.29 million for Fiscal 2023 from ₹ 46,724.64 million for Fiscal 2022. The increase in average total borrowings was solely due to increase in borrowing volumes as we required additional capital due to growth in our AUM.

Fees and commission expenses. The fees and commission expenses increased by 58.36% to ₹ 232.82 million for Fiscal 2023 from ₹ 147.02 million for Fiscal 2022, primarily due to an increase in our commission and brokerage cost as a result of growth in our business activity during Fiscal 2023.

Impairment on financial instruments and other receivables. The impairment on financial instruments and other receivables decreased by 41.70% to ₹ 489.04 million for Fiscal 2023 from ₹ 838.78 million for Fiscal 2022. This was primarily due to a decrease in our impairment on loans to ₹ (56.88) million for Fiscal 2023 from ₹ 412.38 million for Fiscal 2022. We had taken a more conservation position and made impairment provisions in Fiscals 2021 and 2022 due to the COVID-19 pandemic. We normalized our impairment on loans in Fiscal 2023 and that primarily led to a decrease in impairment on loans.

Employee benefits expenses. The employee benefits expense increased by41.16% to ₹ 2,476.04 million for Fiscal 2023 from ₹ 1,754.11 million for Fiscal 2022, primarily due to an increase in salary and wages to ₹ 2,210.81 million for Fiscal 2023 from ₹ 1,588.52 million for Fiscal 2022. This was primarily attributable to an increase in the number of our employees as a result of growth in our business and annual increments given to our employees. Our number of employees increased to 3,570 employees as of March 31, 2023 from 2,855 employees as of March 31, 2022.

Depreciation, amortization and impairment. Our depreciation, amortization and impairment expense increased by 14.10% to ₹ 418.70 million for Fiscal 2023 from ₹ 366.97 million for Fiscal 2022, primarily due to an increase in the depreciation on property, plant and equipment, and increase in the depreciation on right of use assets. The increase was primarily attributable to an increase in our branches to 575 in Fiscal 2023 from 516 branches in Fiscal 2022.In addition, we purchased and installed various other assets such as additional video monitoring devices and security surveillance systems at our branches.

Other expense. Our other expenses increased by 42.27% to ₹ 1,224.80 million for Fiscal 2023 from ₹ 860.88 million for Fiscal 2022, primarily attributable to increased business activity in the Fiscal 2023, with an increase in:

- legal and professional expenses to ₹ 332.41 million for Fiscal 2023 from ₹ 192.70 million for Fiscal 2022;
- technology cost to ₹ 234.84 million for Fiscal 2023 from ₹ 109.68 million for Fiscal 2022;
- travelling and conveyance expense to ₹128.27 million for Fiscal 2023 from ₹ 65.80 million for Fiscal 2022; and
- goods and service tax expenses to ₹ 170.46 million for Fiscal 2023 from ₹ 127.59 million for Fiscal 2022.

This was partially offset by a decrease in servicing fees – MFI to ₹ (73.07) million for Fiscal 2023 from ₹ 36.07 million for Fiscal 2022. This was primarily attributable to the underlying loans that were being serviced being written off and write back of provisions being done accordingly.

Exceptional Items

Our exceptional item aggregating to ₹153.70 million for Fiscal 2023, was primarily attributable to fees and expenses such as legal fees and auditor's remuneration, incurred in connection with the proposed initial public offering that had been put on hold.

Tax expenses

Our tax expenses increased to ₹ 628.87 million for Fiscal 2023 from ₹ 357.50 million for Fiscal 2022. For Fiscal 2023, we primarily had a current tax expense of ₹ 573.82 million and a deferred tax expense of ₹ 55.05 million which was on account of deferred tax liabilities. For Fiscal 2022, we primarily had a current tax expense of ₹ 471.02 million and a deferred tax credit of ₹ 113.52 million which was on account of deferred tax assets created on certain items of deductible temporary differences. We had a higher tax expense in Fiscal 2023 due to an increase in our revenue from operations. Our effective tax rate (which represents the income tax expenses to profit before tax during the relevant year, expressed as a percentage) was 25.88% and 25.85% for the Fiscals 2023 and 2022, respectively.

Profit / (loss) for the period / year

For the reasons discussed above, our profit for the year increased by 74.11% to ₹ 1,801.33 million for Fiscal 2023 from ₹ 1,034.59 million for Fiscal 2022.

Other comprehensive income

Our other comprehensive income increased by 1710.67% to ₹ 123.85 million for Fiscal 2023 from ₹ 6.84 million for Fiscal 2022, primarily on account of classifying a portion of our loans as fair value through other comprehensive income ("**FVOCI**").

Total comprehensive income

Our total comprehensive income increased by 84.86% to ₹ 1,925.18 million for Fiscal 2023 from ₹ 1,041.43 million for Fiscal 2022.

Fiscal 2022 compared to Fiscal 2021

Total revenue

Our total revenue increased by 26.67% to ₹ 8,836.37 million for Fiscal 2022 from ₹ 6,975.66 million for Fiscal 2021. This increase was primarily due to an increase in revenue from operations.

Revenue from operations. Our revenue from operations increased by 25.66% to ₹ 8,693.15 million for Fiscal 2022 from ₹ 6,918.25 million for Fiscal 2021, primarily due to an increase in interest income to ₹ 8,218.93 million for Fiscal 2022 from ₹ 6,581.08 million for Fiscal 2021. This was primarily attributable to an increase in interest on loans to ₹ 7,949.70 million for Fiscal 2022 from ₹ 6,371.94 million for Fiscal 2021, due to growth in AUM which increased by 27.25% to ₹ 61,872.05 million as of March 31, 2022 from ₹ 48,624.31 million as of March 31, 2021. The growth in AUM was primarily due to an increase in small ticket LAP, housing loans and unsecured business loans.

Other income. Our other income increased by 149.47% to ₹ 143.22 million for Fiscal 2022 from ₹ 57.41 million for Fiscal 2021, primarily due to an increase in the fees for provision of facilities and services to ₹ 137.52 million for Fiscal 2022 from ₹ 44.42 million for Fiscal 2021. The increase is primarily attributable to an increase in our business activities in Fiscal 2022.

Expenses

Finance costs. The finance costs increased by 11.00% to ₹ 3,476.52 million for Fiscal 2022 from ₹ 3,131.91 million for Fiscal 2021, primarily due to an increase in interest on borrowings (other than debt securities) to ₹ 2,709.77 million for Fiscal 2022 from ₹ 2,564.88 million for Fiscal 2021 and an increase in interest on debt securities to ₹ 533.32 million for Fiscal 2022 from ₹ 328.81 million for Fiscal 2021. This was primarily attributable to an increase in average total borrowings to ₹ 46,724.64 million for Fiscal 2022 from ₹ 37,728.42 million for Fiscal 2021 as we required additional capital due to growth in our AUM. It was also attributable to an increase in interest rates in Fiscal 2023 due to an increase in the repo rate by the RBI.

Fees and commission expenses. The fees and commission expenses increased by 22.14% to ₹ 147.02 million for Fiscal 2022 from ₹ 120.37 million for Fiscal 2021, primarily due to an increase in our commission and brokerage cost as a result of growth in our business activity during Fiscal 2022.

Impairment on financial instruments and other receivables. The impairment on financial instruments and other receivables increased by 17.77% to ₹ 838.78 million for Fiscal 2022 from ₹ 712.22 million for Fiscal 2021. This was primarily due to an increase in our bad debts- loan written off to ₹ 394.99 million for Fiscal 2022 from ₹ 290.41 million for Fiscal 2021.

Employee benefits expenses. The employee benefits expense increased by 33.30% to ₹ 1,754.11 million for Fiscal 2022 from ₹ 1,315.90 million for Fiscal 2021, primarily due to an increase in salary and wages to ₹ 1,588.52 million for Fiscal 2022 from ₹ 1,190.84 million for Fiscal 2021. The increase in salary and wages was due to an increase in the number of our employees as a result of growth in our business and annual increments given to our employees. Our number of employees increased to 2,855 employees as of March 31, 2022 from 2,125 employees as of March 31, 2021.

Depreciation, amortization and impairment. Our depreciation, amortization and impairment expense increased by 34.57% to ₹ 366.97 million for Fiscal 2022 from ₹ 272.69 million for Fiscal 2021, primarily due to an increase in the depreciation on property, plant and equipment, and increase in the depreciation on right of use assets. The increase was primarily attributable to the increase in branch premises to 516 branches in Fiscal 2022 from 359 branches in Fiscal 2021 and various other assets such as additional video monitoring devices and security surveillance systems purchased for use at our branches.

Other expense. Our other expenses increased by 31.78% to ₹ 860.88 million for Fiscal 2022 from ₹ 653.29 million for Fiscal 2021, primarily attributable to increased business activity in the second half of Fiscal 2022, post-relaxation of COVID-19 pandemic related measures, with an increase in:

- legal and professional expenses to ₹ 192.70 million for Fiscal 2022 from ₹ 77.51 million for Fiscal 2021;
- technology cost to ₹ 109.68 million for Fiscal 2022 from ₹ 36.19 million for Fiscal 2021;
- travelling and conveyance expense to ₹65.80 million for Fiscal 2022 from ₹ 22.81 million for Fiscal 2021;
- goods and service tax expenses to ₹ 127.59 million for Fiscal 2022 from ₹ 95.40 million for Fiscal 2021.

This was partially offset by a decrease in servicing fees – MFI to ₹ 36.07 million for Fiscal 2022 from ₹ 151.01 million for Fiscal 2021. This was primarily attributable to the underlying loans that were being serviced being written off and write back of provisions being done accordingly.

Tax expenses

Our tax expenses significantly increased to ₹ 357.50 million for Fiscal 2022 from ₹ 152.44 million for Fiscal 2021. For Fiscal

2022, we primarily had a current tax expense of ₹ 471.02 million and a deferred tax credit of ₹ 113.52 million which was on account of deferred tax assets created on certain items of deductible temporary differences. For Fiscal 2021, we primarily had a current tax expense of ₹ 292.36 million and a deferred tax credit of ₹ 139.92 million which was on account of deferred tax assets. Our effective tax rate (which represents the income tax expenses to profit before tax during the relevant year, expressed as a percentage) was 25.85% and 19.82% for the Fiscals 2022 and 2021, respectively.

Profit / (loss) for the period / year

For the reasons discussed above, our profit for the year increased by 67.72% to ₹ 1,034.59 million for Fiscal 2022 from ₹ 616.84 million for Fiscal 2021.

Other comprehensive income

Our other comprehensive income increased by 107.27% to ₹ 6.84 million for Fiscal 2022 from ₹ 3.30 million for Fiscal 2021, on account of remeasurement gain on defined benefit plans.

Total comprehensive income

Our total comprehensive income increased by 67.93% to ₹ 1,041.43 million for Fiscal 2022 from ₹ 620.14 million for Fiscal 2021.

Pre-provision operating profit

The pre-provision operating profit increased to ₹ 3,072.94 million in Fiscal 2023 from ₹ 2,230.87 million in Fiscal 2022, primarily due to an increase in Net Interest Income to ₹ 6,380.18 million in Fiscal 2023 from ₹ 4,742.41 million in Fiscal 2022 and increase in Operating Expenses to ₹ 4,352.36 million in Fiscal 2023 from ₹ 3,128.98 million in Fiscal 2022.

The pre provision operating profit increased to ₹ 2,230.87 million in Fiscal 2022 from ₹ 1,481.50 million in Fiscal 2021, primarily due to an increase in Net Interest Income to ₹ 4,742.41 million in Fiscal 2022 from ₹ 3,449.17 million in Fiscal 2021 and increase in Operating Expenses to ₹ 3,128.98 million in Fiscal 2022 from ₹ 2,362.25 million in Fiscal 2021

For reconciliation of pre-provision operating profit and Operating Expenses, see *"Selected Statistical Information"* on page 257.

Financial Position

Our net worth was ₹ 13,556.82 million, ₹ 11,535.18 million and ₹ 8,347.34 million as of March 31, 2023, March 31, 2022 and March 31, 2021, respectively.

The increase in net worth as on March 31, 2023, March 31, 2022 and March 31, 2021 was on account of incremental equity infusion and profit for the year.

Assets

The following table sets forth the principal components of our assets as of March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in million)

Particulars	As of March 31,		
	Fiscal 2023	Fiscal 2022	Fiscal 2021
Financial assets			
Cash and cash equivalents	939.57	659.63	5,260.32
Bank balances other than cash and cash equivalents	6.63	766.40	1,547.56
Receivables			
Trade receivables	148.50	118.37	11.73
Other receivables	47.62	38.60	31.95
Loans	79,996.96	56,448.09	45,521.41
Investments	6,806.27	5,143.25	324.93
Other financial assets	644.51	117.70	135.29
Total financial assets	**88,590.06**	**63,292.04**	**52,833.19**
Non-financial assets			
Current tax assets (net)	119.72	119.22	98.59

Particulars	As of March 31,		
	Fiscal 2023	Fiscal 2022	Fiscal 2021
Deferred tax assets (net)	218.36	314.98	203.79
Property, plant and equipment	306.69	308.63	188.56
Right of use assets	1,119.40	1,196.97	1,118.48
Capital work in progress	5.22	6.56	9.63
Other intangible assets	32.01	30.64	23.14
Other non-financial assets	318.45	288.03	187.67
Total non-financial assets	2119.85	**2,265.03**	**1,829.86**
Total Assets	**90,709.91**	**65,557.07**	**54,663.05**

As of March 31, 2023, we had total assets of ₹ 90,709.91 million, compared to ₹ 65,557.07 million as of March 31, 2022 compared to ₹ 54,663.05 million as of March 31, 2021. The increase in our total assets was primarily on account of:

- growth in the origination of our loans and loan portfolio. The growth was on account of increase in number of our branches and customers; and
- an increase in cash and cash equivalents, and other bank balances (other than cash and cash equivalents), due to an increase in borrowings.

Financial assets

Cash and cash equivalents

As of March 31, 2023, we had cash and cash equivalents of ₹ 939.57 million, compared to ₹ 659.63 million as of March 31, 2022. This increase was primarily due to an increase in our borrowings and to ensure compliance with our liquidity policy. As of March 31, 2022, we had cash and cash equivalents of ₹ 659.63 million, compared to ₹ 5,260.32 million as of March 31, 2021. Our cash and cash equivalents decreased primarily between March 31, 2021 and March 31, 2022 due to utilization of funds for onward lending to customers.

Bank balances

As of March 31, 2023, we had bank balances of ₹ 6.63 million, compared to ₹ 766.40 million as of March 31, 2022, compared to ₹ 1,547.56 million as of March 31, 2021. The variations in other bank balance were largely due to movements in fixed deposits with banks in line with our liquidity management requirements.

Receivables

As of March 31, 2023, we had receivables of ₹ 196.12 million, compared to ₹ 156.97 million as of March 31, 2022, compared to ₹ 43.68 million as of March 31, 2021. The variations in receivables between March 31, 2021 and March 31, 2023 was on account of actual pattern of invoice, accrual and collections. The variation in receivables between March 31, 2021 and March 31, 2022 was on account of increased business activity in the second half of Fiscal 2022, post-relaxation of COVID-19 pandemic related measures.

Loans

As March 31, 2023, we had loans of ₹ 79,996.96 million, compared to ₹ 56,448.09 million as of March 31, 2022, compared to ₹ 45,521.41 million as of March 31, 2021. Our loans increased between March 31, 2021 and March 31, 2023 primarily on account of growth in our loan portfolio. The growth was on account of increase in number of our branches and customers.

Investments

As of March 31, 2023, we had investments of ₹ 6,806.27 million, compared to ₹ 5,143.25 million as of March 31, 2022, compared to ₹ 324.93 million as of March 31, 2021. Investments primarily consist of investments in mutual funds and government securities. Our investments increased between March 31, 2021 and March 31, 2022 primarily on account of investment in mutual funds and government securities. Our investments increased between March 31, 2022 and March 31, 2023 primarily on account of investment in government securities.

Other financial assets

As of March 31, 2023, we had other financial assets of ₹ 644.51 million, compared to ₹ 117.70 million as of March 31, 2022, compared to ₹ 135.29 million as of March 31, 2021. The other financial assets primarily consist of security deposits related to our branches taken on lease and bank deposits with more than 12 months maturity.

Non-financial assets

Current tax assets (net)

As of March 31, 2023, we had current tax assets (net) of ₹ 119.72 million, compared to ₹ 119.22 million as of March 31, 2022, compared to ₹ 98.59 million as of March 31, 2021. The current tax assets (net) increased between March 31, 2021 and March 31, 2022 on account of advance tax paid and TDS deduction by third party.

Deferred tax assets (net)

As of March 31, 2023, we had deferred tax assets (net) of ₹ 218.36 million, compared to ₹ 314.98 million as of March 31, 2022, compared to ₹ 203.79 million as of March 31, 2021. The decrease between March 31, 2022 and March 31, 2023 was primarily due to an increase in interest income on direct assignment transactions, fair valuation gain of financial assets measured at FVOCI and reduced impairment allowance. The increase between March 31, 2021 and March 31, 2022 was primarily due to increased impairment allowance and provisions towards employee benefits (gratuity/leave encashment/bonus) and unamortized processing fees on borrowing/advances, which carry differential treatment from a tax perspective.

Property, plant and equipment

As of March 31, 2023, we had property, plant and equipment of ₹ 306.69 million, compared to ₹ 308.63 million as of March 31, 2022, compared to ₹ 188.56 million as of March 31, 2021. The decrease between March 31, 2022 and March 31, 2023 was primarily due to a lower number of branches opened in Fiscal 2023 as compared to Fiscal 2022. The increase between March 31, 2021 and March 31, 2022 was primarily due to increase in number of employees and branches. This led to additions of property, plant and equipment.

Right of use assets

As of March 31, 2023, we had right of use assets of ₹ 1,119.40 million, compared to ₹ 1,196.97 million as of March 31, 2022, compared to ₹ 1,118.48 million as of March 31, 2021. The decrease between March 31, 2022 and March 31, 2023 was primarily due to a lower number of branches opened in Fiscal 2023 as compared to Fiscal 2022. The increase between March 31, 2021 and March 31, 2022 was primarily on account of entering into additional leases in connection with our new branches.

Capital work in progress

As of March 31, 2023, we had capital work in progress of ₹ 5.22 million, compared to ₹ 6.56 million as of March 31, 2022, compared to ₹ 9.63 million as of March 31, 2021.

Other intangible assets

As of March 31, 2023, we had other intangible assets of ₹ 32.01 million, compared to ₹ 30.64 million as of March 31, 2022, compared to ₹ 23.14 million as of March 31, 2021. The increase in our intangible assets from March 31, 2021 to March 31, 2023 was primarily on account of capitalization of intangible assets being put to use.

Other non-financial assets

As of March 31, 2023, we had other non-financial assets of ₹ 318.45 million, compared to ₹ 288.03 million as of March 31, 2022, compared to ₹ 187.67 million as of March 31, 2021. Our other non-financial assets increased as on March 31, 2023 primarily on account of increase in advance to suppliers and increase in input tax credit (net). Our other non-financial assets increased from as on March 31, 2021 to March 31, 2022, primarily on account of increase in prepaid expenses such as software license cost, group insurance premium, annual maintenance contracts entered into for various information technology and office equipment branches. The increase in prepaid expenses was primarily due to an increase in the number of branches and employee headcount.

Liabilities and equity

(₹ in million)

Particulars	As of March 31,		
	2023	2022	2021
Financial liabilities			
Derivative financial instruments	48.23	-	-
Payable			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	0.01
(ii) total outstanding dues to creditors other than micro	260.92	64.30	43.24

Particulars	As of March 31,		
	2023	2022	2021
enterprises and small enterprises			
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	-	-	-
Debt securities	6,112.30	5,334.17	5,936.98
Borrowings (other than debt securities)	62,649.26	42,243.46	34,759.35
Subordinated liabilities	2,596.67	2,590.72	2,584.59
Lease liability	1,340.40	1,370.43	1,246.26
Other financial liabilities	3,507.89	2,109.67	1,581.11
Total financial liabilities	76,515.67	**53,712.75**	46,151.54
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	61.99	31.34	30.27
Other non-financial liabilities	575.43	277.80	133.90
Total non-financial liabilities	637.42	**309.14**	**164.17**
Equity			
Equity share capital	3,219.12	3,215.18	2,899.23
Other equity	10,337.70	8,320.00	5,448.11
Total equity	13,556.82	**11,535.18**	**8,347.34**
Total liabilities and equity	90,709.91	**65,557.07**	**54,663.05**

Financial liabilities

Derivative financial instruments

As of March 31, 2023, we had derivative financial instruments of ₹48.23 million. We did not have any derivative financial instruments as of March 31, 2022 and March 31, 2021.

Trade payables

As of March 31, 2023, we had trade payables of ₹ 260.92 million, compared to ₹ 64.30 million as of March 31, 2022 and ₹ 43.25 million as of March 31, 2021.

Debt securities

As of March 31, 2023, we had debt securities of ₹ 6,112.30 million, compared to ₹ 5,334.17 million as of March 31, 2022 and ₹ 5,936.98 million as of March 31, 2021. The increase in debt securities between March 31, 2021 and March 31, 2023 was primarily on account of issuance of debentures and commercial papers.

Borrowings (other than debt securities)

As of March 31, 2023, we had borrowings (other than debt securities) of ₹ 62,649.26 million, compared to ₹ 42,243.46 million as of March 31, 2022 and ₹ 34,759.35 million as of March 31, 2021. The increase in borrowings (other than debt securities) between March 31, 2021 and March 31, 2023 was primarily on account of increases in our borrowings through term loans.

Subordinated liabilities

As of March 31, 2023, we had subordinated liabilities of ₹ 2,596.67 million, compared to ₹ 2,590.72 million as of March 31, 2022 and ₹ 2,584.59 million as of March 31, 2021. The subordinated liabilities pertain to unsecured redeemable unsecured non-convertible debentures. These are in the nature of Tier II capital and are subordinate to other debenture holders and creditors of our Company.

Lease liabilities

As of March 31, 2023, we had lease liabilities of ₹ 1,340.40 million, compared to ₹ 1,370.43 million as of March 31, 2022 and ₹ 1,246.26 million as of March 31, 2021. The decrease in lease liabilities from March 31, 2022 to March 31, 2023 is on account of payment of lease rentals. The increase in lease liabilities from March 31, 2021 to March 31, 2022 is our account of entering into additional leases in connection with our new branches.

Other financial liabilities

As of March 31, 2023, we had other financial liabilities of ₹ 3,507.89 million, compared to ₹ 2,109.67 million as of March 31, 2022 and ₹ 1,581.11 million as of March 31, 2021. The increase in other financial liabilities from March 31, 2021 to March 31, 2023, was primarily on account of an increase in our book overdraft balance.

Non-financial liabilities

Provisions

As of March 31, 2023, we had provisions of ₹ 61.99 million, compared to ₹ 31.34 million as of March 31, 2022 and ₹ 30.27 million as of March 31, 2021. The increase in provisions from March 31, 2021 to March 31, 2023 was primarily on account of liability provision made for employee retirement benefits that are actuarial determined and provision for others, i.e. provision of gold that was burgled.

Other non-financial liabilities

As of March 31, 2023, we had other non-financial liabilities of ₹ 575.43 million, compared to ₹ 277.80 million as of March 31, 2022 and ₹ 133.90 million as of March 31, 2021. The increase in other financial liabilities from March 31, 2021 to March 31, 2023 was primarily on account of an increase in customer advances. These advances pertain to the advance equated monthly instalment paid by our customers and unidentified collections received from our customers as at the reporting date. Unidentified collections represent collections received in our bank account, that is not identifiable as at the reporting date due to lack of basic details such as customer number or loan account number.

Equity

As of March 31, 2023, our total equity was ₹ 13,556.82 million, representing 14.95% of our total assets. As of March 31, 2022, our total equity was ₹ 11,535.18 million, representing 17.60% of our total assets. As of March 31, 2021, our total equity was ₹ 8,347.34 million, representing 15.27% of our total assets. The increase in our total equity between March 31, 2021 and March 31, 2023, was primarily due to Equity infusions and an increase in our retained earnings. For further details in relation to equity infusions, see *"Capital Structure – Notes to the Capital Structure – Share capital history of our Company*" on page 78.

The increase in EPS for Fiscal 2023 as compared to Fiscal 2022 was primarily on account of increase in profit for Fiscal 2023. The increase in EPS for Fiscal 2022 as compared to Fiscal 2021 was primarily on account of increase in profit for Fiscal 2022.

Liquidity and Capital Resources

We have historically secured financing from diversified sources of capital from banks, financial institutions, mutual funds and other domestic and foreign financial institutions, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs and proceeds from loans assigned, to meet our capital requirements. As of March 31, 2023, March 31, 2022 and March 31, 2021, our total borrowings were ₹ 71,358.23 million, ₹ 50,168.35 million and ₹ 43,280.92 million, respectively.

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our capital levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements contain a number of covenants including financial covenants. For details, see *"Financial Indebtedness*" and *"Risk Factors – 15. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition.*" on pages 395 and 34, respectively.

For more information about our liquidity management, see "*Our Business*" beginning on page 184.

Cash flows

The following table sets forth our cash flows and cash and cash equivalents for the period indicated:

(in ₹ million)

Particulars	Fiscals		
	2023	2022	2021
Net cash generated from / (used in) Operating Activities	(14,740.01)	(5,778.93)	(3,712.30)
Net cash generated from / (used in) Investing Activities	(1,295.28)	(4,169.20)	(705.24)
Net cash generated from / (used in) Financing Activities	16,315.23	5,347.44	8,255.00
Net increase / (decrease) in cash and cash equivalents	279.94	**(4,600.69)**	**3,837.46**
Cash and cash equivalents at the beginning of the period/year	659.63	5,260.32	1,422.86
Closing balance of cash and cash equivalents	**939.57**	**659.63**	**5,260.32**

For further details in relation to the cash flows, see *"Restated Financial Information – Restated Cash Flow Statement"* on page

283.

Operating activities

Net cash flows used in operating activities was ₹ 14,740.01 million for Fiscal 2023. While our net profit before tax was ₹ 2,430.20 million, we had an operating profit before working capital changes of ₹ 7,581.89 million. This increase was primarily due to finance costs of ₹ 4,721.50 million and impairment of financial instruments of ₹ 489.03 million. Our changes in working capital for Fiscal 2023 primarily consisted of an increase in loans of ₹ 23,568.24 million on account of increased loan disbursals to our customers.

Net cash flows used in operating activities was ₹ 5,778.93 million for Fiscal 2022. While our net profit before tax was ₹ 1392.09 million, we had an operating profit before working capital changes of ₹ 5,924.55 million. This increase was primarily due to finance costs of ₹ 3,476.52 million and impairment of financial instruments of ₹ 838.78 million. Our changes in working capital for Fiscal 2022 primarily consisted of an increase in loans of ₹ 11,703.85 million on account of increased loan disbursals to our customers.

Net cash flows used in operating activities was ₹ 3,712.30 million for Fiscal 2021. While our net profit before tax was ₹ 769.28 million, we had an operating profit before working capital changes of ₹ 4,703.40 million. This increase was primarily due to finance costs of ₹ 3,131.91 million and impairment of financial instruments of ₹ 712.22 million. Our changes in working capital for Fiscal 2021 primarily consisted of an increase in loans of ₹ 8,858.25 million on account of increased loan disbursals to our customers.

Investing activities

Net cash flows used in investing activities was ₹1,295.28 million for Fiscal 2023, primarily due to investment in mutual fund of ₹ 83,795.81 million and investment in government securities of ₹10,720.91 million, which was primarily offset by redemption of mutual fund of ₹84,752.69 million, redemption of fixed deposit of ₹7,646.50 million and redemption of government securities of ₹8,253.20 million.

Net cash flows used in investing activities was ₹4,169.20 million for Fiscal 2022, primarily due to investment in mutual fund of ₹ 39,338.03 million and investment in fixed deposit of ₹11,455.53 million, which was partially offset by redemption of mutual fund of ₹ 38,602.60 million and redemption of fixed deposit of ₹ 12,220.53 million.

Net cash flows used in investing activities was ₹704.24 million for Fiscal 2021, primarily due to investment in mutual fund of ₹26,912.80 million and investment in fixed deposit of ₹10,038.69 million. These cash outflows were partially offset by redemption of mutual fund of ₹26,982.65 million and redemption of fixed deposit of ₹9,241.29 million.

Financing activities

Net cash flows generated from financing activities was ₹ 16,315.23 million for Fiscal 2023, primarily due to borrowings availed (net) of ₹ 20,367.75 million and debt securities availed of ₹8,350.00 million. This was partially offset by borrowings repaid of ₹243,830.21 million.

Net cash flows generated from financing activities was ₹ 5,347.44 million for Fiscal 2022, primarily due to borrowings availed of ₹18,500.00 million. This was partially offset by borrowings repaid of ₹11,000.99 million.

Net cash flows generated from financing activities was ₹ 8,255.00 million for Fiscal 2021, primarily due to borrowings availed of ₹12,580.00 million and debt securities availed of ₹9,975.00 million and subordinated borrowing of ₹ 2,499.90 million. This was partially offset by borrowings repaid of ₹ 8,905.20 million and debt securities repaid of ₹5,435.30 million.

Financial Indebtedness

As of March 31, 2023, our total borrowings were ₹ 71,358.23 million. Our Company has issued non-convertible debentures which are listed on the debt segment of BSE. The following table sets forth certain information relating to outstanding indebtedness as of March 31, 2023, and our repayment obligations in the periods indicated:

(in ₹ million)

Particulars	Payment due by period				
	Total	Less than one year	1-3 years	3-5 years	More than 5 years
Debt securities	6,112.30	4,073.93	-	2,000.00	38.37
Borrowings (other than debt securities)	62,649.26	22,276.08	28,654.44	10,425.41	1,293.33
Subordinate liabilities	2,596.67	124.09	-	2,472.58	-

Particulars	Payment due by period				
	Total	Less than one year	1-3 years	3-5 years	More than 5 years
Total	**71,358.23**	**26,474.10**	**28,654.44**	**14,898.00**	**1,331.69**

For further details of our total borrowings as of March 31, 2023, see "*Financial Indebtedness*" on page 395.

Capital and other commitments

As of March 31, 2023, we had capital commitments - estimated amount of contracts remaining to be executed on capital account and not provided for of ₹ 20.48 million and other commitments - loans sanctioned to borrowers pending disbursement of ₹ 646.72 million.

Securitization arrangements

During Fiscal 2021, we securitized assets worth ₹ 203.90 million. We had no securitization arrangement Fiscals 2022 and 2023.

Assignment transactions

During the Fiscals 2023, 2022 and 2021, we assigned assets worth ₹ 8,704.96 million, ₹ 2,721.57 million and ₹ 1,342.47 million, respectively.

Contingent liabilities and commitments

The table sets forth our contingent liabilities as per Ind AS 37 as at March 31, 2023:

(in ₹ million)

Contingent liabilities	As at March 31, 2023
Disputed income taxes	4.60
Other sums contingently liable for - As per Payment of Bonus Act, 1979	2.30
Total	6.90

For details in relation to our contingent liabilities as at March 31, 2023, see "*Restated Financial Information – Note 51 – Contingent Liabilities (to the extent not provided for)*" beginning on page 368.

Off-balance sheet commitments and arrangements

Except as disclosed above in "-*Securitization Arrangements*" and "-*Assignment Transactions*", we do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Capital Expenditure

For the Fiscal 2023, we added property, plant and equipment of ₹ 135.37 million, primarily for office equipment, lease improvements, furniture and fixtures and computer equipment.

For the Fiscal 2022, we added property, plant and equipment of ₹ 241.76 million, primarily for office equipment, lease improvements, furniture and fixtures and computer equipment.

For the Fiscal 2021, we added property, plant and equipment of ₹ 91.41 million, primarily for office equipment, lease improvements, furniture and fixtures and computer equipment.

Capital to risk-weighted assets ratio

The following table sets forth certain details of our CRAR derived from our Restated Financial Information, as of the dates indicated:

Particulars	As of		
	March 31, 2023	March 31, 2022	March 31, 2021
CRAR (%)	17.94%	23.04%	23.52%
CRAR – Tier I capital (%)	15.09%	18.38%	17.10%
Capital adequacy ratio – Tier II capital (%)	2.85%	4.65%	6.42%

The increase in the CRAR from March 31, 2021 to March 31, 2022 was primarily on account of infusion of equity capital. The decrease in the CRAR from March 31, 2022 to March 31, 2023 was primarily on account of growth in loan and advances.

For further details in relation to CRAR, see *"Risk Factors – 20. Our inability to maintain our capital adequacy ratio could adversely affect our business, results of operations and our financial performance"* on page 37.

Total borrowing /Equity Ratio

Our total borrowing/equity ratio was 5.26 as of March 31, 2023, 4.35 as of March 31, 2022 and 5.18 as of March 31, 2021. The increase in the total borrowing / equity ratio from March 31, 2022 to March 31, 2023 was primarily on account of increase in borrowings. The decrease in the total borrowing/enquiry ratio from March 31, 2021 to March 31, 2022 was primarily an account of increase in equity share capital.

"Total borrowing" represents the aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities.

"Equity" represents the aggregate of share capital and other equity.

Credit Ratings

Our current credit ratings are set forth below:

Rating Agency	Instrument	Credit Ratings
CARE	Non-convertible debentures	AA/stable
CARE	Long-term / Short-term bank facilities	AA/stable, A1+
CARE	Long-term instruments – Subordinated debt	AA/stable
India Rating and Research Private Ltd.	Bank loans	AA-/positive
India Rating and Research Private Ltd.	Non-convertible debentures	AA-/positive
India Rating and Research Private Ltd.	NCDs – Subordinated debt	AA-/positive
CRISIL	Commercial paper	A1+
ICRA Limited	Commercial paper	A1+

Related party transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see *"Other Financial Information – Related Party Transactions*" on page 370.

Quantitative and Qualitative Analysis of Market Risks

We are exposed to various types of market risks during the normal course of business. For further details, see "*Risk Factors*" on page 25:

We have exposure to the following risks:

Credit risk

Credit risk is the risk of financial loss to us if a customer or counter party for financial instruments fails to meet its contractual obligation and arises principally from our placements and balances with other banks, loans to customers, government securities and other financial assets. The Risk Management Committee reviews and approves loan product programs on an ongoing basis. These product programs outline the framework of any credit financial product being offered by us. Within the framework, credit policies are incorporated to manage, among other things, the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, verification, documentation, disbursement procedures, portfolio quality triggers, recover mechanism and NPA management.

For further details, see *"Restated Financial Information – 44. Risk Management"* and *"Our Business – Description of our business and operations – Risk Management Framework"* on pages 337 and 205, respectively.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that we might be unable to meet our payment obligations when they fall due, as a result of mismatches in the timing of cash flows. We maintain liquidity buffers sufficient to meet all our near-term obligations. The liquidity buffers are maintained by a combination of liquid assets (such as cash and cash equivalent, liquid investments in callable FDs and overnight / liquid mutual funds) and undrawn committed credit lines.

For further details, see *"Restated Financial Information – 44. Risk Management"* and *"Our Business – Description of our business and operations – Risk Management Framework"* on pages 337 and 205, respectively.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as gold prices (relevant to lending against gold business of our Company), interest rates, foreign currency rates.

- Gold price fluctuation risk – the Risk Management Committee does a periodic review of the gold price movement and its trends and its impact on the gold loan margins in present condition as well as under stress scenario.
- Interest rate risk: interest rate risk is the risk of change in market interest rates which might adversely affect our profitability.
- Foreign currency rate fluctuation risk: we are exposed to risk in fluctuation of foreign currency rates as we have borrowings in foreign currency.

For further details, see *"Restated Financial Information –44. Risk Management"* and *"Our Business – Description of our Business and Operations – Risk Management Framework"* on pages 337 and 205, respectively.

Auditors' Qualifications and Emphasis of Matters

There are no auditor qualifications which have not been given effect to in the Restated Financial Information.

The following sets forth the emphasis of matter included in the audit reports of our Statutory Auditors on our standalone financial statements for the periods indicated:

Fiscal 2021

The Statutory Auditor has drawn attention to a specified note to the standalone Ind AS financial statements which describes the fact that the business risk in relation to the COVID-19 pandemic to remain elevated. Our Company has recorded a total additional provision overlay of ₹ 455.80 million to reflect deterioration in the macroeconomic outlook. The extent to which the COVID-19 pandemic would impact our Company's financial performance would depend on future developments, which are highly uncertain. The impact may be different from that estimated as at the approval of the Ind AS financial statements and we will continue to closely monitor any material changes to future economic conditions.

Unusual or infrequent events or transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Known trends or uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*-Significant Factors Affecting our Financial Condition and Results of Operations*" above and the uncertainties described in "*Risk Factors*" on page 25. 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.

Future relationship between cost and revenue

Other than as described in "*Risk Factors*" and "*Our Business*" on pages 25 and 184, respectively, and this section, to our knowledge there are no known factors that may adversely affect the future relationship between cost and revenue.

Working Capital

We believe that our working capital is sufficient for our Company's present requirements.

Competitive conditions

We operate in a competitive environment. Please refer to "*Risk Factors*", "*Industry Overview*" and "*Our Business*" on pages 25, 115 and 184, for further information on our industry and competition.

Seasonality and cyclicality of business

Our business is not seasonal in nature. For further details, see "*-Significant Factors Affecting our Financial Condition and*

Results of Operations" on page 372.

Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Changes in revenue in the last three Fiscals are as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2023 compared to Fiscal 2022*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2022 compared to Fiscal 2021*" above on pages 381 and 383, respectively.

Significant dependence on single or few customers

We do not believe our business is dependent on any single or a few customers as on the date of this Draft Red Herring Prospectus. For further details, see "*Risk Factors – 5. We derive a significant portion of our assets under management from our gold loan products and the loss of business in relation to such gold loan products could adversely affect our business and prospects.*" on page 29.

New products or business segments

Except as disclosed in "*Our Business*" on page 184, and products that we announce in the ordinary course of business, we have not announced and do not expect to announce in the near future any new products or business segments.

Significant developments occurring after March 31, 2023

Except as set out in this Draft Red Herring Prospectus and "*Risk Factors – 6. We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME") and the risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition."* on page 29, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially or adversely affect or are likely to affect out operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Recent accounting pronouncements

As on the date of this Draft Red Herring Prospectus, there are no recent accounting pronouncements, which, we believe, would have a material effect on our financial condition or results of operations.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at March 31, 2023, derived from our Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Restated Financial Information*" and "*Risk Factors*" on pages 371, 275 and 25, respectively.

(₹ in million)

Particulars	Pre-Offer (as at March 31, 2023)	Post Offer*
Total borrowings(1) (A)	**71,358.23**	[●]
Current borrowings	5,162.12	[●]
Non-current borrowings (including current maturities)	66,196.11	[●]
Total Equity		
Equity share capital#	3,219.12	[●]
Other equity#	10,337.70	[●]
Total Equity (B)	**13,556.82**	[●]
Total borrowings(1)/Total equity (A)/(B)	**5.26**	[●]

* *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.*

***As on the date of this Draft Red Herring Prospectus, the issued, subscribed and paid-up Equity Share capital is ₹322,477,605, comprising 3,224,776,050 Equity Shares of face value ₹ 10 each. For details, see "Capital Structure - Share capital history of our Company" on page 78.*

\# *These terms carry the same meaning as per Schedule III of the Companies Act.*

Note:

(1) The amounts disclosed above are sourced from or derived from information contained within our Restated Financial Information.

FINANCIAL INDEBTEDNESS

Our Company has availed loans in the ordinary course of its business for the purposes of onward lending and to meet working capital requirements. Our Company has also issued multiple series of secured and unsecured redeemable non-convertible debentures ("**NCDs**") to various subscribers for the purposes of onward lending, repayment/refinancing of existing debt of the Company and general corporate purposes.

For details regarding the borrowing powers of our Company, please see "*Our Management – Borrowing Powers of our Board of Directors*" on page 237.

Set forth below is a brief summary of our aggregate borrowings as of March 31, 2023:

(₹ in million)

Category of borrowing	Sanctioned amount	Outstanding amount*
Term loans from banks/ financial institutions	96,148.30	59,585.57
CC/WCDL/OD	7,100.00	3,095.37
CP#	2,100.00	2,100.00
NCDs#	**6,375.00**	**6,375.00**
Unsecured NCDs#	2,500.00	2,500.00
Secured NCDs#	3,875.00	3,875.00
Total	**111,723.30**	**71,155.94**

**As certified by M/s R U Kamath & Co pursuant to the certificate dated July 26, 2023*
 # Represents borrowing outstanding excluding Ind AS related adjustments pertaining to interest accrued and unamortised processing fee. Further, our NCDs and Commercial Paper are listed on the debt segment of BSE.

Set forth below is a list of borrowings of our Company as of March 31, 2023:

(a) Term loans from banks/ financial institutions

(₹ in million)

Name of lender	Type of borrowing	Secured/ unsecured	Sanctioned amount	Outstanding amount as on March 31, 2023
Axis Bank	Term loan	Secured	6,500.00	3,850.00
Bajaj Finance	Term loan	Secured	2,750.00	1,953.12
Bajaj Finance	Unsecured term loan	Unsecured	250.00	250.00
Bank of Baroda	Term loan	Secured	11,000.00	7,582.02
Bank of India	Term loan	Secured	2,000.00	1,396.37
Bank of Maharashtra	Term loan	Secured	3,000.00	2,497.04
Canara Bank	Term loan	Secured	7,000.00	6,222.30
Catholic Syrian Bank	Term loan	Secured	250.00	83.30
Central Bank of India	Term loan	Secured	2,000.00	1,575.00
DCB Bank	Term loan (FCNR)	Secured	848.30	848.30
Dhanlaxmi Bank	Term loan	Secured	500.00	500.00
Federal Bank Ltd	Term loan	Secured	15,500.00	2,489.14
HDFC Bank Ltd	Term loan	Secured	6,400.00	3,976.66
ICICI BANK	Term loan	Secured	6,150.00	2,886.11
IDBI	Term loan	Secured	3,000.00	2,725.00
Indian Bank (Including Erst. Allahabad Bank)	Term loan	Secured	8,000.00	5,858.71
Indian Overseas Bank	Term loan	Secured	2,000.00	1,444.50
Karnataka Bank	Term loan	Secured	3,500.00	2,862.39
KVB Bank	Term loan	Secured	1,500.00	1,020.84
SIDBI	Term loan	Secured	8,000.00	5,440.00
South Indian Bank	Term loan	Secured	500.00	200.00
State Bank of India	Term loan	Secured	4,500.00	2,924.79
Union Bank of India	Term loan	Secured	1,000.00	1,000.00
Total			**96,148.30**	**59,585.59**

(b) Cash credit/ working capital demand loans

(₹ in million)

Name of lender	Type of borrowing	Secured/ unsecured	Sanctioned amount	Outstanding amount as on March 31, 2023
Axis Bank	CC/ WCDL	Secured	100.00	-
Bajaj Finance	Short term revolving loan	Secured	100.00	-
Citi Bank	Working capital cash credit facility	Secured	1,500.00	1,500.00
DCB Bank	CC/ WCDL	Secured	400.00	-
Federal Bank Ltd	CC/ WCDL	Secured	1,000.00	842.58
ICICI BANK	CC/ WCDL	Secured	350.00	102.79
IDBI	CC/ WCDL	Secured	150.00	150.00
Indian Bank	OD/WCDL	Secured	500.00	500.00
IndusInd Bank	Short term loan	Secured	3,000.00	-
	Total		**7,100**	**3,095.37**

(c) Commercial paper

(₹ in million)

Name of lender	Type of borrowing	Secured/ unsecured	Sanctioned amount	Outstanding amount as on March 31, 2023
Mutual funds and banks	Commercial paper	Unsecured	2,100.00	2,100.00
	Total		**2,100.00**	**2,100.00**

(d) Non-convertible debentures

(₹ in million)

Name of lender	Type of borrowing	Secured/ unsecured	Sanctioned amount	Outstanding amount as on March 31, 2023
Federal Bank	Tier II- NCD	Unsecured	2,347.00	2,347.00
Others	Tier II- NCD	Unsecured	153.00	153.00
Canara Bank	NCD	Secured	725.00	725.00
DCB Bank Limited	NCD	Secured	150.00	150.00
Indian Bank	NCD	Secured	500.00	500.00
Punjab National Bank	NCD	Secured	500.00	500.00
Retail investors	MLD	Secured	2,000.00	2,000.00
	Total		**6,375.00**	**6,375.00**

Principal terms of the subsisting borrowings availed by our Company:

1. ***Interest:*** The interest rates for the term loans availed by our Company typically ranges from 7.65% per annum to 9.65% per annum, which is linked to the marginal cost of fund-based lending rate or external benchmark rates.

   Our Company has also issued NCDs to various subscribers. For such borrowings, we enter into debenture trust deeds ("**DTDs**") and, in terms of such DTDs, a specified interest or coupon rate is to be paid per annum. The interest rate for the NCDs issued by our Company as of March 31, 2023 typically ranged from 8.30% to 9.90% per annum. For NCDs issued by our Company post March 31, 2023, the interest rate is also linked to the marginal cost of fund-based lending rate.

2. ***Tenor:*** The tenor of the term loans availed by our Company typically ranges approximately one to ten years. Certain short-term loans availed by our Company have a tenor of up to one year.

   The maturity date of the NCDs issued by the Company is typically 36 months to 84 months.

3. ***Security:*** In terms of our borrowings, including NCDs, where security needs to be created, we are typically required to create security primarily by way of first ranking *pari passu* charge by way of hypothecation, on our Company's book debt receivables, as the case maybe. There may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. ***Pre-payment***: We have the option to prepay the lenders, subject to payment of prepayment charges at such rate as may be stipulated by the lenders which typically ranges from 1% to 3%. Further, some loans may be prepaid without any prepayment charges subject to the fulfilment of conditions, including by providing prior notice to the lender.

5. ***Re-payment:*** The cash credit and working capital facilities are typically repayable on demand. The repayment period for the term loan facilities availed by us is typically in equal quarterly instalments.

   The NCDs issued by our Company are repayable on maturity.

6. ***Key Covenants:*** In terms of our facility agreements, sanction letters and the DTDs, we are required to comply with various financial covenants, restrictive covenants and conditions restricting certain corporate actions, and we are required to take prior consent from the lender or the trustee (acting on the instructions of the majority debenture holders) and/or intimate the respective lender or trustee (acting on the instructions of the majority debenture holders) before carrying out such actions, including, but not limited to the following:

   (a) to effect any change in the capital structure where the shareholding of the existing promoter gets diluted below 51%;

   (b) to effect any adverse changes to or effect a major change in its capital structure;

   (c) to formulate or effect any scheme of amalgamation or merger or reconstruction;

   (d) to undertake any activity other than the activities indicated in the objects clause of the memorandum of association of our Company;

   (e) for any transfer of the controlling interest or the management set up;

   (f) to undertake guarantee obligations on behalf of any other person; and

   (g) for declaring any dividend if any instalment towards principal or interest remains unpaid on its due date.

   One of our lenders, namely IDBI Bank Limited, in the normal course of business has a right to nominate directors on our Board under the lending arrangement.

7. ***Events of Default:*** In terms of our facility agreements, sanction letters and DTDs, the following, among others, constitute events of default:

   a) failure to pay any sum payable under the facilities or debentures on the due dates;

   b) failure to perform or comply with any obligations or terms and conditions under the facilities or debentures by our Company;

   c) incorrect or misleading representation, warranty or statement under the facility or debenture documents;

   d) occurrence of a material adverse change; and

   e) cross default in any indebtedness of the Company.

8. ***Consequences of occurrence of events of default:***

   In terms of our facility agreements, sanction letters and DTDs, the following, among others, are the consequences of occurrence of events of default, whereby our lenders or trustees (acting on the instructions of the majority debenture holders) may:

   (a) declare all sums outstanding as immediately due and payable;

   (b) enforce their security over the hypothecated / mortgaged assets;

   (c) appoint nominee directors;

   (d) review the management set up or organisation of our Company;

   (e) convert the debt into equity in conformity with RBI guidelines;

(f) to disclose the name of the Company to RBI, CIBIL and any other agency authorised in this behalf by RBI; and

(g) levy a default interest of up to 2% per annum on the overdue amounts.

Further, the trustee may accelerate the redemption of debentures in case of an event of default.

This is an indicative list and there may be additional terms that may require the consent of the relevant lender or the trustee (acting on the instructions of the majority debenture holders) that may amount to an event of default under the various borrowing arrangements entered into by us. Further, none of the banks or financial institutions from whom our Company has availed borrowings have accelerated payment of the facility in full or in part on account of default in the repayment of any instalment or interest due or for violation of any other terms of the outstanding debt facilities.

For the purpose of the Offer, our Company has received prior consent from our lenders, as required under the relevant loan documents and intimated other lenders, as applicable for undertaking activities relating to the Offer including consequent actions, such as change in our capital structure, change in constitutional documents, etc.

Set out below are the details of non-convertible debentures issued by our Company which are listed on the debt segment of BSE:

Series of NCDs	**Coupon Rate**	**ISIN**	**Face Value (In ₹ million)**	**Amount (In ₹ million)**
9% Fedbank Financial Services Limited Tranche - 1 NCDs 2023	9.00%	INE007N07017	1.00	1,875.00
9.90% Fedbank Financial Services Limited Unsecured Subordinated NCD 2027	9.90%	INE007N08015	1.00	2,500.00
Fedbank Financial Services Limited NCDs 2026	8.30%*	INE007N07033	0.10	2,000.00
Fedbank Financial Services Limited NCDs 2027^	8.25%**	INE007N07041	0.10	1,000.00
9% Fedbank Financial Services Limited Subordinated NCDs 2030^	9.00%	INE007N08023	0.10	2,000.00

^Issued post March 31, 2023

** Linked to 7.26% GSec 2032. The coupon rate of 8.30% is subject to the following conditions, as specified in the debenture trust deed:*

1) If underlying performance (as specified in debenture trust deed)>=75% of the initial fixing level, then annualised coupon / effective yield (on extended internal rate of return basis) is 8.30%

2) If underlying performance (as specified in debenture trust deed) <75% but >= 25% of the initial fixing level, then annualised coupon / effective yield (on extended internal rate of return basis) is 8.25%

3) If underlying performance (as specified in debenture trust deed) <25% of the initial fixing level, then annualised coupon / effective yield (on extended internal rate of return basis) is 0%

*** Linked to three months marginal cost of funds based lending rate of State Bank of India plus spread of 0.15%*

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed in this section, there are no outstanding (i) criminal proceedings; (ii) actions taken by statutory and regulatory authorities; (iii) claims related to direct and indirect taxes (in a consolidated manner); and (iv) pending litigation as determined to be material as per the Materiality Policy, in each case involving our Company, our Directors and our Promoter. Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against our Promoter in the last five financial years including any outstanding action.

*For the purpose of identification and disclosure of material litigation involving our Company and Directors ("**Relevant Parties**") in (iv) above, our Board considered the following thresholds for a pending litigation (other than criminal proceedings, actions taken by regulatory and statutory authorities, and claims related to direct and indirect taxes) to be considered 'material' if the monetary amount of claim by or against the entity or person in a proceeding is in excess of:*

(i) 2% of the standalone profit after tax for the latest fiscal year as per the Restated Financial Information;

(ii) 2% of turnover for the last audited financial statements of our Company;

(iii) 2% of net worth as per the last audited financial statements of our Company, except in case arithmetic value of net worth is negative; or

(iv) 5% of the average of absolute value of profit/ loss after tax as per last three audited financial statements of our Company.

Upon consideration, pursuant to a resolution dated July 17, 2023 passed by our Board, the following was adopted:

All outstanding litigation, including any litigation involving our Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, and tax matters (direct or indirect), would be considered 'material' if (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 2% of the profit after tax of the Company for Fiscal 2023, as per the Restated Financial Information i.e. ₹ 36.03 million; or (ii) where monetary liability is not quantifiable or any other outstanding litigation where the amount involved is below ₹36.03 million, the outcome of any such pending proceedings may have an adverse impact on the business, operations, cash flows, financial position or reputation of our Company.

Further, given the nature and extent of operations of our Promoter, The Federal Bank Limited, our Board has, pursuant to its resolution dated July 17, 2023 considered the outstanding civil litigation involving our Promoter which exceeds 5% the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Promoter, i.e., ₹ 1,133.14 million, to be material. Accordingly, we have only disclosed all outstanding civil litigations involving our Promoter wherein the aggregate amount involved exceeds ₹ 1,133.14 million individually.

It is clarified that for the above purposes, pre-litigation notices received by our Company, our Directors or our Promoter (excluding statutory/ regulatory/ tax authorities or notices threatening criminal action) have not been considered as litigation until such time that our Company, our Directors or our Promoter, as applicable, are impleaded as a defendant in the litigation proceedings before any judicial forum. We have also disclosed matters relating to direct and indirect taxes involving the Relevant Parties and our Promoter, in a consolidated manner giving details of number of cases and total amount involved in such claims.

Except as stated in this section, there are no material outstanding dues to creditors (on the basis of trade payables) of our Company. For this purpose, our Board has pursuant to the Materiality Policy, considered outstanding dues to any creditor (on the basis of trade payables) of our Company having a monetary value which exceeds 5% of the total trade payables of our Company as of March 31, 2023 as 'material'. Accordingly, as on March 31, 2023, any outstanding dues exceeding ₹ 13.05 million have been considered as material outstanding dues for the purposes of disclosure in this section.

For outstanding dues to any micro, small or medium enterprise, the disclosure shall be based on information available with our Company regarding the status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as amended, read with the rules and notification thereunder.

Litigation involving our Company

Litigation against our Company

Criminal Litigation

1. It has come to our attention that a criminal complaint has been filed by Anandraj before the Chief Metropolitan

Magistrate Court, Bangalore under section 200 of CrPC read with sections 406 and 420 of the IPC against our Company and Binny Shibu. The Company has not received any notice, summons or copy of any first information report ("**FIR**") in this matter as yet.

2. It has come to our attention that a criminal complaint has been filed by Zaveri Constructions ("**Zaveri**") and others before the Chief Metropolitan Magistrate, Esplanade Court, Mumbai under section 420 of the IPC and sections 193, 200 and 340 of the Essential Commodities (Special Provisions) Act, 1981 ("**Essential Commodities Act**"), against 7 parties, which includes our Company. Our Company has not received any notice, summons or copy of any first information report in this matter as yet.

3. G. Panduranga Kamath, R. Lalitha, K.C.S. Nair and others (collectively, the "**Petitioners**") have filed a criminal revision petition ("**Petition**") under Sections 397 and 399 of the CrPC against our Company and other respondents ("**Other Respondents**", and collectively "**Respondents**") before the City Civil and Sessions Judge at Bengaluru to seeking the setting aside of the order dated March 16, 2021 ("**Order**") passed by the XXXVII Additional Chief Metropolitan Magistrate Court, Bengaluru ("**Authority**"). Pursuant to the Order, the Authority allowed the interim application filed by our Company under Section 14 of the SARFAESI Act for taking possession of property ("**Property**") of the Other Respondents. The Petitioners have alleged that they had purchased Property from the Other Respondents and that the Property was not under any encumbrance at the time of sale. The Petitioners have further alleged *inter alia* that the Respondents have colluded to harass the Petitioners and that our Company has not followed due process and procedure under the SARFAESI Act. The matter is currently pending.

Actions taken by statutory or regulatory authorities

1. A show cause notice dated February 22, 2023 ("**SCN**") was issued by the RBI to our Company, pursuant to an inspection conducted by the RBI in reference to its financial position between June 13, 2022 and June 24, 2022 and other related correspondences between RBI and our Company. The SCN alleged a delay by our Company in reporting a fraudulent transaction involving an amount of ₹ 38.00 million ("**Fraudulent Transaction**"), within the period of three weeks, in accordance with, *inter alia*, the Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. Our Company responded to the SCN by way of a letter dated March 15, 2023 ("**Reply**"), requesting a personal hearing and stated that the Fraudulent Transaction, which had come to the notice of our Company in December 2020, had required detailed enquiries to be conducted before arriving at a conclusion of fraud detection. The Reply further stated that the COVID-19 pandemic had caused delays in arriving at the final conclusion, on account of irregular and untimely access to the developer's office. As on the date of this Draft Red Herring Prospectus, there has been no further correspondence from the RBI in this regard. For details, see "*Risk Factors – 7. We are subject to periodic inspection by the Reserve Bank of India. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 30.

2. BSE had, pursuant to an email dated October 31, 2022, imposed a fine of ₹0.21 million for alleged non-compliance with Regulations 50(2) and 53(2) of the SEBI Listing Regulations, which require intimation about meeting of shareholders or holders of non-convertible securities and submission of annual report to the stock exchanges, respectively. In relation to the alleged non-compliance with Regulation 50(2) for delay in furnishing intimation to BSE about meeting of shareholders, our Company, pursuant to email dated November 7, 2022 ("**Response I**"), submitted that the said regulation had been duly complied with and there had been no non-compliance by the Company. In relation to alleged non-compliance with Regulation 53(2) for delay in submission of annual report to BSE, our Company requested for a waiver pursuant to letter dated November 7, 2022, for delay in submission of the annual report, submitting that such delay was inadvertent and unintentional. BSE sent a reminder notice for payment of fines for alleged non-compliance with Regulations 50(2) and 53(2) on November 16, 2022, to which our re-submitted Response I ("**Response II**", together with Response I, "**Responses**"). Subsequently, at the time of listing commercial papers of our Company on BSE, our Company received an email on November 21, 2022, asking our Company to provide status of fines imposed on our Company, including the fine imposed for alleged non-compliance with Regulations 50(2) and 53(2), to which our Company re-submitted the Responses. Thereafter, while seeking in-principle approval for listing of non-convertible debentures of our Company, BSE, pursuant to email dated January 3, 2023, asked our Company to pay the fines imposed on our Company for alleged non-compliance with Regulations 50(2) and 53(2), in response to which, our Company re-submitted the Responses. While our Company has paid the fine on January 3, 2023, subject to further communication from BSE on the status of the Responses submitted,, the matter is currently pending.

Litigation by our Company

Criminal Litigation

1. Our Company has in the ordinary course of business, initiated 915 proceedings against its borrowers for the dishonour of cheques under section 138 of the Negotiable Instruments Act, 1881. The aggregate amount involved in these

proceedings is ₹ 680.26 million to the extent ascertainable. These proceedings are pending at various stages of adjudication before various courts.

2. Our Company had extended a gold loan facility to Shivkumar M of ₹0.79 million in June - July, 2020 against pledge of gold. However, pursuant to a criminal complaint registered against Somashekara SM and another under section 406, 409, 420, 465, 468, 471, and 120-B of the Indian Penal Code, 1860 numbered Cr No. 112 of 2020, the Mandya West Police has seized the gold pledged with our Company on October 18, 2020. In relation to this criminal complaint, our Company has filed a petition before the Principal Civil Judge and Chief Judicial Magistrate, Mandya, Karnataka for securing the custody of the gold seized by the police. The matter is currently pending.

3. Our Company had extended a gold loan facility to Shivkumar M of ₹1.60 million in 2020 against pledge of gold. However, pursuant to certain criminal complaints, including one registered against Somashekara SM, Mandya East Police has seized the gold pledged with our Company on October 17, 2020. Our Company has also filed a petition before the Additional Civil Judge and JMFC, Mandya, Karnataka for securing the custody of the gold seized by the police. The matter is currently pending.

Litigation involving our Promoter

Litigation against our Promoter

Material Civil Litigation

1. Zoom Developers Private Limited ("**ZDPL**") and others filed a suit before the High Court of Judicature at Bombay, against certain banks including our Promoter who had extended credit facilities to ZDPL ("**Defendants**"), seeking (i) damages arising out of the wilful negligence, misfeasance, malfeasance, nonfeasance and general misconduct by the Defendants; (ii) damages for an aggregate amount of ₹109,207.60 million, including ₹3,276 million against Federal Bank, along with 18% interest per annum from the date of filing the suit till full payment/ realization towards loss of estimated future profits and loss of goodwill and (iii) restrain by a permanent order and injunction from taking possession of any of its moveable and immoveable properties. It was alleged that due to the failure of the consortium banks, the bank guarantees and stand-by letter of credits were invoked on technical grounds. The Defendants filed their written statement in response to the suit filed before the High Court of Judicature at Bombay challenging the allegations raised by ZDPL. The matter is currently pending.

2. The State Bank of India, Hyderabad branch filed an original application before the Debts Recovery Tribunal – I, Hyderabad against, *inter alia,* KSK Mahanadi Power Company Limited for recovery of approximately ₹50,068 million, along with interest thereon. The State Bank of India along with certain other banks including our Promoter had extended credit facilities to KSK Mahanadi Power Company Limited. The matter is currently pending.

Criminal Litigation

1. A criminal complaint under Section 156(3) of CrPC was filed before the Court of Chief Judicial Magistrate, Gurgaon by Balwinder Kaur ("**Complainant**") against our Promoter and two of its employees alleging criminal breach of trust and thereby requesting to initiate proceedings under Sections 323, 406, 420, 467, 468, 471 and 506 read with Section 34 of the IPC. The Complainant had obtained a loan of ₹1.01 million and had pledged gold ornaments as a security towards the loan for a period of one year upto July 22, 2015. However, the loan was not received by our Promoter and therefore, the pledged gold ornaments were auctioned. Aggrieved by the aforesaid complaint, our Promoter has filed an application under Section 482 of CrPC before the High Court of Punjab and Haryana seeking the quashing of the criminal proceedings. By way of its order dated October 30, 2018, the High Court of Punjab and Haryana stayed the proceedings before the Court of Chief Judicial Magistrate, Gurgaon. The matter is currently pending.

Litigation by our Promoter

Material Civil Litigation

1. Our Promoter along with other banks who had extended credit facilities to M/s. Loha Ispat Limited and others ("**Defendants**") filed an original application before the Debts Recovery Tribunal – I, Mumbai to recover dues aggregating to ₹120.09 million towards the working capital facility and ₹2,580.61 million towards the term loan facility along with an interest of 15.80% and 16% per annum, respectively, with monthly rests from the date of the original application till payment or realisation, payable by the Defendants along with the enforcement of security, including an amount of ₹1,716 million involving our Promoter. Additionally, our Promoter also prayed for an injunction against the Defendants and their associates, restraining them from selling, encumbering, dispossessing of or creating any third-party interest in the collateral security. It was alleged that due to various breaches of the terms

and conditions of the facilities documents by the Defendants, the aforesaid credit facilities were declared as a non-performing asset by the consortium banks. The matter is currently pending.

2. M/s. Edelweiss Asset Reconstruction Company Limited along with our Promoter and other banks and financial institutions who had extended credit facilities to PSL Limited and others ("**Defendants**") filed an original application before the Debts Recovery Tribunal – I, New Delhi to recover dues aggregating to ₹59,324.20 million along with interest thereon, including ₹1,885.70 million involving our Promoter. The matter is currently pending.

Criminal Litigation

For details about certain actions taken by our Promoter in relation to certain material frauds committed against our Promoter, see " – *Material frauds committed against our Promoter in the last three years and actions taken by our Promoter*" below.

Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges

1. Our Promoter has received a notice ("**Notice**") dated September 27, 2022, from the National Stock Exchange of India Limited ("**NSE**") for alleged non-compliance with Regulations 52(7) and 52(7A) of the SEBI Listing Regulations, which provides for, inter alia, the obligation to submit to the Stock Exchanges, a statement indicating utilization of issue proceeds of non-convertible securities, along with a statement disclosing material deviations, if any. Pursuant to the Notice, the NSE has directed our Promoter to pay a fine of ₹10,620 within 15 days of the notice. In response to the Notice, our Promoter has submitted a waiver request with the NSE. The waiver request was not accepted by the NSE, and our Promoter paid the penalty on March 17, 2023. The matter is currently pending.

Material frauds committed against our Promoter in the last three years and actions taken by our Promoter

1. Our Promoter reports on an individual basis all material frauds equal to or above ₹10 million to RBI. During Fiscals 2021, 2022, 2023 and the three-month period ended June 30, 2023, there are a total of 56 material frauds equal to or above ₹10 million committed against our Promoter, involving an aggregate amount of ₹12,060 million. Typically, these frauds are in the nature of (a) misappropriation and criminal breach of trust; (b) cheating and forgery; and (c) diversion of funds, etc. and are conducted by members of staff, customers and in some cases, other third parties. Our Promoter has initiated various actions against these frauds, including inter alia criminal proceedings such as police complaints and filing petitions.

Material Tax Matters

<u>Direct Tax</u>

1. Our Promoter has filed income tax returns upto assessment year 2022-23 and the assessment of our Promoter was completed upto assessment year 2020-21. Up to assessment year 2020-21, certain assessment years, due to audit comments, Assistant Commissioner of Income Tax, Kochi has re-opened the assessment and made certain disallowance. Various disallowances made in the course of assessments/ re-assessment has been contested by our Promoter on appeal before the Commissioner of Income Tax (Appeals). After disposal of appeal by the Commissioner of Income tax (Appeals), in respect of issues decided against it, our Promoter has filed further appeals before the Income tax Appellate Tribunal, Cochin Bench ("**ITAT**"). In respect of issues decided in favour of our Promoter, the Income Tax Department had also gone on second appeal before the ITAT. In respect of certain years where the ITAT has disposed the appeals, Promoter and Income Tax Department have also preferred further appeals before the High Court of Kerala. Our Promoter and Income Tax Department have also preferred appeals before the Supreme Court of India against the orders of High Court of Kerala in favour of the Income Tax Department and our Promoter. Our Promoter has made full provision in respect of the tax demands relating to issues decided against our Promoter after taking into account the favourable decisions of the judicial/ appellate authorities in respect of such issues. A disputed demand amounting to ₹115,821 is shown as contingent liability in books due to various judicial decisions obtained in settled cases or on the basis of the facts as the case be. In respect of years where the assessments have not been completed, provision has been made in the accounts as per the computation of our Promoter.

<u>Indirect Tax</u>

1. A show cause notice dated January 16, 2020 was issued by Additional Director General, Directorate General of GST Intelligence, Kochi disallowing the ineligible Central Value Added Tax ("**CENVAT**") credit along with interest and penalty. It was alleged that (i) our Promoter had wrongly availed CENVAT credit (during the period December, 2014 to August, 2015 and April, 2016 to June, 2017) of service tax on ATM fee paid to other banks, in respect of transactions undertaken by the cardholders of the bank on the ATMs of other banks, through the settlement mechanism of NPCI, (ii) our Promoter had wrongly availed CENVAT during the period, April, 2014 to June, 2017, December, 2014 to August, 2015 and April, 2016 to June, 2017, in respect of fees paid to NPCI attributable to facilitation of free cross

bank transactions undertaken by card-holders of our Promoter and (iii) short-payment of the liability under Rule 6(3A)(d) of CENVAT Credit Rules, 2004. Thereafter, by way of an order dated October 21, 2022, the Commissioner, Central Board of Indirect Taxes and Customs, Kochi ("**Order**") levied service tax and penalty of ₹1,229.94 million. Aggrieved by the Order, our Promoter filed a writ petition before the High Court of Kerala to stay the operation and implementation of the Order which is currently pending.

Litigation involving our Directors

Nil

Tax Proceedings

Except as disclosed below, there are no claims related to direct and indirect taxes involving our Company, Directors and Promoter.

Nature of case	Number of cases	Amount involved (in ₹ million)
Proceedings involving the Company		
Direct Tax	3	4.60
Indirect Tax	Nil	Nil
Proceedings involving the Directors		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Proceedings involving the Promoter		
Direct Tax	3	11,582.10
Indirect Tax	7	1,679.84

Outstanding dues to Creditors

As of March 31, 2023, our Company has 995 creditors (on the basis of trade payables), and the aggregate outstanding dues to these creditors (on the basis of trade payables) by our Company are ₹ 260.92 million. Further, our Company owes no amount to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

In accordance with the Materiality Policy, a creditor (on the basis of trade payables) of the Company shall be considered to be a material creditor for the purpose of disclosure in the Offer documents if the amounts due to such creditor (on the basis of trade payables) exceed 5% of the total trade payables of our Company as of March 31, 2023, which is ₹ 13.05 million. As of March 31, 2023, there were two material creditors (on the basis of trade payables) to whom our Company owed an aggregate amount of ₹ 203.72 million.

Details of outstanding dues owed to material creditors (on the basis of trade payables), MSMEs and other creditors as of March 31, 2023, are set out below:

Types of Creditors (on the basis of trade payables)	Number of Creditors (on the basis of trade payables)*	Amount involved (in ₹ million)*
Micro, Small and Medium Enterprises	Nil	-
Material Creditors (on the basis of trade payables)	2	203.72
Other Creditors (on the basis of trade payables)	993	57.20
Total	**995**	**260.92**

**As certified by M/s R U Kamath & Co by way of their certificate dated July 26, 2023.*

The details pertaining to outstanding dues towards our material creditors (on the basis of trade payables) are available on the website of our Company at https://fedfina.com/investor/disclosure/.

It is clarified that such details available on our 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 other source of information, including our Company's website, www.fedfina.com, would be doing so at their own risk.

Material Developments since March 31, 2023

Other than as stated in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 371, there have not arisen, 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 operations, our trading, our profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Set out below an indicative list of approvals obtained by our Company which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, our Company can undertake this Offer and its business activities. In addition, certain of our key approvals may have expired or may expire in the ordinary course of business and our Company has either already made an application to the appropriate authorities for renewal of such key approvals or is in the process of making such renewal applications.

Approvals in relation to our Company

I. Corporate approvals

1. Certificate of incorporation issued by the Registrar of Companies, Kerala, dated April 17, 1995, to our Company, under the name 'Fedbank Financial Services Limited'.

2. Certificate of registration of regional director order for change of state issued by the RoC on July 26, 2021.

3. Certificate of commencement of business issued by Registrar of Companies, Kerala, dated July 17, 1995.

4. The CIN of our Company is U65910MH1995PLC364635.

II. 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 406.

III. Regulatory approvals

1. The RBI has, pursuant to certificate of registration dated August 24, 2010, granted approval to our Company to carry on the business of a non-banking financial institution without accepting public deposits.

2. The Financial Intelligence Unit, India under the Government of India has granted our Company registration as a reporting entity.

3. The LEI code number 335800SEAIOMENW3RW20 granted by the Legal Entity Identifier India Limited.

IV. Tax related approvals

1. The permanent account number of our Company is AAACF8662J.

2. The tax deduction account number of our Company is MUMF03760B.

3. GST registration numbers of our branches for GST payments under the central and state goods and services tax legislations, including GST registration number 27AAACF8662J1ZA for Maharashtra, where our Registered and Corporate Office is located.

4. Professional tax registration under the applicable state specific laws.

V. 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 establishment legislations.

VI. Material approvals obtained for our branches

Our Company has obtained registrations in the normal course of business for its branches, regional offices and corporate office across various states in India including licenses for location of business issued by relevant municipal authorities under applicable laws, shops and establishments registrations issued under relevant state legislations, professional tax registration under the applicable state specific laws and registration under the Employees' State Insurance Act, 1948.

VII. Intellectual Property

As on the date of this Draft Red Herring Prospectus, our Company owns two registered trademarks with logos. For further details, see "*Our Business – Intellectual Property*" on page 207.

S. No.	Description	Trademark Number	Class	Nature of mark
1.	FEDBANK FINANCIAL SERVICES LIMITED	3849435	36	Image mark
2.	FEDFINA	3849400	36	Image mark

Material approvals to be obtained by our Company

Material approvals or renewals applied for but not received

As on the date of this Draft Red Herring Prospectus, there are certain materials approvals for which our Company has made an application to the appropriate authorities but not obtained the approvals or renewed approvals, as applicable, including the material approvals as included below:

(a) Shops and establishments registration issued under the relevant state legislation, for one branch located in Chandigarh and one branch located in Goa.

Material approvals expired and not applied for renewal

As on the date of this Draft Red Herring Prospectus, there certain approvals which may have lapsed in their normal course and for which our Company has not made applications to the appropriate authorities for renewal or for which our Company is in the process of making such applications, including the materials approvals set out below:

(a) Shops and establishments registrations issued under relevant state legislations, for three branches located in Goa and one branch located in Gujarat.

(b) Professional tax registrations under the applicable state specific laws, for two branches located in Puducherry and one branch located in Gujarat

Material approvals required but not applied for or obtained

As on the date of this Draft Red Herring Prospectus, there are no approvals which our Company was required to apply for, but which have not been applied for.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorised by a resolution of our Board dated June 21, 2023. The Fresh Issue has been authorised by a resolution of our Board dated July 26, 2023 and a special resolution of our Shareholders dated July 21, 2023. Our Board has taken on record the affirmative consent of the Selling Shareholders for the Offer under the SHA pursuant to its resolution dated July 17, 2023. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated July 26, 2023. This Draft Red Herring Prospectus has been approved pursuant to a resolution passed by the Board on July 26, 2023.

The Offer for Sale has been authorised by each of the Selling Shareholders as follows:

S. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of consent letter	Date of corporate action/board resolution
Promoter Selling Shareholder				
1.	The Federal Bank Limited	Up to 16,497,973	July 25, 2023	July 11, 2023
Investor Selling Shareholder				
2.	True North Fund VI LLP	Up to 53,825,435	July 25, 2023	July 15, 2023

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

Our Company has made an application dated July 26, 2023 to the RBI seeking their approval to undertake the Offer.

Prohibition by SEBI or other Governmental Authorities

Our Company, Promoter, members of our Promoter Group, Directors, persons in control of our Company and the persons in control of our Promoter are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoter 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.

Our Company, Promoter, Selling Shareholders or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoter or Directors have not been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Each Selling Shareholder, severally and not jointly, confirms that they have not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI, any other governmental authority or any securities market regulator in any other jurisdiction or any other authority/court.

None of our Company, our Promoter or our Directors have been declared as fraudulent borrowers by RBI in terms of the RBI circular dated July 1, 2016.

Directors associated with the Securities Market

Except for Shyam Srinivasan, who is associated with Federal Bank, which is registered as a stock broker / clearing member and as a banker to an issue with SEBI, none of our Directors are associated with securities market related business, in any manner and there have been no actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoter, members of our Promoter Group and the Selling Shareholders severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable to each of them, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated basis, in each of the preceding three full years, i.e., as on and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021. Further, the excess monetary assets of our Company for the year ended March 31, 2021 have been utilised for our Company's business purpose subsequently;

- Our Company has an average operating profit of at least ₹150 million, calculated on a restated basis, during the preceding three financial years, i.e., financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, with operating profit in each of these preceding three financial years;

- Our Company has a net worth of at least ₹10 million, calculated on a restated basis in each of the preceding three full financial years, i.e., as on and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; and

- Our Company has not changed its name within the last one year.

Our Company's average operating profit, net worth and net tangible assets derived from the Restated Financial Information included in this Draft Red Herring Prospectus as at, and for the last three Financial Years are set forth below:

As derived from the Restated Financial Information

(*₹ in million*)

Particulars	For the Financial Year ended		
	March 31, 2023	March 31, 2022	March 31, 2021
Net tangible assets, as restated	12,405.41	10,307.57	7,205.72
Monetary assets, as restated	946.20	1,426.03	6,807.88
Monetary assets, as restated as a % of Net tangible assets, as restated	7.63%	13.83%	94.48%
Operating profit, as restated	2,071.40	1,248.87	711.87
Net worth, as restated	13,556.82	11,535.18	8,347.34

Notes:

(1) Restated net tangible assets means sum of all net assets of the Company and excluding intangible assets, and right to use assets, each on restated basis and as defined in respective Indian Accounting Standard.

(2) Restated monetary assets mean the sum of Cash on hand, balance with banks in current account, balance with banks in deposit accounts, fixed deposit with maturity of more than 3 months and less than 12 months (free) and Fixed deposit with maturity of more than 3 months and less than 12 months (under lien) on restated basis.

(3) Restated operating profit has been calculated as restated net profit before tax excluding other income on a restated basis.

(4) Restated net worth has been defined as the aggregate of share capital and other equity (including share options outstanding account) on restated basis.

Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company confirms that it is also in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Each Selling Shareholder severally and not jointly confirms, that the Equity Shares being offered by such Selling Shareholder in the Offer have been held by such Selling Shareholder for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI and are eligible for sale in the offer in accordance with Regulation 8 of the SEBI ICDR Regulations.

Our Company shall not make an Allotment if the number or prospective allottees is less than one thousand in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI")

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA ("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, EQUIRUS CAPITAL PRIVATE LIMITED*, BNP PARIBAS AND JM FINANCIAL LIMITED, (TOGETHER, THE "BRLMs"), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN

CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS ARE, SEVERALLY AND NOT JOINTLY, RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES FOR THE RESPECTIVE PORTION OF THE EQUITY SHARES BEING OFFERED BY THEM IN THE OFFER FOR SALE, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 26, 2023 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.

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 OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

[*]Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, our Directors and Book Running Lead Managers (“BRLMs”)

Our Company, our Directors and the BRLMs 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 instance and anyone placing reliance on any other source of information, including our Company’s website www.fedfina.com, or the respective websites of any affiliate of our Company would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement, and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company 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 and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, their respective 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, the Selling Shareholders, their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.

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.fedfina.com, or the respective websites of any affiliate of our Company would be doing so at his or her own risk.

Each of the Selling Shareholders, its respective 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 such Selling Shareholder in relation to itself as a Selling Shareholder and its proportion of the Offered Shares.

Bidders will be required to confirm and will be deemed to have represented to each of the Selling Shareholders 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. The Selling Shareholders 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.

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.

Bidders eligible under Indian law to participate in the Offer

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, 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 equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds with minimum corpus of ₹250 million (subject to applicable law) and pension funds with minimum corpus of ₹250 million registered with the Pension Fund Regulatory and Development Authority established under section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs 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. This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. 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 offered in the Offer have not been, and will not be, registered under the U.S. Securities Act and 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 law. Accordingly, the Equity Shares are only being offered and sold outside the United States to investors that are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no offering of securities in the United States.

The Equity Shares are being offered and sold outside the United States to investors that are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in "offshore transactions" in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur;

and in each case who are deemed to have made the representations set forth immediately below.

Restrictions On Transfers

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 the Company, the Selling Shareholders and the members of the Syndicate 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 acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered, sold, resold, pledged or transferred within the United States or to U.S. Persons or persons acquiring for the account or benefit of U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

2. the purchaser is not subscribing to, or purchasing, the Equity Shares with a view to, or for the offer or sale in connection with, any distribution thereof (within the meaning of the U.S. Securities Act) that would be in violation of the securities laws of the United States or any state thereof;

3. the purchaser, who is not a U.S. Person nor a person acquiring for the account or benefit of U.S. Persons, is purchasing the Equity Shares offered pursuant to this Offer in an “offshore transaction” meeting the requirements of Regulation S under the U.S. Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, is not a U.S. Person and 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 a non-U.S. person and located outside the United States and has not purchased such Equity Shares for the account or benefit of any U.S. Person or 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 U.S. Person or any person in the United States;

5. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only outside the United States in an “offshore transaction” complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act to a person not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (such permitted transactions including, for the avoidance of doubt, a bona fide sale on the BSE or the NSE) The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the Equity Shares is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act;

7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

8. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE IN AN “OFFSHORE TRANSACTION” COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

   THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

9. the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold;

10. the purchaser understands and acknowledges that the 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;

11. the purchaser acknowledges that the Company, the Selling Shareholders, the members of the Syndicate, 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 the 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 the 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 off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Disclaimer Clause of Reserve Bank of India ("RBI")

The Company is having a valid certificate of registration dated August 24, 2010 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinion expressed by the Company and for the repayment of deposits/discharge of liabilities by the Company.

Our Company has made an application dated July 26, 2023 to the RBI seeking their approval to undertake the Offer.

Disclaimer Clause of BSE Limited ("BSE")

As required, a copy of this Draft Red Herring Prospectus has been 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 and the Prospectus prior to the RoC filing.

Disclaimer Clause of National Stock Exchange of India Limited ("NSE")

As required, a copy of this Draft Red Herring Prospectus has been submitted to 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 Allotted through the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. Applications 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.

Consents

Consents in writing of each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, legal counsels, Bankers to our Company, the BRLMs, Registrar to the Offer, CRISIL, and consents in writing of the Syndicate Members, Escrow Collection Bank(s)/Refund Bank(s)/ Public Offer Account/ 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, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

Expert to the Offer

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

Our Company has received written consent dated July 26, 2023 from B S R & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated June 21, 2023 on our Restated Financial Information;

and (ii) their report dated July 26, 2023 on the statement of possible 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. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated July 26, 2023 from M/s R U Kamath & Co, Chartered Accountants, independent chartered accountants, to include their name 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.

Particulars regarding capital issues by our Company and listed group company or associate entities during the last three years

Other than as disclosed in "*Capital Structure*" on page 78, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Our Company does not have any group company whose equity shares are listed on any stock exchange. Certain debt securities of our Group Company are listed. For further details, see "*Our Group Company*" on page 254.

As of the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries or associate entities.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public offering 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 since our Company's incorporation.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not made public issues during the last five years. Other than as disclosed in "*Capital Structure*" on page 78, our Company has not undertaken any rights issue in the last five years.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Company

Our Company does not have any subsidiaries and our Promoter has not undertaken any public issue or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Price information of past issues handled by the Book Running Lead Managers

1) ICICI Securities Limited

1. Price information of past issues handled by ICICI Securities Limited:

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Life Insurance Corporation of India^	2,05,572.31	949.00(1)	17-MAY-22	867.20	-27.24%,[-3.27%]	-28.12%,[+9.47%]	-33.82%,[+13.76%]
2	Prudent Corporate Advisory Services Limited^	4,282.84	630.00(2)	20-MAY-22	660.00	-20.71%,[-5.46%]	-2.10%,[+10.92%]	+26.23%,[+13.89%]
3	Paradeep Phosphates Limited^	15,017.31	42.00	27-MAY-22	43.55	-10.24%,[-3.93%]	+27.50%,[+7.65%]	+31.19%,[+11.91%]
4	Syrma SGS Technology Limited^	8,401.26	220.00	26-AUG-22	262.00	+31.11%[-1.25%]	+29.20%,[+4.55%]	+20.66%,[+3.13%]
5	Fusion Micro Finance Limited^^	11,039.93	368.00	15-NOV-22	359.50	+9.86%,[+1.40%]	+12.84%,[-2.97%]	+25.52%,[-0.48%]
6	Five Star Business Finance Limited^^	15,885.12	474.00	21-NOV-22	468.80	+29.72%,[+1.24%]	+19.20%,[-1.19%]	+11.72%,[+0.24%]
7	Archean Chemical Industries Limited^^	14,623.05	407.00	21-NOV-22	450.00	+25.42%,[+1.24%]	+56.87%,[-1.19%]	+32.68%, [+0.24%]
8	Landmark Cars Limited^	5,520.00	506.00(3)	23-DEC-22	471.30	+22.83%,[+1.30%]	+1.16%,[-2.72%]	+35.06%,[+5.82%]
9	KFIN Technologies Limited^^	15,000.00	366.00	29-DEC-22	367.00	-13.55%,[-3.22%]	-24.56%,[-6.81%]	-4.48%,[+2.75%]
10	Utkarsh Small Finance Bank Limited^^	5,000.00	25.00	21-JUL-23	40.00	NA*	NA*	NA*

**Data not available*
^BSE as designated stock exchange
^^NSE as designated stock exchange

(1) Discount of Rs. 45 per equity share offered to eligible employees and Retail Individual Bidders. Discount of Rs. 60 per equity share offered to eligible policyholders. All calculations are based on Issue Price of Rs. 949.00 per equity share
(2) Discount of Rs. 59 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 630.00 per equity share
(3) Discount of Rs. 48 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 506.00 per equity share.

2. Summary statement of price information of past issues handled by ICICI Securities Limited:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2023-24*	1	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-
2022-23	9	2,95,341.82	-	1	3	-	3	2	-	1	1	-	5	2
2021-22	26	7,43,520.19	-	3	6	6	4	7	3	4	5	5	4	5

** 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.
30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.

2) BNP Paribas

1. Price information of past issues handled by BNP Paribas:

Sr. No.	Issue Name	Issue Size (in Rs. Mn)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Adani Wilmar Limited^	36,000.00	230(1)	February 08, 2022	227.00	+48.00%, [-5.34%]	+180.96%, [-4.95%]	+193.26%, [+0.76%]
2	Anand Rathi Wealth Limited^^	6,593.75	550(2)	December 14, 2021	602.05	+12.38%, [+5.22%]	+4.46%, [-4.42%]	+19.55%, [-6.56%]

Source: www.nseindia.com; www.bseindia.com, as applicable
^ NSE as designated stock exchange
^^ BSE as designated stock exchange

(1) Discount of ₹ 21 per equity share offered to eligible employees. All calculations are based on Issue Price of ₹ 230.00 per equity share.
(2) Discount of ₹ 25 per equity share offered to eligible employees. All calculations are based on Issue Price of ₹ 550.00 per equity share.

2. Summary statement of price information of past issues handled by BNP Paribas:

Financial Year	Total No. of IPO's	Total Funds Raised (in Rs. Mn)	No. of IPOs trading at discount – 30th calendar days from listing			No. of IPOs trading at premium – 30th calendar days from listing			No. of IPOs trading at discount – 180th calendar days from listing			No. of IPOs trading at premium – 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2022-23*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021-22	2	42,593.75	-	-	-	2	-	-	-	-	-	1	-	1
2020-21	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**This data covers issues up to YTD*
Source: www.nseindia.com; www.bseindia.com, as applicable
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.

3) Equirus Capital Private Limited**

1. Price information of past issues handled by Equirus Capital Private Limited:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue 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 closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	G R Infraprojects Limited#	9,623.34	837.001	July 19, 2021	1700.00	+90.61% [+6.16%]	+138.67% [+16.65%]	+132.16% [+16.50%]
2.	Rolex Rings Limited$	7,310.00	900.00	August 9, 2021	1,250.00	+22.28% [+6.79%]	+31.50% [+10.20%]	+45.24% [+7.74%]
3.	Krsnaa Diagnostics Limited$	12,133.35	954.002	August 16, 2021	1,005.55	-9.42% [+4.93%]	-27.73% [+9.30%]	-32.63% [+4.90%]
4.	Anand Rathi Wealth Limited#	6,593.75	550.003	December 14, 2021	602.05	+12.38% [+5.22%]	+4.46% [-4.42%]	+19.55% [-6.56%]
5.	Metro Brands Limited#	13,675.05	500.00	December 22, 2021	436.00	+21.77% [+4.45%]	+14.57% [+0.64%]	+7.93% [-9.78%]
6.	Prudent Corporate Advisory Services Limited#	4,282.84	630.004	May 20, 2022	660.00	-20.71% [-5.46%]	-2.10% [+10.92%]	+26.23% [+13.89%]
7.	Dreamfolks Services Limited#	5,621.01	326.00	September 06, 2022	505.00	+12.07% [-1.91%]	+14.80% [+6.20%]	+42.44% [+1.03%]
8.	Harsha Engineers International Limited$	7,550.00	330.005	September 26, 2022	450.00	+31.92% [+3.76%]	+10.68% [+4.65%]	-2.18% [-0.42%]
9.	Inox Green Energy Services Limited#	7,400.00	65.00	November 23, 2022	60.50	-30.77% [-1.11%]	-32.77% [-1.33%]	-26.85% [+0.36%]
10.	Divgi TorqTransfer Systems Limited#	4,121.20	590.00	March 14, 2023	600.00	+12.04% [+4.30%]	+39.64% [+8.16%]	N.A.

Source*: www.bseindia.com and www.nseindia.com for price information and prospectus/basis of allotment for issue details.*

Notes:

1. *A discount of ₹ 42 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of G R Infraprojects Limited IPO*
2. *A discount of ₹ 93 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Krsnaa Diagnostics Limited IPO*
3. *A discount of ₹ 25 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Anand Rathi Wealth Limited IPO*
4. *A discount of ₹59 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Prudent Corporate Advisory Services Limited IPO*
5. *A discount of ₹31 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Harsha Engineers International Limited IPO*
6. *Price on Designated Stock Exchange of the respective Issuer is considered for all of the above calculations.*
7. *In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.*
8. *N.A. (Not Applicable) – Period not completed.*

\# *The S&P BSE SENSEX is considered as the Benchmark Index*
$ *The S&P CNX NIFTY is considered as the Benchmark Index*

2. Summary statement of price information of past issues handled by Equirus Capital Private Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day 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%
2023-2024*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2022-2023	5	28,975.05	-	1	1	-	1	2	-	1	1	-	2	-
2021-2022	5	49,335.49	-	-	1	1	-	3	-	1	-	1	1	2

** The information is as on the date of this Offer Document.*
The information for each of the financial years is based on issues listed during such financial year.

[**]Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.

4) JM Financial Limited

1. Price information of past issues handled by JM Financial Limited:

Sr. No.	Issue name	Issue Size (` million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Cyient DLM Limited*	5,920.00	265.00	July 10, 2023	403.00	Not Applicable	Not Applicable	Not Applicable
2.	Ideaforge Technology Limited*	5,672.45	672.00	July 7, 2023	1,300.00	Not Applicable	Not Applicable	Not Applicable
3.	Avalon Technologies Limited*	8,650.00	436.00	April 18, 2023	436.00	-10.09% [2.95%]	59.45% [10.78%]	Not Applicable
4.	Elin Electronics Limited#	4,750.00	247.00	December 30, 2022	243.00	-15.55% [-2.48%]	-52.06% [-4.73%]	-29.35% [4.23%]
5.	Uniparts India Limited#	8,356.08	577.00	December 12, 2022	575.00	-5.11% [-3.24%]	-7.38% [-4.82%]	-0.60% [0.80%]
6.	Archean Chemical Industries Limited*	14,623.05	407.00	November 21, 2022	450.00	25.42% [1.24%]	56.87% [-1.19%]	32.68% [0.24%]
7.	Bikaji Foods International Limited#7	8,808.45	300.00	November 16, 2022	321.15	28.65% [-0.29%]	26.95% [-2.50%]	24.23% [0.08%]
8.	Global Health Limited*	22,055.70	336.00	November 16, 2022	401.00	33.23% [0.03%]	35.94% [-3.47%]	61.67% [-0.52%]
9.	Fusion Micro Finance Limited*	11,039.93	368.00	November 15, 2022	359.50	9.86% [1.40%]	12.84% [-2.97%]	25.52% [-0.48%]
10.	Electronics Mart India Limited*	5,000.00	59.00	October 17, 2022	90.00	46.02% [6.31%]	42.63% [3.72%]	23.81% [2.98%]

Source: www.nseindia.com and www.bseindia.com
 # BSE as Designated Stock Exchange
** NSE as Designated Stock Exchange*
Notes:

1. *Opening price information as disclosed on the website of the Designated Stock Exchange.*
2. *Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.*
3. *For change in closing price over the closing price as on the listing date, 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.*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
5. *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 a listing date plus 179 calendar days.*
6. *Restricted to last 10 issues.*
7. *A discount of Rs. 15 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
8. *Not Applicable – Period not completed*

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2. Summary statement of price information of past issues handled by JM Financial 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			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%
2023-2024	3	20,242.45	-	-	1	-	-	-	-	-	-	-	-	-
2022-2023	11	3,16,770.53	-	1	3	-	5	2	-	2	2	2	3	2
2021-2022	17	2,89,814.06	-	1	2	5	5	4	1	2	3	4	3	4

Track record of the Book Running Lead Managers

Further, helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

S. No.	Name of BRLM	Website
1.	ICICI Securities Limited	www.icicisecurities.com
2.	BNP Paribas	www.bnpparibas.co.in
3.	Equirus Capital Private Limited*	www.equirus.com
4.	JM Financial Limited	www.jmfl.com

**Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

For further details in relation to helpline details of the BRLMs, see "*General Information – Book Running Lead Managers*" on page 71.

Stock Market Data of Equity Shares

This being an initial public offer of Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

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, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

In terms of the SEBI ICDR Master Circular, 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 a compensation mechanism as prescribed by SEBI or applicable law, 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 SCSBs and 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 accordance with circulars prescribed by SEBI, from time to time, 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 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 BRLMs 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 Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to direct all grievances in relation to the Offer to the BRLMs.

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 herein.

Our Company has not received investor complaints in relation to the Equity Shares for the three years prior to the filing of the Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of the Red Herring Prospectus.

Disposal of Investor Grievances by our Company

Our Company has obtained authentication on the SCORES and will comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company, the Selling Shareholders, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Investors can contact the Company Secretary and 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, etc.

Our Company has also appointed Rajaraman Sundaresan, the Company Secretary of our Company, as the Compliance Officer for the Offer. For details, see "*General Information*" on page 70.

Our Company has constituted a Stakeholders' Relationship Committee comprising of Peruvemba Ramachandran Seshadri, Balakrishnan Krishnamurthy, Gauri Rushabh Shah and Anil Kothuri as members which is responsible for review and redressal of grievances of the security holders of our Company. For details, see "*Our Management - Stakeholders' Relationship Committee*" on page 242.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, 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 laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by 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 Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting approval for the Offer.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 94.

Ranking of the Equity Shares

The Equity Shares being issued and Allotted in the Offer shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association. The Allottees upon Allotment of Equity Shares under the Offer will be entitled to receive dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares issued in the Offer shall be *pari passu* with the existing Equity Shares in all respects including dividends. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 454.

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 Memorandum of Association and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government of India 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*" on pages 256 and 454, 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, and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and will be advertised in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and the [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading 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.

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

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and 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, 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, 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.

For a detailed description of the main provisions of the AoA relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 454.

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, 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 January 13, 2012 amongst our Company, NSDL and Registrar to the Offer; and
- Tripartite agreement dated August 20, 2020 amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For the method of basis of allotment, see "*Offer Procedure*" on page 433.

Joint Holders

Subject to the provisions of the 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 Mumbai, Maharashtra, India.

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, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A 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 agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the 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, 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.

Compliance with disclosure and accounting norms

Our Company shall comply with all the applicable 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)]

(1) *Our Company and the Selling Shareholders, 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 and the Selling Shareholders, in consultation with the BRLMs, 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.*

(3) *UPI mandate end time and date shall be at 5.00 p.m. on Bid/Offer Closing Date, that is [●].*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing 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 demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

* *In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) 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 four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the investor grievance until the date on which the blocked amounts are unblocked. Further, Bidders shall be entitled to compensation in the manner prescribed by SEBI and any other applicable law in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. Further, in terms of circulars prescribed by SEBI from time to time, 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 above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our 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 such time 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 and the Selling Shareholders, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. In terms of the SEBI ICDR Regulations, 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 confirms that it shall extend such reasonable support and co-operation 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 such period as may be prescribed by SEBI.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's 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 such time from the Bid/Offer Closing Date as may be prescribed by SEBI, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. IST
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

**UPI mandate end time and date shall be 5:00p.m. on [●].*

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding Centers, except that on the Bid/Offer Closing Date (which for QIBs may be a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs, Non-Institutional Bidders and Federal Bank Shareholders bidding in the Federal Bank Shareholders Reservation Portion (for Bid Amount of more than ₹ 200,000); and (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges (Indian Standard Time) in case of Bids by Retail Individual Bidders, Eligible Employees bidding in the Employee Reservation Portion and Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion (for Bid Amount up to ₹ 200,000). On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Bidders, Eligible Employees bidding in the Employee Reservation Portion and Federal Bank Shareholders bidding in the Federal Bank Shareholders Reservation Portion (for Bid Amount up to ₹ 200,000), after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and as informed to the Stock Exchanges.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, 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 shall be processed only after the application monies are blocked in the ASBA Account and 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. 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 will be accepted only during Working Days.

Our Company and the Selling Shareholders, 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 less than or equal to 120% of the Floor Price. Provided that the Cap Price of the Price Band shall be at least 105% 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 and the Selling Shareholders, 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 Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

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 , within such period as prescribed under applicable law; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received, within such period as prescribed by SEBI. If there is a delay beyond the prescribed time, our Company shall pay interest at the rate as prescribed under the SEBI ICDR Regulations and applicable law.

In the event of under subscription in the Offer, the Equity Shares will be Allotted in the following order (A) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (B) The balance Equity Shares subscribed to in the Offer will be met in the following order of priority: (i) in the first instance, towards 27,602,787 Equity Shares offered by Investor Selling Shareholder (representing one-third of the total number of Equity Shares held by the Investor Selling Shareholder in the Company as on the date of the Draft Red Herring Prospectus), (ii) in the event that the Offer for Sale is greater than 27,602,787 Equity Shares, then, after the offer of such Equity Shares, the Promoter Selling Shareholder and the Investor Selling Shareholder shall have the right to offer their remaining Offered Shares in proportion to their respective shareholding in our Company, followed by (iv) the balance 10% of the Fresh Issue portion will be Allotted.

Each of the Selling Shareholders shall, severally and not jointly, adjust or reimburse, in proportion to their respective Offered Shares, any expenses and interest incurred by our Company on behalf of the Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that no Selling Shareholder shall be responsible for payment of such interest, unless such delay is solely and directly attributable to an act or omission of such Selling Shareholder.

Further, the Selling Shareholders and our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders, and subscription money will be refunded, as applicable. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders and our Company, as applicable, shall be liable to pay interest on the application money in accordance with applicable laws.

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.

Option to receive Equity Shares in dematerialized form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of our Promoter's contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 78 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 454.

New financial instruments

Our Company is not issuing any new financial instruments through this Offer.

Withdrawal of the Offer

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right not to proceed with the Offer, 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 simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Banks (in case of UPI Bidders using the UPI Mechanism, subject to the Bid Amount being up to ₹ 200,000), 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. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. 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.

If our Company and the Selling Shareholders, in consultation with the BRLMs withdraw 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.

OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹[●] million, comprising a Fresh Issue of up to 70,323,408 Equity Shares aggregating up to ₹7,500.00 million by our Company and an Offer for Sale of up to 16,497,973 Equity Shares aggregating up to ₹[●] million by the Promoter Selling Shareholder and up to 53,825,435 Equity Shares aggregating up to ₹[●] million by the Investor Selling Shareholder. The Offer comprises of a Net Offer of up to [●] Equity Shares and Employee Reservation Portion of up to [●] Equity Shares and Federal Bank Shareholders Reservation Portion up to [●] Equity Shares. The Offer and the Net Offer shall constitute [●]% and [●]%, respectively of the post-offer paid-up equity share capital of our Company.

Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider a private placement of specified securities, or through such other route as may be permitted under applicable law, of up to 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹1,500 million prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, it will be at a price to be decided by the Company and the Selling Shareholders, in consultation with the BRLMs and the minimum Offer Size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least 10% of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	Federal Bank Shareholders Reservation Portion	Employee Reservation Portion	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation [(2)]	Up to [●] Equity Shares	Up to [●] Equity Shares	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and RIBs	Not less 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 Federal Bank Shareholders Reservation Portion shall constitute up to [●]% of the size of the Offer	The Employee Reservation Portion shall constitute up to [●]% of the post-Offer paid-up Equity Share capital of our Company	Not more than 50% of the Net Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation in the QIB Portion (excluding the Anchor Investor Portion)	Not less than 15% of the Net Offer or Net Offer less allocation to QIB Bidders and RIBs shall be available for allocation.	Not less than 35% of the Net Offer or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation
Basis of Allotment/allocation if respective category is oversubscribed	Proportionate	Proportionate; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in	Proportionate as follows (excluding the Anchor Investor Portion): 1. At least [●] Equity Shares shall be available for allocation on a	The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to availability of Equity Shares in the Non-	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,

Particulars	Federal Bank Shareholders Reservation Portion	Employee Reservation Portion	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
		the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for a value exceeding ₹ 200,000 up to ₹ 500,000 each.	proportionate basis to Mutual Funds only; and 2. [●] Equity Shares shall be available for allocation on a proportionate basis to all other QIBs, including Mutual Funds receiving allocation as per (a) above Not more than [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors	Institutional Portion and the remaining available Equity Shares if any, shall be Allotted on a proportionate basis, subject to: 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; b) two third of the portion available to Non-Institutional Bidders being [●] Equity Shares are reserved for Bidders Bidding more than ₹ 1,000,000. Provided that the unsubscribed portion in either of the categories specified in (a) or (b) above, may be allocated to Bidders in the other category.	shall be Allotted on a proportionate basis. For further details, see "*Offer Procedure*" on page 433.
Minimum Bid	[●] Equity Shares	[●] Equity Shares	Such number of Equity Shares and in multiples of [●] Equity Shares, that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Federal Bank Shareholders Reservation Portion, does not exceed ₹2,00,000, if any.	Such number of Equity Shares and in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in this portion does not exceed ₹ 500,000	Such number of Equity Shares and in multiple of [●] Equity Shares not exceeding the size of the Net Offer (excluding Anchor Portion), subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Net Offer (excluding QIB portion), subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Bidding^	Through ASBA process only (except Anchor Investors)				
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				

Particulars	Federal Bank Shareholders Reservation Portion	Employee Reservation Portion	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Who can apply[(4)]	Individuals and HUFs who are the public equity shareholders of Federal Bank, (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines and depository receipt holders of Federal Bank) as on the date of the Red Herring Prospectus.	Eligible Employees (excluding such persons not eligible under applicable laws, rules, regulations and guidelines) such that the Bid Amount does not exceed ₹ 500,000	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 section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013, National Investment Fund set up by the Government of India 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.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the *karta*), companies, corporate bodies, scientific institutions societies and trusts, and FPIs who are individuals, corporate bodies and family offices and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of *karta*)
Terms of Payment	**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(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 Banks 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.*

^ *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, NIBs and RIBs 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.*

(1) *Our Company and the Selling Shareholders, 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. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 433.*

(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(1) of the SEBI ICDR Regulations.

(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.

(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.

(5) SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹0.50 million, shall use UPI. Eligible Employees Bidding under Employee Reservation Portion for up to ₹0.50 million, Federal Bank Shareholders Bidding under Federal Bank Shareholders Reservation Portion for up to ₹0.20 million and individual investors Bidding under the Non-Institutional Portion Bidding for more than ₹0.20 million and up to ₹0.50 million, 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, NIIs and RIIs 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.

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 and the Selling Shareholders, 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.

Undersubscription, if any, (including Employee Reservation Portion and the Federal Bank Shareholders Reservation Portion), in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹200,000 up to ₹500,000.

Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹ 0.50 million. 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 ₹ 0.20 million. In the event of undersubscription 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 ₹ 0.20 million, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Federal Bank Shareholders Reservation Portion (subject to complying with the eligibility criteria and applicable limits) in the Net Issue either in the Retail Portion or the Non-Institutional Portion and such Bids will not be treated as multiple Bids subject to applicable limits However, Bids by Eligible Employees in the Employee Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids, only if Eligible Employee has made an application of more than ₹0.20 million (net of Employee Discount) in the Employee reservation portion. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of undersubscription in the Net Issue, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.

Employee Discount, if any, will be offered to Eligible Employees Bidding in the Employee Reservation Portion. Eligible Employees Bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount net of Employee Discount, 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, less Employee Discount, if any, at the time of making a Bid.

Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion can Bid up to a Bid Amount of ₹0.20 million (net of Shareholder Discount). Further, a Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion can also Bid in the Employee Reservation Portion (subject to complying with the eligibility criteria and applicable limits) and /or in the Retail Portion, and such Bids will not be treated as multiple Bids subject to applicable limits. Further, any unsubscribed portion remaining in the Federal Bank Shareholders 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 Federal Bank Shareholders Reservation Portion, subject to applicable law.

Bids by Federal Bank Shareholders in the Federal Bank Shareholders Reservation Portion, in the Employee Reservation Portion and in the Retail Portion shall not be treated as multiple Bids. However, Bids by Federal Bank Shareholders in the Federal Bank

Shareholders` Reservation Portion, in the Employee Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids. Our Company and the Selling Shareholders reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. For details, see "Offer Procedure" on page 433 of this Red Herring Prospectus.

Shareholder Discount, if any, will be offered to Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion. Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion at a price within the Price Band can make payment based on Bid Amount net of Shareholder Discount, at the time of making a Bid. Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Shareholder Discount, if any, at the time of making a Bid.

In the event of under subscription in the Offer, the Equity Shares will be Allotted in the order set out in "*Terms of the Offer – Minimum Subscription*" on page 426.

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 press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

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, especially in relation to the process for Bids by UPI Bidders through the UPI Mechanism. 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) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date, (xii) interest in case of delay in allotment or refund; and (xiii) disposal of application.

*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,, had 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 UPI Bidders applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till 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 RIBs 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 will continue 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, has 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 maybe notified and made effective subsequently, as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, 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 ₹500,000 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 four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated in accordance with applicable law. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors 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, in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders, 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, 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 less than 15% of the Offer shall be available for allocation on a proportionate basis 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 less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Furthermore, 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. Also, up to [●] Equity Shares, aggregating up to ₹ [●] million shall be made available for allocation on a proportionate basis only to Federal Bank Shareholders Bidding in the Federal Bank Shareholders Reservation Portion, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, including the Employee Reservation Portion and the Federal Bank Shareholders Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs, and the Designated Stock Exchange subject to applicable laws and 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.

In the event of under subscription in the Offer, the Equity Shares will be Allotted in the order set out in "*Terms of the Offer – Minimum Subscription*" on page 426.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification by the CBDT dated February 13, 2020 read with press releases dated June 25, 2021 and September 17, 2021, read with press release dated September 17, 2021. CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023.

Bidders 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 (in case of UPI Bidders using the UPI Mechanism), as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. Eligible Employees Bidding in the Employee Reservation Portion Bidding using the UPI Mechanism, shall be treated as incomplete and will be rejected. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer.

Phased implementation of Unified Payments Interface ("UPI") Mechanism

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 ("**Previous UPI Circulars**") and 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 and the Previous 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 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice. Under this phase, submission of the ASBA Form without UPI by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

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. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in shall be advertised in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and the [●] edition of the Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

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 a sponsor bank 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 using the UPI.

Pursuant to the UPI Circulars, 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 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.

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. The Bid cum Application Forms for Eligible Employees Bidding in the Employee Reservation Portion will be available only at our offices and branches in India.

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. UPI Bidders are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

UPI Bidders bidding in the Retail Portion using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (including UPI Bidders using UPI Mechanism, as applicable) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection. UPI Bidders using the UPI Mechanism may also apply through the mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. UPI Bidders using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Banks, as applicable, at the time of submitting the Bid pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

Since the Offer is made under Phase II, ASBA Bidders may submit the ASBA Form in the manner below:

a. RIBs (other than the UPI Bidders using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

b. UPI Bidders using the UPI Mechanism, 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.

c. QIBs and NIIs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

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 Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis(1)	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis(1)	[●]
Anchor Investors(2)	[●]
Eligible Employees Bidding in the Employee Reservation Portion(3)	[●]
Federal Bank Shareholders applying in the Federal Bank Shareholders 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) The Bid cum Application Forms for Eligible Employees will be available only at our offices and branches in India.

In case of ASBA Forms, the relevant Designated Intermediaries 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. For UPI Bidders using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Banks on a continuous basis to enable the Sponsor Banks to initiate UPI Mandate Request to UPI Bidders for blocking of funds. For ASBA Forms (other than RIBs) 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. Stock Exchanges shall 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. 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.

For UPI Bidders using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Banks on a continuous basis through API integration to enable the Sponsor Banks to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Banks shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI mandate request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. In accordance with BSE Circular No: 20220803-40 and NSE Circular No: 25/2022, each dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Banks shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders Bidding using through the UPI Mechanism should accept UPI mandate requests for blocking of funds prior to the Cut-Off Time and all pending UPI mandate requests at the Cut-Off Time shall lapse. For ensuring timely information to investors, SCSBs shall send SMS alerts as 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. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Banks, NPCI or the bankers to an issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an issue.

The Sponsor Banks and the issuer banks shall provide the audit trail to the Book Running Lead Managers for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in circulars prescribed by SEBI, from time to time.

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.
d. 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.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till 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 shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

The Sponsor Banks shall host a web portal for intermediaries (closed user group) from the date of Bid/ Offer Opening Date till 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.

Participation by Promoter and Promoter Group of the Company, the Book Running Lead Managers ("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 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 associates of the BRLMs) nor; (ii) any "person related to the Promoter/ 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 Promoter or Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoter 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.

Our Promoter and members of the Promoter Group will not participate in the Offer, except participation of our Promoter in the Offer for Sale.

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 and the Selling Shareholders, reserve the right to reject any Bid without assigning any reason thereof.

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 net asset value 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 Non-Resident Indians ("NRIs")

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorise their respective SCSB or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non- Resident External ("**NRE**") accounts (including UPI ID, if activated), or FCNR, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorise their respective SCSB confirm or accept the UPI mandate request (in case of UPI Bidders using the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). 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.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Non-Debt Instruments Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

In accordance with the FEMA Non-Debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity 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.

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 453.

Bids by Hindu Undivided Families ("HUFs")

Bids by HUFs Hindu Undivided Families or HUFs are required to 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 Foreign Portfolio Investors ("FPIs")

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 post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). 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.

To ensure compliance with the applicable limits, SEBI, pursuant to its master circular bearing reference number SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022, 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/ FPI investor group who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for Offer procedure, as prescribed by SEBI from time to time.In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason, subject to applicable laws.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi investment manager structure;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- 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;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).

An FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized 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 FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of 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 are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

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 ("**MIM Structure**") in accordance with the SEBI master circular bearing reference number SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022, 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 in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

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.

For details of investment by FPIs, see *"Restrictions on Foreign Ownership of Indian Securities"* on page 453. Participation of FPIs shall be subject to the FEMA Non-debt Instruments Rules.

Bids by SEBI registered Venture Capital Funds ("VCFs"), Alternate Investment Funds ("AIFs") and Foreign Venture Capital Investors ("FVCIs")

The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the SEBI VCF Regulations venture capital funds which have not re-registered as AIFs 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. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest (under Schedule I of the FEMA Non-Debt Instruments Rules) only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. 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 whose shares are proposed to be listed. Additionally, 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 funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA 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.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended and Master Circular on Basel III Capital Regulations dated July 1, 2014, 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 bank's own paid-up share capital and reserves, whichever is lower.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company, subject to prior approval of the RBI if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act; or (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company. The bank is required to submit a time bound action plan to the RBI for the disposal of such shares within a specified period. The aggregate investment by a banking company along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the 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. The aggregate equity investments made by a banking company in all subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments shall not exceed 20% of the bank's paid-up share capital and reserves.

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:

(i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

(ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.

(iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors will open one Working Day before the Bid / Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.

(v) Our Company and the Selling Shareholders, in consultation with the BRLMs may finalise 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.

(vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid / Offer Opening Date, through intimation to the Stock Exchange.

(vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor 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 Allocation Price shall still be the Anchor Investor Office Price.

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

(x) Neither the BRLMs or any associate 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 or family offices sponsored by the entities which are associate of the BRLMs) nor any "person related to the Promoter or Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, see the General Information Document.

The information set out above is given for the benefit of the Bidders. 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 this Draft Red Herring Prospectus.

Bids by Self-Certified Syndicate Banks ("SCSBs")

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by 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 and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 , read with the Investments – Master Circular dated October 27, 2022, each as amended ("**IRDAI Investment Regulations**") as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer or health insurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or health insurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or health insurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer 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 and pension funds with minimum corpus of ₹250 million, 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, 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 and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid, without assigning any reason thereof.

Bids by Federal Bank Shareholders

Bids under the Federal Bank Shareholders Reservation Portion shall be subject to the following:

(a) Only Federal Bank Shareholders (i.e. individuals and HUFs who are equity shareholders of Federal Bank (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) as at the date of the Red Herring Prospectus) would be eligible to apply in this Offer under the Federal Bank Shareholders Reservation Portion.

(b) The sole/ First Bidder shall be a Federal Bank Shareholder.

(c) Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this category.

(d) The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.

(e) Bids by Federal Bank Shareholders in the Federal Bank Shareholders Reservation Portion (subject to Bid Amount being up to ₹200,000) and in the Net Offer portion shall not be treated as multiple Bids. To clarify, a Federal Bank Shareholder bidding in the Federal Bank Shareholders Reservation Portion above ₹200,000 cannot Bid in the Net Offer as such Bids will be treated as multiple Bids. Further, bids by Federal Bank Shareholders in Federal Bank Shareholders Reservation Portion (subject to Bid Amount being up to ₹ 200,000) and in the Employee Reservation Portion (as Eligible Employees), shall not be treated as multiple Bids Therefore, Federal Bank Shareholders bidding in the Federal Bank Shareholders Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) and bidding in the Employee Reservation Portion (as Eligible Employees) can also Bid under the Net Offer and such Bids will 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.

(f) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Federal Bank Shareholders to the extent of their demand.

(g) Under-subscription, if any, in any category including the Federal Bank Shareholders Reservation Portion and the Employee Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

(h) Federal Bank Shareholders Bidding under the Federal Bank Shareholders Reservation Portion (subject to the Bid Amount being up to ₹200,000) are entitled to Bid at the Cut-off Price.

If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Bids 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 on a net basis. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. Only in the event of an under-subscription in the Employee Reservation Portion post the initial allocation, such unsubscribed portion may be allocated 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. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).

(b) The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee subject to a maximum Bid Amount of ₹ 500,000 on a net basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

(c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

(d) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion and the Bidder should be an Eligible Employee as defined above.

(e) Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Further, bids by Eligible Employees in the Employee Reservation Portion and in the Federal Bank Shareholders Reservation Portion (subject to Bid Amount being up to ₹200,000), as Federal Bank Shareholders, shall also not be treated as multiple Bids. Therefore, Eligible Employees bidding in the Employee Reservation Portion and the Federal Bank Shareholders Reservation Portion (subject to the Bid Amount being up to ₹200,000) can also Bid under the Net Offer and such Bids will 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.

(f) Only those Bids, which are received at or above the Offer Price, would be considered for Allotment under this category.

(g) Eligible Employees can also Bid in the Net Offer to the Public and such Bids shall not be treated as multiple Bids.

(h) In case of joint bids, the First Bidder shall be an Eligible Employee.

(i) Eligible Employees shall not Bid through the UPI mechanism.

(j) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

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.

Under-subscription, if any, in any category including the Employee Reservation Portion and the Federal Bank Shareholders Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, NBFC-SI insurance funds 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 section 3(1) 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 must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders 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 subject to such terms and conditions that our Company and the Selling Shareholders in consultation with the BRLMs may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs 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 and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, 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.

The above information is given for the benefit of the Bidders. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and the Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

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 and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Bidders are not permitted 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. Retail Individual Bidders can revise or withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. 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;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number and such ASBA account belongs to you and no one else if you are not an UPI Bidder bidding using the UPI Mechanism in the Bid cum Application Form (with maximum length of 45 characters) and if you are an UPI Bidder using the UPI Mechanism ensure that you have mentioned the correct UPI ID in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. UPI Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

7. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;

8. Ensure that you request for and receive a stamped acknowledgement counterfoil by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

9. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be;

10. 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. PAN of the First Bidder is required to be specified in case of joint Bids;

11. RIBs bidding 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 (only for UPI Bidders using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. UPI Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

14. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSBs 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 through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

15. 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 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by Bidders 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 circulars MRD/DoP/Dep/Cir-09/06 and MRD/DoP/SE/Cir-13/06 dated July 20, 2006 and September 26, 2006, respectively,, 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 beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

16. Ensure that the Demographic Details are updated, true and correct in all respects;

17. 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;

18. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

21. 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;

22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the mobile application and the UPI handle being used for making the application in the Offer is also appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website;

23. UPI Bidders who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which UPI Bidders should ensure acceptance of the UPI Mandate Request received from the Sponsor Banks to authorise blocking of funds equivalent to the revised Bid Amount in the UPI Bidder's ASBA Account;

24. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 5:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

25. The ASBA Bidders shall ensure that Bids above ₹0.50 million are uploaded only by the SCSBs;

26. 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, a UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Banks to block the Bid Amount mentioned in the Bid Cum Application Form;

27. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

28. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification by the CBDT dated February 13, 2020 read with press releases dated June 25, 2021 and September 17, 2021, read with press release dated September 17, 2021. CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023;

29. Bidders in Federal Bank Shareholders Reservation Portion should ensure that they have a valid PAN and their PAN is updated with the register of shareholders maintained with Federal Bank;

30. 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; and

31. 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).

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 list available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. 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;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a UPI Bidder and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (for UPI Bidders bidding through the UPI Mechanism), 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;

16. 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;

17. 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);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

20. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

21. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;

22. 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;

23. In case of ASBA Bidders (other than 3-in-1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹ 0.50 million;

24. Do not Bid on another ASBA Form after you have submitted a Bid to any of the Designated Intermediaries;

25. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

26. Do not Bid for Equity Shares in excess of what is specified for each category;

27. Do not fill up the Bid cum Application Form such that the 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 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 Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;

29. 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. UPI Bidders can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

30. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

31. If you are a 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;

32. Do not Bid if you are an OCB;

33. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism;

34. Do not submit more than one Bid cum Application Form for each UPI ID in case of UPI Bidders Bidding using the UPI Mechanism;

35. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by UPI Bidders using the UPI Mechanism); and

36. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to our Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information*" on page 70.

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 Stock Exchanges, along with the BRLMs 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 through the Offer Document 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 Retail Individual Bidders, 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 allocation to each NII shall not be less than the Minimum NII 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.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) 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 Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and the [●] edition of [●], a widely circulated Marathi national daily newspaper (Marathi also being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/ Offer Opening Date and the Bid/ Offer Closing Date and the QIB 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.

The above information is given for the benefit of the Bidders/applicants. 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 and as specified in the Red Herring Prospectus, when filed.

Signing of the Underwriting Agreement and the Registrar of Companies, Maharashtra at Mumbai ("RoC") Filing

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, the Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

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 422.

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 such period as may be prescribed by SEBI;
- 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 such time as may be prescribed by SEBI, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- Promoter's 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, in accordance with the applicable provisions of the SEBI ICDR Regulations;

- Except for the allotment of Equity Shares pursuant to the Pre-IPO Placement, Fresh Issue and upon any exercise of options vested pursuant to the ESOP 2018, 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.;

- compliance with all disclosure and accounting norms as may be specified by SEBI from time to time;

- our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the Offer, 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 the 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; and

- if our Company and the Selling Shareholders, 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 the SEBI.

Undertakings by the Selling Shareholders

Each Selling Shareholder severally and not jointly undertakes in respect of itself as a 'Selling Shareholder' and its portion of the Offered Shares that:

- the Equity Shares being sold by it pursuant to the Offer have been held by them for a period of at least one year prior to the date of filing this Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;

- they shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of their respective portion of Offered Shares pursuant to the Offer;

- they are the legal and beneficial owner of the Equity Shares which are offered by them pursuant to the Offer for Sale and are free and clear of any pre-emptive rights, liens, charges, pledges, or transfer restrictions;

- that they shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the extent of their respective portion of Offered Shares pursuant to the Offer;

- they shall deposit their respective portions of Offered Shares in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- they are not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI; and

- it shall not have recourse to the proceeds of the Offer, which shall be held in escrow in its favour, until final approval for trading of the Equity Shares from the Stock Exchanges where listing is sought has been received.

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 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment under the FDI Policy and FEMA.

The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) ("**DPIIT**"), issued the Consolidated FDI Policy, with effective from October 15, 2020 (the "**FDI Policy**"), which subsumes and supersedes all previous press notes, press releases, clarifications and circulars on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until superseded in totality or part thereof. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. In terms of the FDI Policy, if our Company becomes a foreign owned and controlled company, we will be subject to additional restrictions on foreign investments under the FDI Policy.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For details, see "*Offer Procedure*" on page 433.

Further, 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, any investment, subscription, purchase or sale of equity instruments 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, as prescribed in the FDI Policy and the FEMA Rules. 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. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 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. 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 in writing about such approval along with a copy thereof within the Offer Period.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see "*Offer Procedure - Bids by Eligible Non Resident Indians ("NRIs")*" and "*Offer Procedure - Bids by Foreign Portfolio Investors ("FPIs")*" on pages 438 and 439.

Foreign Exchange Laws

The foreign investment in our Company is governed by, *inter alia*, the FEMA, the FEMA Non-debt Instruments Rules, the FDI Policy issued and amended by way of press notes, and the SEBI FPI Regulations.

In terms of the FEMA Non-debt Instruments Rules, the aggregate FPI investment limit is the sectoral cap applicable to Indian company as prescribed in the FEMA Non-debt Instruments Rules with respect to its paid-up equity capital on a fully diluted basis.

The Equity Shares offered in the Offer have not been, and will not be, registered under the U.S. Securities Act and 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 law. Accordingly, the Equity Shares are only being offered and sold outside the United States to investors that are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no offering of securities in the United States.

The above information is given for the benefit of the Bidders. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

The Articles of Association of our Company comprise two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the filing of the Red Herring Prospectus. In case of any inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law, prevail and be applicable. All articles of Part B shall automatically terminate and cease to have any force and effect upon the filing of the Red Herring Prospectus and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by our Company and/or by its shareholders.

The Articles of Association of our Company were amended pursuant to resolution of our Board dated July 19, 2023 and shareholders' resolution dated July 21, 2023. The Company has filed the form MGT-14 with the RoC and approval for the same is awaited as on the date of this Draft Red Herring Prospectus.

Share Capital and Variation of Rights

The authorised capital of our Company is as expressed in the Memorandum of Association with power to increase or reduce the Capital and to divide the shares in the Capital into such classes subject to the provisions of the Companies Act or any statutory modification thereof. The shares in the capital of our Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with Section 52 and 53 and other sections of the Companies Act. Our Company shall, except as otherwise provided by its Articles, be entitled to treat the registered holder of any shares the absolute owner thereof and shall be under no obligation to recognize any interest, equity or trust in affecting any share other than the absolute rights there of the registered holder.

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 of the Companies Act, and whether or not our 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. To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least five persons holding at least one-third of the issued shares of the class in question. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Forfeiture of Shares

If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued. The notice shall name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made and state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Lien

Our Company shall have a first and paramount lien on every share/debenture (not being a fully paid share/debenture), registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share / debenture and no equitable interest in any share shall be created upon the footing and condition that this Article will have full effect. Our Company shall have a first and paramount lien on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to our Company.

Any lien on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares. Unless otherwise agreed, the registration of transfer of shares / debentures shall operate as a waiver of our Company's lien, if any, on such shares / debentures. The Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause. The Company may sell, in such manner as the Board thinks fit, any shares on which our Company has a lien. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Shares and Certificates

The shares in the capital shall be numbered progressively according to their several denominations and except in the manner hereinafter mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. Except in respect of shares held as nominee of the Promoter or as required by law or ordered by a Court of competent jurisdiction no person shall be recognised by our Company as holding any shares upon any trust and our Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any benami, equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share (except only as by these regulations or by law otherwise provided) or any other rights in respect of any share, except in an absolute right to the entirety thereof in the registered holder.

Every share certificate shall be issued under the seal of our Company, if any, which shall be affixed in the presence of, and signed by two directors duly authorized by the Board of Directors of our Company for the purpose or the committee of the Board and the secretary or any person authorised by the Board. Every person whose name is entered as a member in the register of members shall be entitled to receive, within two months from the date of allotment and 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 maybe, as per the Companies Act and the rules made thereunder as amended from time to time:

a. One or more certificates for all his shares without payment; and

b. Several certificates, each for one or more of his shares, upon request without making any charge for such splitting or consolidation into market units of trading.

Share certificates shall be issued in market lots and no fee shall be charged for the same. Every certificate shall specify the name of the person in whose favour it is issued. Every certificate shall be under the seal if any, and shall specify the shares to which it relates and the amount paid up thereon. In respect of any share or shares held jointly by several persons, our Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to the person whose name stands first in the register of members of our Company as one of the joint holders shall be sufficient delivery to all such holders

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 our 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 our Company and on execution of such indemnity as our Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued upon payment of such fees for each certificate as may be specified by the Board (which fees shall not exceed the maximum amount permitted under the applicable law). 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.

Transfer and Transmission

The instrument of transfer of any share shall be in writing and all the provisions of the Companies Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof and shall be executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may, subject to the provisions of these Articles and other applicable provisions of the Companies Act or any other law for the time being in force, decline or refuse by giving reasons, whether in pursuance of any power of our Company under these Articles or otherwise, to register or acknowledge any transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member in our Company, after providing sufficient cause, within a period of 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 our Company. The registration of transfer of any securities shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to our Company on any account whatsoever except where our Company has a lien on shares.

Any person becoming entitled to a share in consequence of the death or insolvency of a member 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 to be registered himself as holder of the share or to make such transfer of the share as the deceased or insolvent member could have made. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to our 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 member had not occurred and the notice or transfer were a transfer signed by that member.

In the event the successor elects to become a member of our Company, he shall deliver or send a notice to our Company in writing signed by him that he so elects. Such person may, with the consent of the Board (which the Board shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Board of Directors think sufficient, be registered as a member in respect of such shares, or may, subject to the regulations as to transfer hereinabove contained, transfer such shares. 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 member had not occurred and the notice or transfer were a transfer signed by that member. 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.

General Meeting

All general meetings other than the annual general meeting shall be called extra-ordinary general meeting. The Board may, whenever it thinks fit, call an extra-ordinary general meeting. A general meeting may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode. Every notice shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted at such meeting. Any accidental omission to give notice to, or the non-receipt of such notice by, any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.

Every annual general meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a national holiday and shall be held either at the registered office of our Company or at some other place within the city, town or village in which the registered office of our Company is situate. Not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next.

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

Chairman

Any existing/former director of the Promoter shall be the Chairman of the Company. In the absence of the Chairman, the Directors present may elect one of their members to be the Chairman of the meeting of the Board.

If no such Chairperson is elected or if at any meeting of the Board, the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one amongst themselves to be Chairperson of the meeting.

Directors and their Meetings

The number of directors shall not be less than three and not more than nine. Our Company may appoint more than 9 directors subject to the provisions of Section 149 of the Companies Act, after passing a special resolution. Subject to the provisions of Companies Act, our Company shall have the required number of independent directors on its Board. Not less than two-thirds of the total number of directors of our Company shall be persons whose period of office is liable to determination by retirement of directors by rotation and be appointed by our Company in general meeting.

A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with our Company and such notice shall be sent by hand delivery or by post or by electronic means. Subject to the provisions of the Companies Act, the quorum for a meeting shall be one third of its total strength or two directors, whichever is higher, and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum unless otherwise provided in the Companies Act. Subject to the provisions of the Companies Act and the rules framed thereunder, every Director attending Board Meeting shall be paid out of the funds of our Company such amount as sitting fees as may be determined by the Board for each meeting of the Board of directors or Committees attended by him in accordance with the provisions of the Companies Act and rules made thereunder.

Proceedings of the Board

The Directors may meet together at a Board for the dispatch of business from time to time, and at least 4 such meetings shall be held in every year with a time gap of not more than 120 days. The Directors may adjourn and otherwise regulate their meetings and proceedings as they may think fit. The chairman may at any time and the secretary or such other officer of our Company as authorised, shall, upon the request of any Director, convene a meeting of the Board of Directors. Notice of every meeting of the Directors shall be given in writing to every Director at his usual address in India and, in the case of any Director residing abroad, such notice shall also be given by fax or telex to such Director's fax or telex number abroad. A notice of board meeting may also be served electronically, or such other mode as may be prescribed under the Companies Act, rules or secretarial standards.

If a meeting of the Board cannot be held for want of quorum, then the meeting shall stand adjourned to such day, time and place as the Director or Directors present at the meeting may fix. The Directors may subject to the provisions of the Companies Act and the 1949 Act, delegate any of their powers to Committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. No resolution shall be deemed to have been passed by the Board or by a Committee thereof by circulation, unless:

a. the resolution has been circulated in draft together with the necessary papers, if any, including through such electronic means to all the Directors or to all the members of the committee, as the case may be, at their addresses registered with our Company in India or abroad (if required) by post or by courier, or through such electronic means as may be prescribed in rules and the Companies Act, and

b. the resolution has been approved by majority of directors or Members of the Committee who are entitled to vote on the resolution. Provided that, where not less than one-third of the total number of Directors of our Company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution passed by way of circulation, as above, shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

Subject to the provisions of the Companies Act, a chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares and the provisions of Section 108 of the Companies Act:

a. on a show of hands, every member present in person shall have one vote; and
b. on a poll, the voting rights of members shall be in proportion to his share in paid-up equity share capital.

A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once.

Declaration and Payment of Dividend

Our Company in a General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. The Board may, subject to the provisions of Section 123 of the Companies Act, from time to time pay to the members such interim dividends as appear to it to be justified by the profits of our Company. The Board may, before recommending any dividend, set aside out of the profits of our Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of our Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of our Company or be invested in such investments (other than shares of our Company) as the Board may, from time to time, thinks fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

Where our Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, our Company shall within seven days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by our Company in that behalf in any scheduled bank to be called Unpaid Dividend Account of our Company. Any money transferred to the unpaid dividend account of our Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by our Company to the fund known as Investor Education and Protection Fund established under the Companies Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law. No dividend shall bear interest against our Company.

Winding Up

Subject to the provisions of 1949 Act, the Companies Act and rules made hereunder:

a. If our Company shall be wound up, the liquidator may, with the sanction of a shareholders resolution as necessary and any other sanction required by the Companies Act, divide amongst the members, in specie or kind, the whole or any part of the assets of our Company, whether they shall consist of property of the same kind or not; and

b. 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 members or different classes of members.

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 if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

Every Director, Chairman or Managing Director, Whole Time Director, Secretary, or other officer or servant of our Company shall be entitled to be indemnified by our Company against all costs, losses and expenses which any such Director, Whole time Director, Managing Director, Manager, Secretary or other officers or servants of this Company may incur or become liable to pay by reason of any contract entered into or act or thing done by him or them as such officer or servant as in any way in the discharge of his or their duties and such costs, expenses, losses and the amount for which such indemnity is provided shall immediately attach as a lien on the property of our Company and have priority as between the members over all other claims.

No Director, Chairman, Managing Director, Whole Time Director, Secretary or other Officer shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any respect or any other act for conformity or for any loss or expenses happening to our Company through insufficiency or deficiency of the title to any property acquired by the order of the Board of Directors for and on behalf of our Company or for the insufficiency or any security upon which any of the money of our Company shall be invested by any error of judgment, omission, defaults or oversight on his part or for other loss or damage which shall happen in execution of the duties of the respective officer or in relation to loss or damage arising from the bankruptcy, insolvency or bonafide act of any person with whom any of the monies or securities or effects of our Company shall be deposited or entrusted or for any loss occasioned by any error of judgment, omission, defaults or oversight on his part, not for any other loss or damage which shall happen in the execution of the duties of the respective officer or in relation thereto unless the same happens through his dishonesty. This Article shall not, however, affect the provisions of any special contract that may be entered into between our Company and its officers.

PART B

The Articles of Association of our Company are divided into two parts - Part A and Part B. The provisions of Part A shall apply to all the matters to which they pertain, to the extent, and only in so far, as they are not inconsistent with the special provisions of Part B. As long as Part B remains a part of these Articles and notwithstanding what is stated elsewhere in these Articles, 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, prevail and be applicable. Part B of the Articles of Association of our Company provides for the rights and obligations of the parties to the shareholders' agreement dated May 11, 2018 entered into among the SHA Parties, as amended by the SHA Amendment Agreement. All articles of Part B shall automatically terminate and cease to have any force and effect upon the filing of the Red Herring Prospectus and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by our Company and/or by its shareholders.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus /the Prospectus which will be delivered to the RoC for filing. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days and will also be available at https://fedfina.com/investor/disclosure/ from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date

A. Material Contracts for the Offer

a) Offer Agreement dated July 26, 2023 between our Company, the Selling Shareholders and the BRLMs.

b) Registrar Agreement dated July 17, 2023 between our Company, the Selling Shareholders and the Registrar to the Offer.

c) Cash Escrow and Sponsor Banks Agreement dated [●] between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), Sponsor Bank(s), Public Offer Account Bank and the Refund Bank(s).

d) Share Escrow Agreement dated [●] between the Selling Shareholders, our Company and the Share Escrow Agent.

e) Syndicate Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs, and Syndicate Members.

f) Underwriting Agreement dated [●] between our Company, the Selling Shareholders and the Underwriters.

g) Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

B. Material Documents

a) Certified copies of the updated Memorandum and Articles of Association of our Company as amended from time to time.

b) Certificate of incorporation issued by the Registrar of Companies, Kerala dated April 17, 1995 to our Company, under the name ‘Fedbank Financial Services Limited’.

c) Certificate of registration of regional director order for change of state issued by the RoC on July 26, 2021

d) Certificate of commencement of business issued by the Registrar of Companies, Kerala dated July 17, 1995.

e) Shareholders’ agreement dated May 11, 2018 executed among our Company, Federal Bank and True North Enterprise Private Limited, as supplemented by the deed of adherence dated October 29, 2018 executed by True North Fund VI LLP, read with the amendment agreement to the shareholders’ agreement dated July 19, 2023.

f) Share subscription cum shareholders’ agreement dated October 2019, as amended by the amendment agreement dated October 27, 2020 and by the second amendment agreement dated February 7, 2022 executed among our Company and Anil Kothuri

g) Notice cum Waiver Letter dated February 7, 2022 from The Federal Bank Limited and True North Fund VI LLP.

h) Resolution of the Board of Directors dated June 21, 2023, authorising the Offer and other related matters.

i) Shareholders’ resolution dated July 21, 2023, authorising the Fresh Issue and other related matters.

j) Resolution of the Board of Directors dated July 17, 2023 taking on record the affirmative consent of the Selling Shareholders for the Offer under the SHA.

k) Resolution of the Board of Directors dated July 26, 2023, authorising the Fresh Issue and other related matters.

l) Application dated July 26, 2023 to the RBI seeking their approval to undertake the Offer.

m) Consent letters provided by the Selling Shareholders, consenting to participate in the Offer for Sale.

n) Copies of the annual reports of our Company for the Fiscals 2023, 2022 and 2021.

o) The examination report dated June 21, 2023 of the Statutory Auditors, on our Restated Financial Information, included in this Draft Red Herring Prospectus.

p) ESOP 2018.

q) The Restated Financial Information.

r) The statement of possible special tax benefits dated July 26, 2023 from the Statutory Auditors.

s) Board resolutions / authorisations and consents from the Selling Shareholders as disclosed in "*Other Regulatory and Statutory Disclosures*" on page 406.

t) Written consent of the Directors, the BRLMs, the Syndicate Members, Legal Counsel to our Company as to Indian law, Legal Counsel to the BRLMs as to Indian Law, Legal Counsel to the Selling Shareholders as to Indian law, Bankers to our Company, Registrar to the Offer, independent chartered accountants, Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Sponsor Banks, CRISIL, Company Secretary and Compliance Officer as referred to in their specific capacities.

u) Written consent dated July 26, 2023 from our Statutory Auditors to include their name in this Draft Red Herring Prospectus, as required under section 26 of the Companies Act, 2013, read with SEBI ICDR Regulations, and as an "Expert" as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as an auditor, in respect of the examination report dated June 21, 2023 issued by it on our Restated Financial Information, and the statement of possible special tax benefits dated July 26, 2023 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

v) Report titled "*Analysis of NBFC sector and select asset classes in India*" dated July 2023, prepared and issued by CRISIL MI&A, a division of CRISIL, which has been commissioned and paid for by our Company in connection with the Offer for an agreed fee, and the pursuant to addendum no. 3 dated June 14, 2023 to the agreement for services dated October 22, 2021.

w) Board resolution dated July 26, 2023 approving this Draft Red Herring Prospectus.

x) KPI Certificate dated July 26, 2023 from M/s R U Kamath & Co, Chartered Accountants.

y) Resolution dated July 25, 2023 passed by the Audit Committee approving the KPIs for disclosure.

z) Due diligence certificate dated July 26, 2023 addressed to SEBI from the BRLMs.

aa) In principle listing approvals dated [●] and [●] respectively, issued by BSE and NSE, respectively.

bb) SEBI observation letter dated [●].

cc) Tripartite agreement dated January 13, 2012 between our Company, NSDL and the Registrar to the Offer.

dd) Tripartite agreement dated August 20, 2020, between our Company, CDSL and the Registrar to the Offer.

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 notice to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant laws.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking 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 statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Balakrishnan Krishnamurthy
Chairman and Independent Director

Place: Mumbai
Date: July 26, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking 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 statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Anil Kothuri
Managing Director and Chief Executive Officer

Place: Mumbai
Date: July 26, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking 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 statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Shyam Srinivasan
Non-Executive Director

Place: Mumbai
Date: July 26, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking 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 statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Maninder Singh Juneja
Non-Executive Nominee Director

Place: Mumbai
Date: July 26, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking 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 statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Ashutosh Khajuria
Non-Executive Nominee Director

Place: Mumbai
Date: July 26, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking 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 statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Gauri Rushabh Shah
Independent Director

Place: Mumbai
Date: July 26, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking 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 statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Peruvemba Ramachandran Seshadri
Additional Independent Director

Place: London
Date: July 26, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking 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 statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

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C.V. Ganesh
Chief Financial Officer

Place: Mumbai
Date: July 26, 2023

DECLARATION BY THE FEDERAL BANK LIMITED

The Federal Bank Limited hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as the Promoter Selling Shareholder and its portion of the Offered Shares, are true and correct. The Federal Bank Limited assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Company or any other Selling Shareholder or any person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **The Federal Bank Limited**

Name: Lakshmanan V
Designation: EVP & Head Treasury
Date: July 26, 2023
Place: Mumbai

DECLARATION BY TRUE NORTH FUND VI LLP

True North Fund VI LLP hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as the Investor Selling Shareholder, and its portion of the Offered Shares, are true and correct. True North Fund VI LLP assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Company or any other Selling Shareholder or any person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **True North Fund VI LLP**

Name: Maninder Singh Juneja
Designation: Authorised Signatory
Date: July 26, 2023
Place: Mumbai